

TUCOWS INC /PA/  
Form DEF 14A  
July 29, 2014  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

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

**TUCOWS 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.

Amount Previously Paid:

(1)

Form, Schedule or Registration Statement No.:

(2)

(3) Filing Party:

Date Filed:

(4)

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July 29, 2014

Dear Fellow Shareholder:

You are cordially invited to attend the 2014 annual meeting of shareholders of Tucows Inc. to be held at the offices of the company, 96 Mowat Avenue, Toronto, Ontario, M6K 3M1, Canada, on Wednesday, September 9, 2014 at 4:30 p.m. (local time).

The accompanying notice of annual meeting and proxy statement describes the matters we will discuss and vote on at the annual meeting. You will also have an opportunity to ask questions.

As permitted by the rules of the Securities and Exchange Commission, we are furnishing proxy materials, including this notice of Annual Meeting, proxy statement, our 2013 Annual Report on Form 10-K and the electronic proxy card for the meeting to our shareholders via the Internet by sending them a Notice of Internet Availability of Proxy Materials (the "Notice") that explains how to access our proxy materials and how to vote online. If you received the Notice and would like us to send you a printed copy of our proxy materials, please follow the instructions included in the Notice.

**Your vote is important.** I hope you will join us at the annual meeting. Whether or not you plan to attend, you can ensure that your shares are represented and voted at the annual meeting in accordance with your instructions by promptly completing, signing, dating and returning the enclosed proxy card in the envelope provided, or by voting your shares over the phone or Internet. You may also be entitled to vote in person at the meeting. Please refer to detailed instructions included in the proxy statement or in the Notice.

We look forward to seeing you on September 9, 2014.

Sincerely,

Elliot Noss  
*President and Chief Executive Officer*

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**TUCOWS INC.**

**96 Mowat Avenue**

**Toronto, Ontario M6K 3M1**

**Canada**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**September 9, 2014**

The 2014 annual meeting of shareholders of Tucows Inc. will be held at 4:30 p.m. (local time) on September 9, 2014 at the offices of the company, 96 Mowat Avenue, Toronto, Ontario, M6K 3M1, Canada, to:

1. Elect six directors to serve on our Board of Directors until the next annual meeting of shareholders or until their successors are duly elected and qualified;
2. Ratify the appointment of KPMG LLP as our independent public accountants to audit our financial statements for the year ending December 31, 2014;
3. Approve, on an advisory basis, named executive officer compensation;
4. Approve, on an advisory basis, the frequency of non-binding advisory votes on named executive officer compensation;
5. Transact such other business as may properly come before the meeting and any and all adjournments and postponements thereof.

At the annual meeting, our Board of Directors intends to present Allen Karp, Rawleigh Ralls, Erez Gissin, Joichi Ito, Elliot Noss, and Jeffery Schwartz as nominees for election to the Board of Directors.

Only shareholders of record on the books of the company at the close of business on July 11, 2014 will be entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof. Our Board of Directors is soliciting the enclosed proxy. Please carefully read the accompanying proxy statement for more information regarding the business to be transacted at the annual meeting. You will also find enclosed our 2013 Annual Report on Form 10-K.

We will make available at the annual meeting a complete list of the shareholders entitled to vote at the annual meeting, and you may examine the list for any purpose related to the annual meeting.

Your vote is important. Whether or not you plan to attend, you can ensure that your shares are represented and voted at the annual meeting in accordance with your instructions by promptly completing, signing, dating and returning the enclosed proxy card in the envelope provided, or by voting your shares over the phone or Internet. You may also be entitled to vote in person at the meeting. Please refer to detailed instructions included in the proxy statement or in the Notice of Internet Availability of Proxy Materials.

Michael Cooperman  
*Chief Financial Officer and Secretary*

*Toronto, Ontario*

July 29, 2014

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**Important Notice Regarding the Availability of Proxy Materials for  
the Annual Meeting of Stockholders to Be Held on September 9, 2014:**

**We are furnishing proxy materials to you via the Internet. The Notice of Internet Availability Proxy Materials will instruct you as to how you may vote your proxy. No printed materials will be available unless you specifically request them by following the instructions in the “Notice of Internet Availability of Proxy Materials.” Printed copies will be provided upon request at no charge.**

**This proxy statement and the 2013 Annual Report on Form 10-K are also available at <http://www.tucows.com/investors/filings/> for viewing, downloading and printing. The information on our website is not part of this proxy statement. References to our website in this proxy statement are intended to serve as inactive textual references only.**

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**TUCOWS INC.**

**96 Mowat Avenue**

**Toronto, Ontario M6K 3M1**

**Canada**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**September 9, 2014**

We are sending this proxy statement to shareholders of Tucows Inc., a Pennsylvania corporation (“Tucows” or the “Company”), in connection with our Board of Directors’ solicitation of proxies for use at our annual meeting of shareholders on September 9, 2014. We have also enclosed our 2013 Annual Report on Form 10-K (which does not form a part of the proxy solicitation material).

**VOTING INFORMATION**

**Record Date**

The record date for the annual meeting was July 11, 2014. You may vote all shares of our common stock that you owned as of the close of business on that date. On July 11, 2014, we had 11,287,867 shares of common stock outstanding. Each share of common stock is entitled to one vote on each matter to be voted at the annual meeting. This proxy statement or the Notice of Internet Availability of Proxy Materials (the “Notice”) are being mailed or made available on the Internet on or about July 29, 2014 to shareholders of record as of the close of business on the record date.



## How to Vote

**By mail.** If you hold your shares through a securities broker (that is, in street name), you may complete and mail the voting instruction card forwarded to you by your broker. If you hold your shares in your name as a holder of record, you can vote your shares by proxy by completing, signing and dating the proxy card and returning it in the enclosed postage-paid envelope. A properly completed and returned proxy card will be voted as you instruct, unless you subsequently revoke your instructions.

**By telephone.** If you hold your shares through a securities broker, you may vote by telephone by following the instructions included with the voting instruction card forwarded to you by your broker. If you vote your shares via telephone, you may incur additional charges.

**By Internet.** If you hold your shares through a securities broker, you may vote your shares via the Internet by following the instructions included with the voting instruction card forwarded to you by your broker. If you vote your shares via the Internet, you may incur costs such as telephone and Internet access charges.

**At the annual meeting.** Submitting your vote by mail or via the Internet does not limit your right to vote in person at the annual meeting if you later decide to do so. If you hold your shares in street name and want to vote in person at the annual meeting, you must obtain a proxy from your broker and bring it to the annual meeting.

## Revoking Your Proxy

You can revoke your proxy at any time before your shares are voted at the annual meeting. If you are a shareholder of record, you can send a written notice of revocation to our secretary at our principal executive office (96 Mowat Avenue, Toronto, Ontario, M6K 3M1, Canada) and request another proxy card. If you hold your shares through a broker, bank or other nominee, you can revoke your proxy by contacting the broker, bank or other nominee and asking for a new proxy card. If you submitted your proxy by Internet or by telephone, you can vote again by voting over the Internet or by telephone. You can also attend the annual meeting and vote in person. Merely attending the annual meeting will not revoke your proxy.

### **Returning Your Proxy without Indicating Your Vote**

If you return a signed proxy card without indicating your vote and do not revoke your proxy, your shares will be voted according to the Board of Directors' recommendations.

### **Quorum Required to Hold the Annual Meeting**

On September 9, 2014, we need the presence of, in person or by proxy, shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast, on a particular matter to be acted upon at the meeting, in order to constitute a quorum for the purpose of consideration of and action on the matter. If a quorum is present then the shareholders can continue to do business and vote on other matters until adjournment. Votes withheld in the election of directors are treated as present for purposes of determining a quorum. If your shares are held in "street name" and you do not give your broker voting instructions, your broker generally will have discretion to vote your shares for "routine" matters such as the proposal to ratify KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014. If your broker votes your shares on this proposal you will be deemed present for purposes of determining a quorum. For more information regarding "routine" and "non-routine" matters and "broker non-votes," see "— Street Name Shares and Broker Non-Votes."

### **Vote Required to Elect Directors**

A plurality of the votes cast is required for the election of directors. Accordingly, the six nominees for election as directors who receive the highest number of votes actually cast will be elected.

### **Vote Required to Ratify the Appointment of KPMG LLP**

The affirmative vote of a majority of the votes cast by all shareholders represented at the annual meeting, in person or by proxy, and entitled to vote is required to ratify the appointment of KPMG LLP as our independent public accountant for the year ending December 31, 2014.

### **Vote Required regarding Advisory Votes on the Compensation of Our Named Executive Officers**

The affirmative vote of a majority of the votes cast by all shareholders represented at the annual meeting, in person or by proxy, and entitled to vote is required to approve, on an advisory basis, the compensation of our named executive officers.

### **Vote Required regarding the Frequency of Advisory Votes on the Compensation of Our Named Executive Officers**

For the non-binding advisory vote on the frequency of shareholder advisory votes on the compensation of our named executive officers, the frequency receiving the highest number of votes from shareholders represented at the annual meeting in person or by proxy and entitled to vote will be considered the frequency preferred by the shareholders. Because this vote is non-binding, our Board of Directors may determine the frequency of future advisory votes on the compensation of our named executive officers in its discretion.

### **Withholding Your Vote or Voting to “Abstain”**

In the election of directors, you may withhold your vote for any of the nominees. Withheld votes will be excluded entirely from the vote and will have no effect on the outcome. For the other three proposals, you may vote to “abstain.” If you vote to “abstain” for any of these three proposals, your shares will be excluded entirely from the vote and will have no effect on the outcome of that proposal.

### **Street Name Shares and Broker Non-Votes**

A “broker non-vote” occurs when a bank, broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have authority to vote on that particular proposal without receiving voting instructions from the beneficial owner. Under applicable New York Stock Exchange (“NYSE”) rules, brokers cannot exercise discretion to vote shares in an uncontested election of directors or on matters relating to executive compensation (each, a “non-routine” proposal) if the shareholder does not give the broker voting instructions for these matters. To the extent that brokers have not received voting instructions, brokers report such number of shares as “non-votes.” Accordingly, subject to the rules of the NYSE concerning transmission of proxy materials to beneficial owners, and subject to any proxy voting policies and procedures of those brokerage firms, if your shares are held in “street name” and you wish to vote your shares on: (1) the election of directors, (2) approval, in an advisory vote, of our executive compensation and (3) approval, in an advisory vote, the frequency of shareholder votes of our executive compensation, you must give your broker voting instructions for these proposals.



“Broker non-votes” will have no effect on the votes for (1) the election of directors, (2) approval, in an advisory vote, of our executive compensation and (3) approval, in an advisory vote, the frequency of shareholder votes of our executive compensation. “Broker non-votes” will not occur in connection with the proposal to ratify KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2014 because this is a “routine” matter and brokers, banks, trustee and other nominees have discretionary voting authority to vote shares on this proposal without specific instruction from the beneficial owner of such shares.

### **Postponement or Adjournment of the Annual Meeting**

If the annual meeting is postponed or adjourned, your proxy will still be valid and may be voted at the rescheduled meeting. You will still be able to revoke your proxy until it is voted.

**BENEFICIAL OWNERSHIP OF COMMON STOCK AND RELATED SHAREHOLDER MATTERS****Stock Ownership of Executive Officers and Directors**

The following table sets forth the beneficial ownership of our common stock, as of the record date, by our Chief Executive Officer, Mr. Elliot Noss, and Messrs. Michael Cooperman and David Woroch, our two other most highly compensated executive officers for the last completed fiscal year (each a “named executive officer”), each of our directors and all of our directors and executive officers as a group. The information on beneficial ownership in the table and related footnotes is based upon data furnished to us by, or on behalf of, the persons referred to in the table. Unless otherwise indicated in the footnotes to the table, each person named has sole voting power and sole investment power with respect to the shares included in the table.

Name	Common Stock Beneficially Owned Excluding Options (1)	Stock Options Exercisable within 60 Days of July 11, 2014(1)	Total Common Stock Beneficially Owned	Percent of Class (2)
Named executive officers and directors				
Elliot Noss, President and Chief Executive Officer	698,146 (3)	60,437	758,583	6.7%
Michael Cooperman, Chief Financial Officer	260,082 (4)	62,624	322,706	2.8%
David Woroch, Executive Vice-President, Sales and Support	95,001 (5)	75,124	170,125	1.5%
Erez Gissin, Director	13,750	28,750	42,500	*
Joichi Ito, Director	6,250	3,750	10,000	*
Allen Karp, Director	33,750	31,875	65,625	*
Lloyd Morrisett, Director	53,750 (6)	36,875	90,625	*
Rawleigh Ralls, Director	918,750 (7)	26,250	945,000	8.4%
Jeffrey Schwartz, Director	15,625	41,250	56,875	*
All directors and executive officers as a group (11) persons)	2,116,404	497,183	2,613,587	22.2%

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\*Less than 1%

(1) Numbers reflect the 4 to 1 reverse stock split that became effective on December 30, 2013.

(2) Based on 11,287,867 shares outstanding as of July 11, 2014, adjusted for shares of common stock beneficially owned but not yet issued.

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- (3) Includes an aggregate of 124,036 shares of common stock that are indirectly owned by Mr. Noss.
- (4) Includes 53,984 shares of common stock that are held in Mr. Woroch's Registered Retirement Savings Plan ("RRSP") account and 10,750 shares of common stock held in his wife's RRSP account.
- (5) Includes 37,188 shares of common stock that are held in Mr. Cooperman's RRSP account.
- (6) These shares of common stock are owned jointly by Dr. Morrisett and his wife.

(7) Of these shares, 56,250 shares are held in Mr. Ralls' IRA account, 6,250 shares are held in Mrs. Ralls' IRA account and 850,000 are held by Lacuna Hedge Fund LLLP ("Lacuna Hedge") and are indirectly owned by Lacuna, LLC ("Lacuna LLC") and Lacuna Hedge GP LLLP ("Lacuna Hedge GP"). Lacuna LLC is the sole general partner of Lacuna Hedge GP, which is the sole general partner of Lacuna Hedge. Neither Lacuna LLC nor Lacuna Hedge GP directly owns any securities of the Company. Each of Lacuna LLC and Lacuna Hedge GP disclaims beneficial ownership of the shares held by Lacuna Hedge, except to the extent of its pecuniary interest therein. Mr. Ralls is a member of Lacuna LLC. Mr. Ralls disclaims beneficial ownership of the shares held by Lacuna Hedge, except to the extent of his pecuniary interest therein.

### Stock ownership of Principal Shareholders

The following table sets forth information with respect to each shareholder known to us to be the beneficial owner of more than 5% of our outstanding common stock as of the record date.

Name and Address of Beneficial Owner	Beneficial Ownership of	
	Common Stock	
	Number of Shares	Percent of
	Beneficially	Class(1)
	Owned	
Lacuna, LLC	850,000 <sup>(2)</sup>	7.5 %

1100 Spruce Street, Suite 202



Boulder, CO 80302

Osmium Partners, LLC

300 Drakes Landing Rd, Suite 172                      1,054,177<sup>(3)</sup>    9.3    %

Greenbrae, CA 94904

Elliot Noss

96 Mowat Avenue                                      698,146<sup>(4)</sup>    6.7    %

Toronto, ON M6K 3M1

(1)Based on 11,287,867 shares outstanding as of July 11, 2014.

As disclosed on Form 4, filed with the Securities and Exchange Commission (the “SEC”) on April 3, 2014 by Mr. Ralls. These shares are held by Lacuna Hedge and are indirectly owned by Lacuna LLC and Lacuna Hedge GP. Lacuna LLC serves as the sole general partner of Lacuna Hedge GP, which serves as the sole general partner of (2)Lacuna Hedge. Neither Lacuna LLC nor Lacuna Hedge GP directly owns any securities of the Issuer. Each of Lacuna LLC and Lacuna Hedge GP disclaims beneficial ownership of the securities held by Lacuna Hedge, except to the extent of its pecuniary interest therein. Mr. Ralls is a member of Lacuna LLC. Mr. Ralls disclaims beneficial ownership of the securities held by Lacuna Hedge, except to the extent of his pecuniary interest therein.

As disclosed on Schedule 13G/A, filed with the SEC on February 12, 2014 by Mr. John H. Lewis, the controlling member of Osmium Partners, LLC, a Delaware limited liability company (“Osmium Partners”). Osmium Partners serves as the general partner of Osmium Capital, LP, a Delaware limited partnership (the “Fund”) and Osmium Capital II, LP, a Delaware limited partnership (“Fund II”), and Osmium Spartan, LP, a Delaware limited partnership (3) (“Fund III”) (all of the foregoing, collectively, the “Filers”). The Fund, Fund II and Fund III are private investment vehicles formed for the purpose of investing and trading in a wide variety of securities and financial instruments. The Fund, Fund II and Fund III directly own the common shares reported in this proxy statement. Mr. Lewis and Osmium Partners may be deemed to share with the Fund, Fund II and Fund III (and not with any third party) voting and dispositive power with respect to such shares. Each Filer disclaims beneficial ownership with respect to any shares other than the shares owned directly by such Filer.

(4) As disclosed on Form 4, filed with the SEC on March 18, 2014 by Mr. Noss. Includes an aggregate of 124,036 shares of common stock that are held in Mr. Noss's RRSP accounts. Includes 564,951 shares of Common Stock that are subject to a loan and pledge arrangement entered into by Mr. Noss in order to satisfy the required Canadian taxes and exercise price due in connection with the exercise of expiring options.

## **PROPOSAL No. 1**

### **ELECTION OF DIRECTORS**

Our business is managed under the direction of our Board of Directors. Our Second Amended and Restated Bylaws, as amended (the “Bylaws”) provide that our Board of Directors determines the number of directors from time to time, which is currently set at a maximum of seven. Our directors are all subject to annual election. The current term of office of all of our directors expires upon election of their successors at the 2014 annual meeting.

Our Board of Directors is presently composed of seven members of whom six are standing for re-election. Our Board of Directors has determined that, as of the date of the annual meeting, the number of directors that constitutes a full board will be set at six. Our Board of Directors proposes that these six directors nominees be elected for a term of one year until the 2015 annual meeting and until their successors are duly selected and qualified. Dr. Lloyd Morrisett, current member of our Board of Directors, will retire and will not stand for re-election. We thank Dr. Morrisett for his years of services on our Board of Directors. All director nominees have agreed to be named in this proxy statement and to serve if elected.

Our Board of Directors expects that all of the nominees will be available for election and be willing to serve as a director. In the event that any of the nominees become unavailable or unwilling to serve as a director, proxies received will be voted for substitute nominees to be designated by our Board of Directors or, in the event no such designation is made, proxies will be voted for a lesser number of nominees.

Set forth below is biographical information for each nominee standing for election at the 2014 Annual Meeting. The following descriptions also outline the s