

INNODATA INC
Form PRE 14A
April 05, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

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

Innodata 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:

55 Challenger Road

Ridgefield Park, New Jersey 07660

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 6, 2019

To the Stockholders of Innodata Inc.:

The Annual Meeting of Stockholders of Innodata Inc. (the "Company") will be held at the offices of Innodata Inc., 55 Challenger Road, Ridgefield Park, New Jersey 07660 at 11:00 A.M. on June 6, 2019, for the following purposes:

- (1) To elect seven directors of the Company to hold office until the next Annual Meeting of Stockholders and until their successors have been duly elected and qualified;
- (2) To ratify the selection and appointment by the Company's Board of Directors of CohnReznick LLP, independent registered public accounting firm, as auditors for the Company for the year ending December 31, 2019;
- (3) To approve, on an advisory basis, the Company's executive compensation;
- (4) To approve the Company's Rights Agreement; and
- (5) To consider and transact such other business as may properly come before the meeting or any adjournments thereof.

This year, instead of mailing a printed copy of our proxy materials, including our Annual Report, to each stockholder of record, we have decided to provide access to these materials in a fast and efficient manner via the Internet. This reduces the amount of paper necessary to produce these materials, as well as the costs associated with mailing these

materials to all stockholders. Accordingly, on April [____], 2019, we began mailing a Notice Regarding Internet Availability of Proxy Materials (the “Notice”) to all stockholders of record as of April 10, 2019, and posted our proxy materials on the website referenced in the Notice (<http://materials.proxyvote.com/457642>). As more fully described in the Notice, all stockholders may choose to access our proxy materials on the website referred to in the Notice or may request to receive a printed set of our proxy materials. In addition, the Notice and website provide information regarding how you may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

A complete list of the stockholders entitled to vote will be available for inspection by any stockholder during the meeting; in addition, the list will be open for examination by any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting at the office of the Secretary of the Company, located at 55 Challenger Road, Ridgefield Park, New Jersey 07660.

All stockholders are cordially invited to attend the Meeting. Whether or not you plan to attend the Meeting in person, you are encouraged to promptly submit your Proxy with voting instructions. To vote your shares, please follow the instructions in the Notice or the Proxy card you received in the mail. If you vote via the Internet, you need not return a Proxy card. No postage is required if a Proxy card is mailed in the United States. Any person giving a Proxy has the power to revoke it any time prior to its exercise and if present at the Meeting may withdraw it and vote in person.

Registered holders can vote in person. Beneficial owners must obtain a legal proxy from their brokerage firm, bank, or other holder of record and present it to the inspector of elections with their ballot in order to be able to vote shares in person at the meeting. Voting in person will replace any previous votes submitted by Proxy.

Attendance at the Meeting is limited to stockholders, their proxies and invited guests of the Company.

**Important Notice Regarding the Availability of Proxy Materials for the
2019 Annual Meeting of Stockholders to be held on June 6, 2019**

This Notice of Annual Meeting, the Proxy Statement, form of Proxy and our 2018 Annual Report are available on the Internet at: <http://materials.proxyvote.com/457642>.

By Order of the Board of Directors

/s/ Amy R. Agress

Amy R. Agress
Senior Vice President, General Counsel and Secretary

Ridgefield Park, New Jersey

April [], 2019

INNODATA INC.

55 Challenger Road

Ridgefield Park, New Jersey 07660

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Innodata Inc. (the "Company") of Proxies in the form enclosed. Such Proxies will be voted at the Annual Meeting of Stockholders of the Company to be held at the offices of Innodata Inc., 55 Challenger Road, Ridgefield Park, New Jersey 07660 at 11:00 A.M. on June 6, 2019 (the "Meeting") and at any adjournments thereof for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders.

We are following the Securities and Exchange Commission ("SEC") rule that permits us to furnish proxy materials to our stockholders via the Internet. We believe electronic delivery of our proxy materials will help us reduce the environmental impact and costs of printing and distributing paper copies and improve the speed and efficiency by which our stockholders can access these materials. As a result, we are mailing a short Notice of Internet Availability of Proxy Materials (the "Notice") to most of our stockholders instead of a paper copy of our full Proxy materials. The Notice contains instructions on how to cast your vote online and how to electronically access our Proxy materials, including the Notice of Annual Meeting, Proxy Statement, our 2018 Annual Report and a Proxy card. The Notice also contains instructions on how to request a paper copy of our Proxy materials. All stockholders who do not receive the Notice will receive a paper copy of the Proxy materials. If you receive a paper copy of our Proxy materials, you may cast your vote by completing the enclosed Proxy card and returning it in the enclosed self-addressed, postage-paid envelope, or by utilizing the Internet voting mechanisms noted on the Proxy card. The Notice or paper copy of our Proxy Materials will first be mailed on or about April [], 2019.

Any stockholder giving a Proxy has the power to revoke the same at any time before it is voted. The cost of soliciting Proxies will be borne by the Company. Following the mailing of the Notice, solicitation of Proxies may be made by officers and employees of the Company by mail, telephone, facsimile, electronic communication or personal interview. Properly executed Proxies will be voted in accordance with instructions given by stockholders at the places provided for such purpose in the accompanying Proxy and, as to any other matter properly coming before the Meeting (none of which is presently known to the Board of Directors), in accordance with the judgment of the persons designated as proxies on the Proxy card. Unless contrary instructions are given by stockholders, persons named in the Proxy intend to vote the shares represented by such Proxies **for** the election of the seven nominees for director named herein, **for** the ratification of CohnReznick LLP as independent auditors, **for** the approval, on an advisory basis, of the Company's executive compensation as disclosed in these materials, and **for** the approval of the Company's Rights Agreement. The current members of the Board of Directors presently hold voting authority for common stock, par value \$0.01 per share (the "Common Stock"), representing an aggregate of [] votes, or approximately []% of the total

number of votes eligible to be cast at the Meeting. The members of the Board of Directors have indicated their intention to vote affirmatively on all of the proposals.

VOTING SECURITIES

Stockholders of record as of the close of business on the record date will be entitled to notice of, and to vote at, the Meeting or any adjournments thereof. On the record date there were [] outstanding shares of Common Stock. Each holder of Common Stock is entitled to one vote for each share held by such holder. The presence, in person or by Proxy, of the holders of a majority of the outstanding shares of Common Stock is necessary to constitute a quorum at the Meeting. Proxies submitted which contain abstentions or broker non-votes will be deemed present at the Meeting in determining the presence of a quorum.

PROPOSAL 1. ELECTION OF DIRECTORS

It is the intention of the persons named in the enclosed form of Proxy, unless such form of Proxy specifies otherwise, to nominate and to vote the shares represented by such Proxy **for** the election as directors of Jack S. Abuhoff, David B. Atkinson, Louise C. Forlenza, Brian E. Kardon, Douglas J. Manoni, Stewart R. Massey and Michael J. Opat, to hold office until the next Annual Meeting of Stockholders and until their respective successors shall have been duly elected and qualified. Each of the nominees named below currently serves as a director of the Company and was elected at the Annual Meeting of Stockholders held on June 7, 2018. The Company has no reason to believe that any of the nominees will become unavailable to serve as director for any reason before the Meeting. However, in the event that any of them shall become unavailable, each of the persons designated as proxy on the Proxy card reserves the right to substitute another person of his or her choice when voting at the Meeting. Below is the biographical and other information about the nominees. Following each nominee's biographical information, we have provided information concerning the particular experience, qualifications, attributes and/or skills that led the Nominating Committee and the Board of Directors to determine that each nominee should serve as a director.

Principal Occupation and Business Experience

**Jack S.
Abuhoff**

Age:
58

President and Chief Executive Officer of the Company since September 15, 1997, and a director of the Company since its founding in 1988. Mr. Abuhoff has also served as the Company's interim Principal Financial Officer since May 2018. Mr. Abuhoff has been the Chairman of the Company's Board of Directors since May 2001. From 1995 to 1997 he was Chief Operating Officer of Charles River Corporation, an international systems integration and outsourcing firm. From 1992 to 1994, Mr. Abuhoff was employed by Chadbourne & Parke, LLP in connection with its joint venture with Goldman Sachs to develop capital projects in China. He practiced international corporate law at White & Case LLP from 1986 to 1992. Mr. Abuhoff holds an A.B. degree in English from Columbia College (1983) and a J.D. degree from Harvard Law School (1986).

Key Experience, Qualifications, Attributes and Skills

Mr. Abuhoff has knowledge of the Company, its clients, and the industries the Company serves, both from an historical and a current perspective, as well as leadership and management skills, international experience, and experience in providing technology services.

Principal Occupation and Business Experience

David B. Atkinson Age: 65

Director of the Company since April 2018. Mr. Atkinson currently provides consulting services for companies in the life insurance and reinsurance industries, after retiring in 2014 as Vice Chairman of Reinsurance Group of America (NYSE: RGA), the largest U.S.-based life reinsurer, a position Mr. Atkinson served since 2008. From 1998 to 2008 he served as the Chairman, President and Chief Executive Officer of RGA's U.S. and offshore reinsurance companies. He also briefly served as RGA's Chief Financial Officer before becoming its Chief Operating Officer in 1994. Prior to joining RGA, Mr. Atkinson led the actuarial, administration, claims, and systems departments of the reinsurance division of General American Life Insurance Company from 1987 to 1993 and led the initial public offering effort to spin off the reinsurance division as a new public company, RGA. Mr. Atkinson also served as Vice President and Chief Actuary of Atlas Life Insurance Company from 1981 to 1987. Throughout his career he has guided IT departments and software development projects crucial to the automation of business processes. Mr. Atkinson holds a B.S. degree in mathematics from California Institute of Technology (1975) and an MBA from Olin Business School (1994). He is a Fellow of the Society of Actuaries, for which he has written several study notes on pricing and co-authored a book on life insurance products and finance, and he has served as Director of MIB Group, Inc.

Key Experience, Qualifications, Attributes and Skills

Mr. Atkinson has leadership and management experience as the former President and Chief Executive Officer of the principal operating company of the largest U.S.-based life reinsurer and in-depth knowledge of the insurance and reinsurance industries. He also has financial, statistical analysis, and business administration experience, and he provides diversity of background and viewpoint.

Principal Occupation and Business Experience

**Louise C.
Forlenza**

Age:
69

Director of the Company since October 2002, Chair of the Company's Audit Committee since September 2006, a member of the Company's Compensation Committee since December 2002 and Chair of the Company's Nominating Committee since June 2018. Ms. Forlenza founded LC Forlenza Advisory Services in 1987, providing strategic insight and expertise in global accounting and reporting, forensic accounting, auditing, foreign tax issues, turnarounds and litigation support to over 250 global clients in industries such as technology, real estate, entertainment, transportation and health and wellness. From 1987 through 1992, she was the Chief Financial Officer and Chief Operating Officer of Intercontinental Exchange Partners, an international foreign exchange company, and served as a director and as chair of its International Audit Committee. Prior to joining Intercontinental, Ms. Forlenza was Chief Financial Officer of Bierbaum-Martin, a foreign exchange firm. Ms. Forlenza is a Certified Public Accountant. She received a B.B.A. degree in Accounting from Iona College (1971), and a Certificate in Forensic Accounting from New York University in 2012. Ms. Forlenza attended the Harvard Executive Program for Board Governance and Audit in 2015 and the Harvard Executive Compensation Program in 2016.

Key Experience, Qualifications, Attributes and Skills

Ms. Forlenza satisfies the financial literacy requirements of Nasdaq and has been determined to be an "audit committee financial expert" under the SEC's rules and regulations. A Certified Public Accountant and a former Chief Financial Officer, she has a background in accounting, audit, tax planning and foreign exchange planning, and she provides diversity of background and viewpoint.

Principal Occupation and Business Experience

**Brian E.
Kardon**

Age:
61

Director of the Company since April 2018 and a member of the Company's Compensation Committee since June 2018. Since September 2015, Mr. Kardon has been Chief Marketing Officer at Fuze, Inc., a cloud-based communications platform provider, and is responsible for the company's market positioning, demand generation, thought generation and integrated marketing worldwide. Prior to joining Fuze, Mr. Kardon served as the Chief Marketing Officer at Lattice Engines from 2013 to 2015, a leader in artificial intelligence (AI) software marketing and sales applications. He also served as the Chief Marketing Officer at Eloqua (NASDAQ: ELOQ) from 2008 to 2012, where he was part of a team that led Eloqua's growth and leadership in the marketing automation sector, resulting in a successful initial public offering and subsequent purchase by Oracle. Mr. Kardon has also served as Chief Strategy and Marketing Officer at Forrester Research (NASDAQ: FORR) and Chief Marketing Officer at Reed Business Information (NYSE: RELX). Mr. Kardon holds a B.S. degree in economics, marketing and finance (1979) and an MBA (1987) from The Wharton School of the University of Pennsylvania. In the past year, Mr. Kardon was named to: "50 Most Influential CMOs" (Forbes), "100 Most Influential Chief Marketing Officers in the World" (Richtopia) and the "30 Tech Marketing Leaders Changing the Industry" (Synthesio). In 2017 the Fuze Marketing Team won the prestigious ROI Award from SiriusDecisions for Excellence in Demand Creation.

Key Experience, Qualifications, Attributes and Skills

Mr. Kardon has extensive marketing and leadership experience as a Chief Marketing Officer, in creating and implementing successful growth strategies, and experience with international operations. His experience with cloud-based software, product development and AI provides a diversity of background and viewpoint.

Douglas Age: *Principal Occupation and Business Experience*

J. Manoni
59

Director of the Company since April 2018 and a member of the Company's Nominating Committee since June 2018. Mr. Manoni is the Founder and Chief Executive Officer of CyberRisk Alliance, a business intelligence company founded in November 2018 to serve the cybersecurity and information risk management marketplace. From 2008 through March 2018, Mr. Manoni was the Chief Executive Officer of SourceMedia LLC, an innovative digital business information and performance media company. Prior to joining SourceMedia in 2008, Mr. Manoni served as Chief Executive Officer of Wicks Business Information from 1999 to 2008, founding the company in partnership with a private equity firm. The business was sold in two principal transactions, to Dow Jones & Company in 2004 and to Summit Business Media in 2007. Mr. Manoni is a former director and Executive Committee member of Connectiv, the industry association for business information companies, and served as its Chairman

from 2014 to 2016. He was also a member of the Board of Directors of the Software & Information Industry Association and the Business Media Educational Foundation. Mr. Manoni holds a B.S. degree in accounting from Sacred Heart University (1984) and is a former Trustee of the University. Mr. Manoni was awarded the 2016 McAllister Top Management Fellowship at Medill School of Journalism, among other awards and recognitions.

Key Experience, Qualifications, Attributes and Skills

Mr. Manoni brings significant current knowledge about the direction and needs of the business information industry, with experience as the Chief Executive Officer of a digital business information and performance media company, director and executive committee member of Connectiv, and member of the board of directors of the Software & Information Industry Association. He also has leadership, financial, operational and acquisition experience, and he provides diversity of background and viewpoint.

Principal Occupation and Business Experience

**Stewart
R.
Massey**

Age:
62

Director of the Company since March 2009, Chair of the Company's Compensation Committee since June 2009, a member of the Company's Audit Committee since December 2013 and a member of the Company's Nominating Committee since June 2018. Since September 2018, Mr. Massey has been Vice Chairman of Bow River Capital Partners, a private investment firm. Mr. Massey served as Founding Partner of Massey, Quick, Simon and Co. LLC, a provider of investment advisory and financial planning services for endowments, foundations and wealthy families, from 2004 to September 2018, and served as Founding Partner Emeritus through December 2018. Mr. Massey co-founded Massey, Quick in 2004 after a 24-year career on Wall Street. Mr. Massey joined Morgan Stanley's Private Client Group in 1983 after four years with Dean Witter Reynolds. From 1988 through 1993, he was based in Hong Kong and led Morgan Stanley's private client businesses in Asia, Australia, and Japan. Mr. Massey was Head of Japanese Equity Sales in New York from 1993 through 1996, and returned to Tokyo as Head of Institutional Equity Sales and Global Head of Japanese Equities in 1996. Mr. Massey served as President and Chief Executive Officer of Robert Fleming, Inc. in 1997 and 1998. At Fleming, he had regional responsibility for equity sales and trading, research, capital markets, investment banking, and asset management in the Americas, serving on the Board of Directors and Executive Committee of the parent company in London. Mr. Massey returned to Morgan Stanley in September of 1998 as a Managing Director and Head of Institutional Sales, Marketing, and Product Development for the firm's prime brokerage business. He later served as the senior relationship manager for a number of Morgan Stanley's most prominent institutional global clients. Mr. Massey holds a B.A. degree in History from The College of Wooster (1979), where he has served as a Trustee since 1987. As an Emeritus Trustee he serves on the Trustee and Governance, Finance and Investment committees. Mr. Massey also serves on the investment committees of Hobart and William Smith Colleges and St. Mary's Abbey Delbarton. Mr. Massey was honored as one of the top 100 independent investment advisors in America by Barron's Magazine in 2010, 2011, 2012, 2013 and 2014.

Key Experience, Qualifications, Attributes and Skills

Mr. Massey has leadership experience as a Chief Executive Officer and a senior executive officer. He has financial management expertise, as well as compensation, mergers and acquisitions, investment advisory, board, governance and international experience, and he provides diversity of background and viewpoint.

Principal Occupation and Business Experience

**Michael
J. Opat**

Age:
58

Director of the Company since June 2016 and a member of the Company's Audit Committee since June 2018. Mr. Opat has been a Commissioner on the Hennepin County (Minnesota) Board of Commissioners since 1993 and was Chair for the Board of the Commissioners from 2001 to 2003 and from 2009 to 2014. Hennepin County is Minnesota's largest county with 1.2 million residents. Mr. Opat represents a County district with more than 170,000 residents in six suburban cities. Mr. Opat also served on the Board of Sun Country Airlines from 2012 to 2017, and was a member of the corporate advisory board of Alerus Financial Services Company (OTXQX: ALRS) from 2015 to 2017. He holds a B.S. degree in Management from the University of Minnesota (1983), and a Masters of Public Policy from Harvard University, John F. Kennedy School of Government (1989). Mr. Opat was named a "Titan" by Twin Cities Business magazine in 2018's "100 People to Know" edition.

Key Experience, Qualifications, Attributes and Skills

Mr. Opat has leadership, financial management, budgeting, and communications experience, and he provides diversity of background and viewpoint.

There are no family relationships between or among any nominees for director of the Company. Directors are elected to serve until the next annual meeting of stockholders and until their successors are elected and qualified.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THE DIRECTOR NOMINEES

CORPORATE GOVERNANCE MATTERS

Director Independence

The Board of Directors has determined that David B. Atkinson, Louise C. Forlenza, Brian E. Kardon, Douglas J. Manoni, Stewart R. Massey and Michael J. Opat are independent directors. The independent directors comprise a majority of the Board. The only director who is not independent is Jack S. Abuhoff, the Company's Chairman, President and Chief Executive Officer ("CEO"). The Company defines independence as meeting the requirements to be considered as an independent director as set forth in the Nasdaq Marketplace Rule 5605(a)(2). To assist in determining director independence, the Board of Directors also considers any business relationship with any independent director, including any business entity with which any independent director is affiliated, to determine if there is any material relationship that would impair a director's independence. In making its determination, the Board of Directors reviewed information provided by each of the directors and information gathered by the Company.

Board Leadership Structure

Chairman of the Board and Chief Executive Officer Positions

The Board of Directors believes that having a combined Chairman of the Board/Chief Executive Officer, independent directors with strong leadership and management experience, an independent director serving as the Lead Independent Director and Board of Directors committees being comprised solely of independent directors, provides an effective and efficient leadership structure that is appropriate for the Company at the present time. The Chairman/CEO has primary responsibility for managing the business. Combining the leadership role avoids duplication of efforts while strengthening the Chairman/CEO's ability to provide insight and direction on important strategic initiatives to both management and the independent directors.

Lead Independent Director

Stewart R. Massey currently serves as the Company's Lead Independent Director. The principal responsibilities of the Lead Independent Director are to:

- Schedule and preside over executive sessions of the independent directors;
- Preside over Board of Directors meetings in the absence of the Chairman;
- Provide input to the Chairman in the preparation of agendas for Board of Directors meetings; and
- Enhance the effective functioning of the independent directors by facilitating communications and collaboration among them.

The Board's Role in Risk Oversight

The Board of Directors believes that the goal of risk oversight is to identify and assess risks which may affect the Company's ability to fulfill its business objectives and to formulate plans to mitigate potential effects. The Board of Directors administers its oversight function directly, through both its Audit Committee and Compensation Committee, and through executive management of the Company, as follows:

- Through Board of Directors discussion on general business strategy and risks that could drive tactical and strategic decisions in the near and long term;
- Through the Audit Committee with respect to financial risks and risks that may affect the financial situation of the Company;
- Through the Compensation Committee with respect to risks associated with executive compensation plans and arrangements;
- Through executive management of the Company with respect to risks which may arise in the ordinary course of business, such as operational, managerial, business, legal, regulatory and reputational risks;
- Through the Compliance Committee of the Company with respect to risks which may arise with respect to global compliance and ethical conduct;
- Through the chief information security officer and head of global technology with respect to risks related to cyber security; and
- Through the CEO, in the CEO's combined role as Chairman, via updates to the Board of Directors during Board of Directors meetings with respect to potential material risks identified by executive management, as is deemed appropriate based on the circumstances.

The Board of Directors believes the various roles of the board committees, compliance committee and executive management in risk oversight described above complement the Board of Directors' leadership structure described above, including the combination of the Chairman of the Board and Chief Executive Officer positions.

Meetings of the Board of Directors

The Board of Directors meets throughout the year on a set schedule. The Board of Directors also holds special meetings and acts by unanimous written consent from time to time as appropriate. The Board of Directors held nine meetings during the year ended December 31, 2018. Each director attended at least 75% of all of the meetings of the Board of Directors and of the committees on which he or she served that were held during the last fiscal year. The Company does not have a policy requiring incumbent directors and director nominees to attend the Company's annual meeting of stockholders. Seven directors attended last year's annual meeting.

The Board of Directors meets in executive sessions without management, as needed, immediately prior or during its regularly scheduled meetings. The Board of Directors also schedules executive sessions during the year for the independent directors only.

Committees of the Board of Directors

Audit Committee

The Company has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee operates under a written charter adopted by the Board of Directors. A copy of the charter is available on our website at www.innodata.com. Serving on the Committee are Ms. Forlenza and Messrs. Massey and Opat, with Ms. Forlenza serving as Chair. The Board of Directors has determined that Ms. Forlenza is an "audit committee financial expert" as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of Nasdaq. The functions of the Audit Committee are, among other things, to make recommendations concerning the selection each year of independent auditors of the Company, to assist the Board of Directors in fulfilling its oversight responsibilities relating to the quality and integrity of the Company's financial reports and financial reporting processes and systems of internal controls, to consider whether the Company's principal accountant's provision of non-audit services is compatible with maintaining the principal accountant's independence, and to determine through discussions with the independent auditors whether any instructions or limitations have been placed upon them in connection with the scope of their audit. To carry out its responsibilities, the Audit Committee met five times during the year ended December 31, 2018. The Company defines independence as meeting the standards to be considered as an independent director as set forth in the Nasdaq Marketplace Rule 5605(a)(2), and the Board of Directors has determined that all the members of the Audit Committee are "independent" as defined in the Nasdaq Marketplace Rule 5605(c)(2)(A).

Compensation Committee

The Company has a standing Compensation Committee comprised of Mr. Massey, Ms. Forlenza and Mr. Kardon, with Mr. Massey serving as Chair. The Compensation Committee operates under a written charter adopted by the Board of Directors. A copy of the charter is available on our website at www.innodata.com. The function of the Compensation Committee is to discharge the responsibilities of the Board of Directors regarding executive and director compensation, including determining and approving the compensation packages of the Company's executive officers, including its Chief Executive Officer. The Compensation Committee also reviews and approves stock option grants to non-executive officer employees. The Chief Executive Officer recommends to the Compensation Committee proposed compensation for the executive officers other than the Chief Executive Officer. The Compensation Committee may from time to time, as it deems appropriate and to the extent permitted under applicable law and regulation, form and delegate authority to subcommittees and to the officers of the Company. The Compensation Committee engages the services of an independent compensation consultant on an as-needed basis to provide market data and advice regarding executive compensation and proposed compensation programs and amounts. To carry out its responsibilities, the Compensation Committee met three times during the year ended December 31, 2018. The Company defines independence as meeting the standards to be considered as an independent director as set forth in the Nasdaq Marketplace Rule 5605(a)(2), and the Board of Directors has determined that all the members of the Compensation Committee are "independent" as defined in the Nasdaq Marketplace Rule 5605(a)(2).

Nominating Committee

The Company has a standing Nominating Committee comprised of Ms. Forlenza and Messrs. Manoni and Massey, with Ms. Forlenza serving as Chair. The Company does not have a Nominating Committee charter. The primary responsibilities of the Nominating Committee include assisting the Board of Directors in identifying and evaluating qualified candidates to serve as directors; recommending to the Board of Directors candidates for election or re-election to the Board of Directors or to fill vacancies on the Board of Directors; and assisting in attracting qualified candidates to serve on the Board of Directors. Director nominees are selected by Board of Director resolution. All of the nominees recommended for election to the Board of Directors at the Meeting are directors standing for re-election. Although the Nominating Committee does not have a formal policy with respect to the consideration of diversity, when considering director candidates the Nominating Committee seeks individuals with backgrounds and qualities that, when combined with those of the Company's existing directors, provide a blend of skills and experience that will further enhance the Board of Directors' effectiveness at the time the consideration is made. When considering potential director candidates, the Nominating Committee considers the candidate's character, judgment, diversity of origin and gender, skills, including financial literacy, and experience in the context of the needs of the Company and the Board of Directors. The Nominating Committee has not established any minimum qualifications for director candidates. To carry out its responsibilities, the Nominating Committee met three times during the year ended December 31, 2018. The Company defines independence as meeting the standards to be considered as an independent director as set forth in the Nasdaq Marketplace Rule 5605(a)(2), and the Board of Directors has determined that all the members of the Nominating Committee are "independent" as defined in the Nasdaq Marketplace Rule 5605(a)(2). In 2018, the Company did not pay any fees to any third party to assist in identifying or evaluating potential nominees.

The Company's by-laws include a procedure whereby its stockholders can nominate director candidates, as more fully described below under "Stockholder Proposals for the 2020 Annual Meeting." The Board of Directors will consider director candidates recommended by the Company's stockholders in a similar manner as those recommended by members of management or other directors, provided the stockholder submitting such nomination has complied with the procedures set forth in the Company's by-laws. To date, the Company has not received any recommended nominees from any non-management stockholder or group of stockholders who beneficially owns five percent or more of its voting stock.

Stockholder Communications with the Board of Directors

Generally, stockholders who have questions or concerns regarding the Company should contact our Investor Relations department at 201-371-8000. However, stockholders may communicate with the Board of Directors by sending a letter to: Board of Directors of Innodata Inc., c/o Corporate Secretary, 55 Challenger Road, Ridgefield Park, New Jersey 07660. Any communications must contain a clear notation indicating that it is a "Stockholder—Board Communication" or a "Stockholder—Director Communication" and must identify the author as a stockholder. The office of the Corporate Secretary will receive the correspondence and forward appropriate correspondence to the Chairman of the Board or to any individual director or directors to whom the communication is directed. The Company reserves the right not to forward to the Board of Directors any communication that is hostile, threatening, illegal, does not reasonably relate to the Company or its business, or is otherwise inappropriate. The office of the Corporate Secretary has authority to discard or disregard any inappropriate communication or to take any other action that it deems to be appropriate with respect to any inappropriate communications.

REPORT OF THE AUDIT COMMITTEE

The following report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent the Company specifically incorporates this report by reference therein.

The responsibilities of the Audit Committee, which are set forth in the Audit Committee Charter, include providing oversight to the Company's financial reporting process through periodic meetings with the Company's independent auditors and management to review accounting, auditing, internal controls and financial reporting matters. The Audit Committee is also responsible for the appointment, compensation and oversight of the Company's independent

auditors. The management of the Company is responsible for the preparation and integrity of the financial reporting information and related systems of internal controls. The Audit Committee, in carrying out its role, relies on the Company's senior management, including senior financial management, and its independent auditors.

The Audit Committee has implemented procedures to ensure that during the course of each fiscal year it devotes the attention that it deems necessary or appropriate to each of the matters assigned to it under the Audit Committee's charter.

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the quality and integrity of the Company's financial reports and financial reporting processes and systems of internal controls. Management of the Company has primary responsibility for the Company's financial statements and the overall reporting process, including maintenance of the Company's system of internal controls. The Company retains independent auditors who are responsible for conducting independent audits of the Company's financial statements and internal control over financial reporting, if applicable, in accordance with standards of the Public Company Accounting Oversight Board (United States), and issuing reports thereon.

The Audit Committee has reviewed and discussed the Company's consolidated audited financial statements as of and for the year ended December 31, 2018 with management and the independent auditors. The Audit Committee has discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 1301, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board (PCAOB). The independent auditors have provided to the Audit Committee the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent auditor's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with the auditors their independence from the Company. The Audit Committee has concluded that the independent auditors are independent from the Company and its management.

On the basis of the foregoing reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 for filing with the SEC.

The Members of the Audit Committee

Louise C. Forlenza, Chair

Stewart R. Massey

Michael J. Opat

Fiscal 2018 and 2017 Accounting Firm Fee Summary

Set forth below is certain information concerning fees billed to the Company by CohnReznick LLP in respect of professional services rendered to the Company for the audit of the annual financial statements for the years ended December 31, 2018 and December 31, 2017; the reviews of the financial statements included in reports on Form 10-Q for periods within 2018 and 2017; related regulatory filings for periods within 2018 and 2017; and other services. The Audit Committee has determined that the provision of all services is compatible with maintaining the independence of CohnReznick LLP.

	2018 (\$)	2017 (\$)
Audit Fees	421,213	349,287
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-

Audit fees consist of fees for the audit of the Company's financial statements, the review of the interim financial statements included in the Company's quarterly reports on Form 10-Q, and other professional services provided in connection with statutory and regulatory filings or engagements.

Audit Committee Pre-Approval Policy

All audit, audit-related services, tax services and other services provided by CohnReznick LLP must be pre-approved by the Audit Committee in one of two methods. Under the first method, the engagement to render the services would be entered into pursuant to pre-approval policies and procedures established by the Audit Committee, provided (i) the policies and procedures are detailed as to the services to be performed, (ii) the Audit Committee is informed of each service, and (iii) such policies and procedures do not include delegation of the Audit Committee's responsibilities under the Exchange Act to the Company's management. Under the second method, the engagement to render the services would be presented to and pre-approved by the Audit Committee (subject to the *de minimis* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may delegate to its Chair the authority to pre-approve otherwise permissible non-audit services, provided that any decision made pursuant to such delegation must be presented to the full Audit Committee for informational purposes at its next scheduled meeting. The Audit Committee considers, among other things, whether the provision of such audit or non-audit services is consistent with applicable regulations regarding maintaining auditor independence, whether the provision of such services would impair the independent registered public accounting firm's independence and whether the independent registered public accounting firm are best positioned to provide the most effective and efficient service.

PROPOSAL 2. RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

Subject to ratification by the stockholders, the Board of Directors has appointed CohnReznick LLP as the independent auditors to audit the financial statements of the Company for the fiscal year ending December 31, 2019. CohnReznick LLP has served as the Company's auditors since September 2008. A representative of CohnReznick LLP is expected to be present at the Meeting and will have the opportunity to make a statement if he desires to do so. A representative of CohnReznick LLP is also expected to be available to respond to appropriate questions at the Meeting.

In the event that the stockholders fail to ratify this appointment, other independent auditors will be considered upon recommendation of the Audit Committee. Even if this appointment is ratified, our Board of Directors, in its discretion, may direct the appointment of a new independent accounting firm at any time during the year, if the Board believes that such a change would be in the best interest of the Company and its stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” RATIFICATION OF THE APPOINTMENT OF COHNREZNICK LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, AS AUDITORS FOR THE COMPANY FOR THE YEAR ENDING DECEMBER 31, 2019

EXECUTIVE COMPENSATION

Overview of Executive Compensation Program

We are currently a smaller reporting company and therefore are not required to include a Compensation Discussion and Analysis in this Proxy Statement. However, we have elected to provide the following overview of the material elements of our compensation program. This overview focuses on the information contained in the following tables and related footnotes and narrative for primarily the last completed fiscal year.

Executive Compensation Objectives

The Compensation Committee of the Board of Directors is responsible for overseeing and administering our executive compensation program and for establishing our executive compensation philosophy. The objectives of our compensation program are to:

- Attract, motivate and retain qualified, talented and dedicated executives
- Motivate executives to achieve business and financial objectives that will enhance stockholder value
- Align the interests of our executives with the long-term interests of stockholders through stock-based incentives
- Maintain a strong link between pay and performance by placing a significant portion of the executive's total pay at risk

The Committee applies these objectives in selecting the specific elements of compensation. The Committee also reviews and considers:

- Company performance, both separately and in relation to similar companies
- The individual executive's performance, experience and scope of responsibilities
- Historical compensation levels and stock option awards at the Company
 - Internal equity among executive officers
 - The recommendations of management
- The recommendations of an independent compensation consultant, to the extent compensation consultants are utilized
 - Competitive market and peer company data

The Committee uses the following processes, procedures and resources to help it perform its responsibilities:

Executive sessions without management present to discuss various compensation matters, including the compensation of our CEO

- A periodic review of executive compensation and benefit programs for reasonableness and cost effectiveness
 - The recommendations of the CEO on compensation for the other executive officers
 - On an as-needed basis, the services of an independent compensation consultant

Components of the Executive Compensation Program

The primary elements of the Company's Executive Compensation Program are described below. The Committee does not use a pre-set formula to allocate a percentage of total compensation to each compensation component, and the percentage of total compensation allocated to each compensation component varies among the executive officers.

Base Salary

The base salaries of our executive officers are designed to attract and retain a high performing and dedicated leadership team. The Committee reviews the performance evaluations and salary recommendations provided to the Committee by the CEO for each executive officer other than himself. Increases to the CEO's base salary are determined by the Committee without a recommendation by Company management. Adjustments to base salary are determined based on the individual's responsibility level, performance, contribution and length of service, after considering the Company's financial performance, as well as any requirements set forth in the executive officer's employment agreement. No executive officer received a base salary increase in calendar year 2018.

Performance-Based Cash Incentives

Performance-based cash incentives provide the Company with a means of rewarding performance based upon the attainment of corporate financial goals, individual goals, and individual accomplishments and contributions to the Company. The Committee reviews Company financial performance, individual performance, accomplishments and contributions, as well as recommendations provided to the Committee by the CEO for each executive officer other than the CEO. Cash incentives may be paid pursuant to an incentive compensation plan or as cash bonuses. Based on the Company's successful execution of its turnaround operating plan in 2018, and on each executive officer's individual accomplishments and contributions towards the achievement of the operating plan, in February 2019 the Committee

awarded a cash bonus to each executive officer for the year ended 2018 as follows: \$300,000 to Mr. Abuhoff and \$180,000 to Mr. Mishra.

Stock-Based Incentives

The Company uses stock option grants as the primary vehicle for employee stock-based incentives. The Company also uses restricted share grants as a form of stock-based incentives. The Committee believes stock-based incentives align the executive officers' interests with those of stockholders in building stockholder value, offer executive officers an incentive for the achievement of superior performance over time, and foster the retention of key management personnel. The number of stock options or restricted shares the Committee awards each executive officer is based on his relative position, responsibilities and performance, including anticipated future performance, potential and responsibilities, and performance over the previous fiscal year, to the extent applicable. The Committee also reviews and considers prior stock-based grants to each executive officer, including the extent to which any prior stock option grants remained unexercised upon expiration due to an underwater stock price at the time of expiration. The size of stock-based grants is not directly related to the Company's performance. In 2018 the Committee awarded the following stock option grants to the executive officers: 400,000 shares to Mr. Abuhoff and 160,000 shares to Mr. Mishra. The stock options have an exercise price of \$1.07, a term of ten years from the date of grant, and vest in three equal installments on July 13, 2019, July 13, 2020 and July 13, 2021. The Committee believes that stock-based incentives align management interests with those of its stockholders by tying a significant percentage of compensation to be realized by the executive officers to changes in stockholder value over the long term.

Benefits and Perquisites

The Company offers retirement, health, life, and disability benefits, as well as medical and dependent care reimbursement plans to all full-time employees. These plans do not discriminate in scope, terms or operation in favor of executive officers. In addition, in calendar year 2018, the Company reimbursed Mr. Abuhoff \$12,033 for the cost of life and disability insurance premiums and related taxes pursuant to his employment agreement.

Severance and Change-of-Control

The Company uses severance and change-of-control agreements to attract and retain qualified, talented and dedicated executives and to help the Company remain competitive in the marketplace.

Results of 2018 Advisory Vote on Executive Compensation

At the 2018 Annual Meeting of Stockholders held in June 2018, the Company's stockholders approved the 2017 compensation of the Company's named executive officers by a majority of the votes cast. In 2017, the Company had not paid cash bonuses to its named executive officers, nor had it awarded any equity or non-equity incentives or salary increases to its named executive officers.

Although the vote cast represented majority support for the named executive officer compensation, the percentage of the votes cast voting in favor of the Company's executive compensation is significantly less than what the Company and the Compensation Committee deem satisfactory. Mr. Massey, the Lead Independent Director and Chairman of the Compensation Committee, solicited viewpoints regarding the Company's compensation practices from a number of Company stockholders. The stockholders with whom he spoke included individual retail investors, fund managers, and broker/advisors. While they generally did not express specific concerns regarding the pay practices of the Company, they generally expressed concerns regarding the Company's 2017 operating performance and stock price decline.

In 2018 the Company executed a turnaround plan it had announced in late 2017 in response to the 2017 operating performance and stock price decline. The Company executed the turnaround plan successfully, posting Adjusted EBITDA¹ of \$6.7 million in 2018, compared to \$(0.7) million in 2017.

The Compensation Committee values the stockholder feedback provided through the vote as well as the feedback regarding Company performance received through conversations with stockholders subsequent to the vote. The Compensation Committee will continue to review the Company's executive compensation programs to assure that the compensation of the named executive officers remains consistent with the objectives stated above under "Overview of Executive Compensation Program" and reflective of the Company's financial performance.

¹ Adjusted EBITDA is a non-GAAP measure. For a discussion on Adjusted EBITDA and a reconciliation of Adjusted EBITDA to U.S. GAAP see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Adjusted EBITDA" included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

officers

Set forth below is information concerning the Company's current executive officers who are not directors.

Name **Age** **Position**