

SEACHANGE INTERNATIONAL INC  
Form DEF 14A  
May 20, 2016  
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**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**  
**(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
- SEACHANGE INTERNATIONAL, INC.**



3. Filing party:

4. Date Filed:

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**SEACHANGE INTERNATIONAL, INC.**

**50 Nagog Park**

**Acton, Massachusetts 01720**

**NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JULY 13, 2016**

The Annual Meeting of Stockholders of SeaChange International, Inc. ( SeaChange or the Company ) will be held at SeaChange s offices, located at 50 Nagog Park, Acton, Massachusetts 01720, on Wednesday, July 13, 2016 at 9:00 a.m., local time, to consider and act upon each of the following matters:

1. To elect the nominees named in the proxy statement to the Board of Directors to serve for three-year terms as Class II Directors.
  2. To conduct an advisory vote on the compensation of the Company s named executive officers.
  3. To approve an amendment and restatement of the Company s Amended and Restated 2011 Compensation and Incentive Plan.
  4. To ratify the appointment of the Company s independent registered public accounting firm.
  5. To transact such other business as may properly come before the meeting and any adjournments thereof.
- Stockholders entitled to notice of and to vote at the meeting shall be determined as of the close of business on May 18, 2016, the record date fixed by the Board of Directors for such purpose.

**IF YOU PLAN TO ATTEND:**

Please call Jim Sheehan at 978-889-3064 if you plan to attend. Please bring valid picture identification, such as a driver s license or passport. Stockholders holding stock in brokerage accounts ( street name holders) will also need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, cell phones, recording devices and other electronic devices will not be permitted at the meeting.

By Order of the Board of Directors,

David McEvoy  
*Senior Vice President, General Counsel and  
Secretary*

Acton, Massachusetts

May 20, 2016

**Whether or not you expect to attend the meeting, please complete, date and sign the enclosed proxy and mail it promptly in the enclosed envelope to ensure representation of your shares. No postage need be affixed if the proxy is mailed in the United States. If you are the registered holder of the shares, you may rather choose to vote via the Internet or by telephone. If your shares are held in a bank or brokerage account, you may be eligible to vote electronically or by telephone. Please refer to the enclosed form for instructions.**

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**2016 ANNUAL MEETING OF STOCKHOLDERS**

**PROXY STATEMENT**

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**SEACHANGE INTERNATIONAL, INC.**

**50 Nagog Park**

**Acton, Massachusetts 01720**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**July 13, 2016**

***May 20, 2016***

Proxies in the form enclosed with this proxy statement are solicited by the Board of Directors (the **Board**) of SeaChange International, Inc. ( **SeaChange** or the **Company** ) for use at the Annual Meeting of Stockholders (the **Annual Meeting** ) to be held on Wednesday, July 13, 2016, at 9:00 a.m., local time, at SeaChange's offices, located at 50 Nagog Park, Acton, Massachusetts 01720.

Only stockholders of record as of the close of business on May 18, 2016 (the **Record Date** ) will be entitled to vote at the Annual Meeting and any adjournments thereof.

SeaChange is pleased to take advantage of the U.S. Securities and Exchange Commission (the **SEC** ) rules that allow companies to furnish their proxy materials over the Internet. We believe that this process allows SeaChange to provide its stockholders with the information they need in a timelier manner, while reducing the environmental impact and lowering the costs of printing and distributing its proxy materials.

As a result, SeaChange is mailing to most of its stockholders of record entitled to vote at the Annual Meeting on or about May 31, 2016, a Notice Regarding the Availability of Proxy Materials (sometimes referred to as the **Notice** ) instead of a paper copy of this proxy statement and SeaChange's 2016 Annual Report. The Notice contains instructions on how to access those documents over the Internet. The balance of SeaChange's stockholders entitled to vote at the annual meeting will be mailed on or about May 31, 2016 a printed copy of the proxy materials together with a copy of the Notice.

**Information Regarding Voting and Proxies**

Stockholders may vote in one of the following three ways:

if you receive a copy of the proxy materials by mail, by completing, signing and dating the enclosed proxy card and returning it in the enclosed postage paid envelope by return mail;

by completing a proxy using the toll-free telephone number listed on the proxy card or Notice; or

by completing a proxy on the Internet at the address listed on the proxy card or Notice.



Any proxy may be revoked by a stockholder at any time before its exercise by either delivering written revocation or a later dated proxy to the Secretary of SeaChange, entering a new vote by Internet or telephone, or attending the Annual Meeting of Stockholders and voting in person. **Only your latest dated proxy will count.**

All properly completed proxy forms returned in time to be cast at the Annual Meeting will be voted. Stockholders are being asked to vote with respect to the election of Class II Directors, an advisory vote on the compensation of the Company's named executive officers and the ratification of the selection of SeaChange's independent registered public accounting firm. Where a choice has been specified on the proxy card with respect to each proposal, the shares represented by the proxy will be voted in accordance with your specifications. If no specification is indicated on the proxy card, the shares represented by the proxy will be voted **FOR** the nominees named herein for election to the Board of Directors to serve as Class II Directors, **FOR** approval of the compensation of the Company's named executive officers, **FOR** approval of SeaChange's Second Amended and

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Restated 2011 Compensation and Incentive Plan and **FOR** the ratification of the selection of SeaChange's independent registered public accounting firm.

A majority-in-interest of the outstanding shares represented at the Annual Meeting in person or by proxy shall constitute a quorum for the transaction of business. Votes withheld from any nominee, abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the meeting. A non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because the nominee does not have discretionary voting power and has not received instructions from the beneficial owner. On all matters being submitted to stockholders at this Annual Meeting, an affirmative vote of at least a majority of the shares present, in person or represented by proxy, and voting on that matter is required for approval or ratification. An automated system administered by SeaChange's transfer agent tabulates the votes. The vote on each matter submitted to stockholders is tabulated separately. Abstentions, as well as broker non-votes are not considered to have been voted for such matters and have the practical effect of reducing the number of affirmative votes required to achieve a majority for such matters by reducing the total number of shares from which the majority is calculated.

The Board of Directors knows of no other matter to be presented at the Annual Meeting. If any other matter should be presented at the Annual Meeting upon which a vote properly may be taken, shares represented by all proxies received by the Board of Directors will be voted with respect thereto in accordance with the judgment of the persons named as proxies and in accordance with the SEC's proxy rules. See "Stockholder Proposals" herein at page 10. The persons named as proxies, Anthony Dias and David McEvoy, were selected by the Board of Directors and are executive officers of SeaChange.

**Table of Contents****OWNERSHIP OF SECURITIES****Securities Ownership Of Certain Beneficial Owners And Management**

The following table sets forth information regarding the beneficial ownership of SeaChange common stock as of May 18, 2016 by:

each person or entity who is known by SeaChange to beneficially own more than five percent (5%) of the common stock of SeaChange;

each of the directors of SeaChange and each of the executive officers of SeaChange named in the Summary Compensation Table on page 31; and

all of the directors and executive officers of SeaChange as a group.

Except for the named executive officers and directors, none of these persons or entities has a relationship with SeaChange, except as disclosed below under Certain Relationships and Related Transactions. Unless otherwise indicated, the address of each person or entity named in the table is c/o SeaChange International, Inc., 50 Nagog Park, Acton, Massachusetts 01720, and each person or entity has sole voting power and investment power (or shares such power with his or her spouse), with respect to all shares of capital stock listed as owned by such person or entity.

The number and percentage of shares beneficially owned is determined in accordance with the rules of the SEC, and is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which a person has sole or shared voting power or investment power and also any shares of common stock underlying restricted stock units ( RSUs ), performance stock units ( PSUs ), options or warrants that are exercisable by that person within sixty (60) days of May 18, 2016. However, these shares underlying options or warrants are not treated as outstanding for the purpose of computing the percentage ownership of any other person or entity. Percentage of beneficial ownership is based on 35,156,227 shares of SeaChange s common stock outstanding as of May 18, 2016.

<b>Name</b>	<b>Amount and Nature of Beneficial Ownership <sup>(1)</sup> (#)</b>	<b>Percent of Common Stock Outstanding</b>
Edward Terino <sup>(2)</sup>	166,176	*
Jay Samit <sup>(3)</sup>	80,389	*
Anthony Dias	40,660	*
David McEvoy	39,552	*
Mary Palermo Cotton	126,733	*
Steven Craddock	84,233	*
William Francis Markey, III <sup>(4)</sup>	0	*
Thomas F. Olson	232,121	*

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Royce E. Wilson <sup>(5)</sup>	262,994	*
Ariel Investments, LLC <sup>(6)</sup>	4,057,932	11.5%

200 E. Randolph Street

Suite 2900

Chicago, IL 60601

Oak Ridge Investments, LLC <sup>(7)</sup>	2,999,691	8.5%
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10 South LaSalle Street, Suite 1900

Chicago, IL 60603

Pinnacle Associates, Ltd. <sup>(8)</sup>	2,663,024	7.6%
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335 Madison Avenue, Suite 1100

New York, NY 10017

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<b>Name</b>	<b>Amount and Nature of Beneficial Ownership <sup>(1)</sup> (#)</b>	<b>Percent of Common Stock Outstanding</b>
Royce & Associates, LLC <sup>(9)</sup> 745 Fifth Avenue New York, NY 10151	2,289,644	6.5%
Dimensional Fund Advisors, LP <sup>(10)</sup> Building One 6300 Bee Cave Road Austin, TX 78746	2,108,265	6.0%
Neuberger Berman Investment Advisors LLC <sup>(11)</sup> 605 Third Avenue New York, NY 10158	2,055,739	5.8%
BlackRock, Inc. <sup>(12)</sup> 55 East 52nd Street New York, NY 10022	1,916,757	5.5%
Frontier Capital Management Co., LLC <sup>(13)</sup> 99 Summer Street Boston, MA 02110	1,898,997	5.4%
All Executive Officers and Directors as a group (9 persons) <sup>(14)</sup>	1,032,858	2.9%

\* Less than 1%

- (1) Includes shares of Common Stock which have not been issued but are subject to options which either are presently exercisable or will become exercisable within sixty (60) days of May 18, 2016, as follows: Mr. McEvoy: 5,000 shares and Mr. Olson: 77,500 shares. Includes RSUs that will have vested within sixty (60) days of May 18, 2016, as follows: Mr. Terino: 13,793 RSUs; Ms. Cotton: 13,850 RSUs; Mr. Craddock: 13,850 RSUs; Mr. Olson: 13,850 RSUs; and Mr. Wilson: 13,850 RSUs.
- (2) Mr. Terino was appointed Chief Operating Officer and Executive Vice President on June 3, 2015 as previously reported on a Form 8-K filed with the SEC on June 4, 2015, was subsequently appointed Chief Executive Officer on April 6, 2016 as previously reported on a Form 8-K filed with the SEC on April 7, 2016, and continues to serve as a director of the Company.
- (3) Mr. Samit's employment was terminated without cause, effective April 6, 2016, and ceased to be an employee, executive officer and director of the Company as of April 6, 2016.

- (4) Mr. Markey was elected as a director to the Board of Directors effective March 18, 2016 as previously reported on a Form 8-K filed with the SEC on March 22, 2016.
- (5) Mr. Wilson was elected as a director to the Board of Directors effective February 2, 2015, as previously reported on a Form 8-K filed with the SEC on February 4, 2015.
- (6) According to a Schedule 13G/A filed on March 9, 2016, Ariel Investments, LLC may be deemed to have sole voting power with respect to 3,179,086 of the above-mentioned shares and sole dispositive power with respect to 4,057,932 of the above-mentioned shares.
- (7) According to a Schedule 13G filed on February 8, 2016, Oak Ridge Investments, LLC may be deemed to have sole voting power with respect to 2,865,037 of the above-mentioned shares, sole dispositive power with respect to 2,969,326 of the above-mentioned shares and shared dispositive power with respect to 30,365 of the shares. Oak Ridge Investments, LLC disclaims beneficial ownership of the above-mentioned shares except to the extent of its pecuniary interest therein, if any.
- (8) According to an amended Schedule 13G/A filed on February 10, 2016, Pinnacle Associates, Ltd. may be deemed to have shared voting power and shared dispositive power with respect to all of the above-mentioned shares with its clients.
- (9) According to a Schedule 13G filed on January 27, 2016, Royce & Associates, LLC may be deemed to have sole voting power and dispositive power with respect to all of the above-mentioned shares.

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- (10) According to an amended Schedule 13G/A filed on February 9, 2016, Dimensional Fund Advisors LP may be deemed to have sole dispositive power with respect to all of the above-mentioned shares and sole voting power over 2,010,853 of the above-mentioned shares. Dimensional Fund Advisors LP serves as investment advisor to four investment companies and serves as investment manager to certain other commingled group trusts and investment accounts, which own the above-mentioned shares. Dimensional Fund Advisors LP disclaims beneficial ownership of such shares.
- (11) According to a Schedule 13G filed on February 10, 2016, Neuberger Berman Investment Advisors LLC may be deemed to have shared voting power and shared dispositive power with respect to all of the above-mentioned shares with its clients.
- (12) According to an amended Schedule 13G/A filed on January 27, 2016, BlackRock, Inc. may be deemed to have sole voting power with respect to 1,854,922 of the above-mentioned shares and sole dispositive power with respect to all of the above-mentioned shares which were acquired by the following BlackRock, Inc. subsidiaries: BlackRock Advisors, LLC, BlackRock Investment Management, LLC, BlackRock Asset Management Canada Limited, BlackRock Fund Advisors, and BlackRock Institutional Trust Company, N.A.
- (13) According to a Schedule 13G filed on February 11, 2016, Frontier Capital Management Co., LLC may be deemed to have sole voting power with respect to 1,254,268 of the above-mentioned shares and sole dispositive power with respect to 1,898,997 of the above-mentioned shares.
- (14) This group is comprised of those individuals named in the Summary Compensation Table on page 31, the remaining executive officers of SeaChange and those persons who were directors of SeaChange as of May 18, 2016. Includes an aggregate of 151,693 shares of Common Stock which the directors and executive officers, as a group, have the right to acquire by exercise of stock options or will acquire upon vesting of RSUs within sixty (60) days of May 18, 2016. Includes an aggregate of 69,193 RSUs held by directors and executive officers, as a group that will have vested within sixty (60) days of May 18, 2016.

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SeaChange's Board of Directors currently consists of six members, five of whom are independent, non-employee directors. The Board of Directors is divided into three classes. Each class is elected for a term of three years, with the terms of office of the directors in the respective classes expiring in successive years. With the retirement of Mr. Vona in December 2015, the appointment of Mr. Markey in March 2016, and the departure from the Board of Directors of Mr. Samit in April 2016, the Board of Directors voted to change the classification of two directors in order to balance the Classes with two directors each. Mr. Terino was moved from a Class II Director to a Class III Director; Ms. Cotton was moved from a Class III Director to a Class I Director. Mr. Markey was appointed in March 2016 as a Class II Director.

The present term of the current Class II Directors, Messrs. Craddock and Markey, expires at the Annual Meeting. The Board of Directors, based on the recommendation of the Corporate Governance and Nominating Committee, has nominated Messrs. Craddock and Markey for re-election as a Class II Directors. The Board of Directors knows of no reason why either of these nominees should be unable or unwilling to serve, but if that should be the case, proxies will be voted for the election of some other person, or for fixing the number of directors at a lesser number. Messrs. Craddock and Markey have each consented to being named in this proxy statement as a nominee to be a Class II Director and to serving in that capacity, if elected.

**The Board of Directors unanimously recommends a vote FOR the Nominees listed below.**

The following table sets forth, for the Class II nominees to be elected at the Annual Meeting and each of the other current directors, the year the nominee or director was first appointed or elected a director, the principal occupation of the nominee or director during at least the past five years, any other public company boards on which the nominee or director serves or has served in the past five years, the nominee's or director's qualifications to serve on the Board and the age of the nominee or director. In addition, included in the information presented below is a summary of each nominee's or director's specific experience, qualifications, attributes and skills that led the Board to the conclusion that he or she should serve as a director.

**Class II Directors (Terms Expire at 2016 Annual Meeting)****Nominee's Name  
and Year First****Became Director      Position and Principal Occupation and Business Experience During the Past Five Years**

Steven Craddock  
(2012)      Chairman of the Board of Directors

Steven C. Craddock, 67, has served as a member of our Board of Directors since August 2012 and as Chairman of the Board since July 2015. Since March 2011, Mr. Craddock has served as a member of the Board of Directors of MaxLinear (NASDAQ:MXL), a provider of integrated radio-frequency analog and mixed signal semiconductor SoC solutions for broadband communications applications. Since July 2008, Mr. Craddock has served as President of The Del Ray Group, LLC, a private consulting firm advising companies on strategic and technology



developments in the cable television and telecommunications markets. From November 2006 until June 2008, Mr. Craddock served as Senior Vice President, Technology, for Comcast Corporation, a provider of entertainment, information, and communications products and services. From June 1994 until November 2006, he served as Senior Vice President, New Media Development for Comcast. Previously, Mr. Craddock was a Vice President at Bell Atlantic and played a leading role in the development of their broadband and video initiatives. From June 2002 until its acquisition by Zoran Corporation in December 2010, Mr. Craddock served as a director of Microtune, Inc. (NASDAQ:TUNE), a

**Table of Contents****Nominee's Name  
and Year First  
Became Director**

**Position and Principal Occupation and Business Experience During the Past Five Years**  
 provider of high-performance radio frequency tuners and transceivers. Mr. Craddock has over 30 years of experience in corporate governance, is an alumnus of the Stanford University Law School Director's College Program, is a member of NACD and holds an Executive Masters Professional Director Certification from the American College of Corporate Directors, a national public company director education and credentialing organization. Mr. Craddock is a licensed professional engineer and holds a Bachelor of Science in civil engineering and electrical engineering from Virginia Military Institute. Mr. Craddock has extensive financial and business expertise, including a diversified background in the cable television and telecommunications industries.

William Francis

Director

Markey, III

(2016)

William Francis Markey, III, 50, has served as a member of our Board of Directors since March 2016. Since October 2002, Mr. Markey has been the Founder and President of the Relevant C Business Group (RCBG), a private consulting firm that assists companies with strategy and execution, often around emerging technologies, in the areas of telecom, media and technology. Prior to that Mr. Markey was a co-founder of Ucentric Systems, a software company that provided connected home software solutions to television operators, that was acquired by Motorola, and also held various management positions at 3Com, Motorola, Pacific Telesis and Preview Media. Mr. Markey holds a BA from Georgetown University, an MS from Columbia University and an MA from Johns Hopkins University. Mr. Markey is a member of various advisory boards and is a trustee of Lake Forest Academy in Illinois. Mr. Markey has extensive experience in corporate development, business strategy, and mergers and acquisitions in technology and media.

**Class III Directors (Terms Expire at 2017 Annual Meeting)****Director's Name  
and Year First  
Became Director**Thomas F.  
Olson

**Position and Principal Occupation and Business Experience During the Past Five Years**  
 Director

(2001)

Thomas F. Olson, 67, has served as a Director of SeaChange since May 2001 and as Chairman from November 2011 until July 2015. In addition, from January 1999 to December 2003, Mr. Olson served as the Chief Executive Officer of National Cable Communications, a company specializing in cable television advertising time sales. From January 1995 to May 1998, Mr. Olson was Managing Partner of National Cable Communications. Mr. Olson served as Chief Executive Officer and was a member of the board of directors of Katz Media Group, a radio, broadcast television and cable television national sales representation firm, from August 1994 to May 1998. Mr. Olson was with Katz Media Group for 23 years. Since 2005, Mr. Olson has

also served on the board of Sarkes Tarzian, Inc., a private company that owns and operates television and radio stations. Mr. Olson contributes valuable executive experience within the cable and broadcast television industry and the advertising industry, and with the issues confronting companies within these industries.

Edward Terino

Chief Executive Officer and Director

(2010)

Edward Terino, 62, became Chief Executive Officer on April 6, 2016, after being appointed Chief Operating Officer and Executive Vice President on June 3, 2015. Mr. Terino has served as a member of our Board of Directors since July 2010, where he was formerly Chairman of the Audit Committee and a member of the Compensation Committee.

**Table of Contents****Director's Name  
and Year First  
Became Director****Position and Principal Occupation and Business Experience During the Past  
Five Years**

Mr. Terino has served as President of GET Advisory Service LLC, a strategic and financial management consulting firm focused on the technology and maritime industries since March 2009. Mr. Terino is also a founder of Novium Learning, Inc., a start-up vocational educational publishing company based in Wellesley, Massachusetts. From March 2010 to July 2015, Mr. Terino served as a director of Baltic Trading Ltd., a NYSE listed international dry bulk shipping company (NYSE:BALT), where he was the Chairman of the Audit Committee and a member of the Compensation Committee. From October 2012 to November 2013, Mr. Terino served as a director of Extreme Networks, Inc., a NASDAQ listed network switching and services company (NASDAQ:EXTR), where he was a member of the Audit Committee. From April 2007 through February 2012, Mr. Terino served as a director of S1 Corporation, a NASDAQ listed internet banking and payments software company (NASDAQ:SONE), where he was Chairman of the Audit Committee and a member of the Compensation Committee. In February 2012, S1 Corporation was acquired by ACI Worldwide, Inc. From November 2009 to November 2010, Mr. Terino served as a director of Phoenix Technologies Ltd., a NASDAQ listed BIOS software company (NASDAQ:PTEC), where he was the Chairman of the Audit Committee and a member of the Compensation Committee. In November 2010, Phoenix Technologies Ltd. was acquired by Marlin Equity Partners. From October 1999 to March 2006, Mr. Terino served as a director of EBT International Inc., a NASDAQ listed web content management software company (NASDAQ:EBTI), where he was Chairman of the Audit Committee and a member of the Compensation Committee. From July 2005 through December 2008, Mr. Terino was Chief Executive Officer and Chief Financial Officer of Arlington Tankers Ltd., a NYSE listed international seaborne transporter of crude oil and petroleum products (NYSE:ATB). In December 2008 Arlington Tankers Ltd. merged with General Maritime Corporation. From September 2001 to June 2005, Mr. Terino was Senior Vice President, Chief Financial Officer, and Treasurer of Art Technology Group, Inc. Art Technology Group was acquired by Oracle in 2011. Prior to 2001, Mr. Terino held senior financial and operational management positions over a 15 year period with several publicly traded technology and educational publishing companies. Mr. Terino began his career at Deloitte & Touche and spent 9 years in their consulting services organization. Mr. Terino earned a BS degree in Management from Northeastern University and he earned a MBA from Suffolk University. Currently Mr. Terino is a founding donor and member of the Advisory Board for the Center for Innovation and Change Leadership at Suffolk University. Mr. Terino contributes experience as a financial expert in mergers and acquisitions, in cost restructurings, investor relations, and in implementing financial measures and controls in software companies.

**Class I Directors (Terms Expire at 2018 Annual Meeting)****Director's Name  
and Year First****Position and Principal Occupation and Business Experience During the Past Five Years**

**Became Director**

Mary Palermo

Director

Cotton

(2004)

Mary Palermo Cotton, 58, has served as a Director of SeaChange since September 2004. Currently Ms. Cotton is Chief Executive Officer of iDirect Technologies, a leading provider of satellite based IP communications technology. Previously, Ms. Cotton was a Senior Vice President of SAP, an enterprise software provider, as a result of SAP's June 2006 acquisition of Frictionless Commerce. Prior to the acquisition, Ms. Cotton had been the Chief Executive Officer of Frictionless Commerce, a company providing supplier relationship management software, since February 2005. From February 2003 to July 2004, Ms. Cotton was a Senior

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**Director's Name  
and Year First  
Became Director**

**Position and Principal Occupation and Business Experience During the Past Five  
Years**

Advisor to Aspen Technology, a software service provider, and previously served as Aspen's Chief Operating Officer from January 2001 to January 2003. Ms. Cotton additionally served on the Board of Directors of Precise Software Solutions from June 2000 to June 2003 when Precise Software Solutions was acquired by VERITAS Software. Ms. Cotton contributes extensive executive experience in the global software industry as well as extensive financial reporting expertise.

Royce E.  
Wilson

Director

(2015)

Royce E. Wilson, 59, has served as a Director of SeaChange since February 2015. Mr. Wilson is a founding partner of New Form Digital, a developer of original cinematic stories on digital platforms, since January 2014; President and Chief Executive Officer of Dreamcatcher Broadcasting, which owns 3 television stations, since July 2013; and President of Dreamcatcher Media, an angel investment and consulting company, since January 2011. Mr. Wilson was Executive Chairman of Timeline Labs (acquired by SeaChange in February 2015), a big-data social intelligence network that provides media companies with local, national and global news from June 2011 to January 2015, having also served as its President and Chief Executive Officer from 2011 through 2013. Mr. Wilson was President of Tribune Broadcasting Company and Chief Revenue Officer of The Tribune Company, which owned 23 television stations, from February 2008 to April 2010; President of FOX Television Network from 2004-2008; President of NBC Enterprises and Syndication from 2000-2004; and President of CBS Enterprises from 1996-2000. Prior to that Mr. Wilson also held executive positions at Maxam Entertainment, Sony Pictures TV, and Paramount Pictures. Mr. Wilson also serves as a director of MVPindex, a social media index for sports and entertainment since January 2016. In addition, Mr. Wilson serves as a Trustee to Southern Methodist University since July 2008 and as a Director to the San Diego Zoo since February 2014. Mr. Wilson contributes extensive management experience in traditional and emerging media markets, developing key strategic partnerships and using new approaches to create innovative solutions.

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**CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS**

**Determination of Director Independence**

The Board of Directors has determined that Ms. Cotton and Messrs. Craddock, Markey, Olson, and Wilson are independent directors, meeting all applicable independence requirements of the SEC, including Rule 10A-3(b)(1) pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Marketplace Rules of The NASDAQ Stock Market (NASDAQ). In making this determination, the Board of Directors affirmatively determined that none of such directors has a relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, that neither the identification in 2015 of Mr. Wilson as a director nominee by the former equityholders of TLL, LLC, the terms of the Agreement and Plan of Merger dated December 22, 2014 for the acquisition of TLL, LLC nor Mr. Wilson's prior management positions with TLL, LLC precluded a determination that Mr. Wilson qualified as independent.

**Stockholder Proposals**

Proposals of stockholders intended to be presented at the 2017 Annual Meeting of Stockholders must be received no later than the close of business on January 20, 2017 at SeaChange's principal executive offices in order to be included in the SeaChange proxy statement for that meeting. Any such stockholder proposals should be submitted to SeaChange International, Inc., 50 Nagog Park, Acton, Massachusetts, 01720, Attention: Secretary. Under the By-Laws of SeaChange, stockholders who wish to make a proposal at the 2017 Annual Meeting other than one that will be included in SeaChange's proxy materials must notify SeaChange no earlier than December 21, 2016, and no later than January 20, 2017. If a stockholder who wishes to present a proposal fails to notify SeaChange by January 20, 2017, the stockholder will not be entitled to present the proposal at the meeting. If, however, notwithstanding the requirements of the By-Laws of SeaChange, the proposal is brought before the meeting, then under the SEC's proxy rules the proxies solicited by management with respect to the 2017 Annual Meeting will confer discretionary voting authority with respect to the stockholder's proposal on the persons selected by management to vote the proxies. If a stockholder makes a timely notification, the proxies may still exercise discretionary voting authority under circumstances consistent with the SEC's proxy rules.

In order to curtail controversy as to the date on which a proposal will be marked as received by SeaChange, it is suggested that stockholders submit their proposals by Certified Mail Return Receipt Requested.

**Availability of Corporate Governance Documents**

SeaChange's Code of Ethics and Business Conduct (Ethics Policy) for all directors and all employees of SeaChange, including executive officers, and the charters for the Audit, Compensation, and Corporate Governance and Nominating Committees of the Board of Directors are available on SeaChange's website at [www.schange.com](http://www.schange.com) under the Corporate Governance section of the Investor Relations link. SeaChange will ensure that amendments, if any, to these documents are disclosed and posted on this website within four (4) business days of any such amendment.

**Board Meetings**

The Board of Directors of SeaChange met fifteen (15) times and acted by written consent three (3) times during the fiscal year ended January 31, 2016. During the fiscal year ended January 31, 2016, each director attended at least seventy-five percent (75%) of the total number of meetings of the Board of Directors and meetings of all the committees of the Board on which they serve. SeaChange has a policy that its Board of Directors attends SeaChange's Annual Meeting of Stockholders. Last year, all of the directors attended the Annual Meeting of Stockholders that was

held on July 15, 2015.



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### **Board Leadership Structure**

The Board of Directors has appointed an independent director to serve as Chairman of the Board of Directors. The Board has adopted this structure to strike an effective balance between management and independent leadership participation in the Board process. The function of the Chairman is to set the agenda for Board meetings and to facilitate and improve communication between the independent directors and SeaChange by serving as the interface between SeaChange's Chief Executive Officer, senior management and the independent directors. The Chairman works with the chair of the Compensation Committee, if a separate person, to establish goals for the Chief Executive Officer each fiscal year and conducts the annual Chief Executive Officer evaluation. Mr. Craddock currently serves as the Chairman and Chairman of the Compensation Committee.

### **Board Oversight of Risk**

The Board oversees the business and strategic risks of SeaChange. The Audit Committee oversees financial reporting, internal controls and compliance risks confronting SeaChange. The Compensation Committee oversees risks associated with SeaChange's compensation policies and practices, including performance-based compensation and change in control plans. The Corporate Governance and Nominating Committee oversees risks relating to corporate governance and the process governing the nomination of members of the Board. SeaChange provides a detailed description of the risk factors impacting its business in its Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q filed with the SEC.

### **Board Committees**

The Board has a standing Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee. The members of each committee are appointed by the Board based on the recommendation of the Corporate Governance and Nominating Committee. The members are set forth below in this proxy statement. Actions taken by any committee of the Board are reported to the Board, usually at the next Board meeting following a committee meeting. Each of these standing committees is governed by a committee-specific charter that is reviewed periodically by the applicable committee pursuant to the rules set forth in each charter. The Board annually conducts a self-evaluation of each of its committees. All members of all committees are independent directors.

#### *Audit Committee*

The Audit Committee members are Ms. Cotton (Chairman), Mr. Craddock and Mr. Olson, each of whom meet the independence requirements of the SEC and NASDAQ, as described above. In addition, SeaChange's Board has determined that each member of the Audit Committee is financially literate and that Ms. Cotton satisfies the requirement of the Marketplace Rules applicable to NASDAQ-listed companies that at least one member of the Audit Committee possess financial sophistication and that Ms. Cotton is an audit committee financial expert as defined in the rules and regulations promulgated under the Exchange Act. The Audit Committee's oversight responsibilities include matters relating to SeaChange's financial disclosure and reporting process, including the system of internal controls, the performance of SeaChange's internal audit function, compliance with legal and regulatory requirements, and the appointment and activities of SeaChange's independent auditors. The Audit Committee met seven (7) times and acted by written consent one (1) time during fiscal 2016. The responsibilities of the Audit Committee and its activities during fiscal 2016 are more fully described under the heading Report of the Audit Committee contained in this proxy statement.

#### *Compensation Committee*

The Compensation Committee members are Messrs. Craddock (Chairman) Markey and Olson, each of whom meet the independence requirements of the SEC and NASDAQ, as described above. Among other things,

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the Compensation Committee determines the compensation, including stock options, RSUs and other equity compensation, of SeaChange's management and key employees, administers and makes recommendations concerning SeaChange's equity compensation plans, and ensures that appropriate succession planning takes place for all levels of management, department heads and senior management. The Compensation Committee met seven (7) times and acted by unanimous written consent one (1) time during fiscal 2016. The responsibilities of the Compensation Committee and its activities during fiscal 2016 are more fully described in this proxy under the heading, COMPENSATION DISCUSSION AND ANALYSIS.

### *Corporate Governance and Nominating Committee*

The Corporate Governance and Nominating Committee members are Mr. Olson (Chairman), Ms. Cotton and Mr. Craddock, each of whom meet the independence requirements of the SEC and NASDAQ, as described above. The Corporate Governance and Nominating Committee is responsible for oversight of corporate governance at SeaChange, recommending to the Board of Directors persons to be nominated for election or appointment as directors of SeaChange and monitoring compliance with SeaChange's Code of Ethics and Business Conduct. The Corporate Governance and Nominating Committee identify Board candidates through numerous sources, including recommendations from existing Board members, executive officers, and stockholders of SeaChange. Additionally, the Corporate Governance and Nominating Committee may identify candidates through engagements with executive search firms. The Corporate Governance and Nominating Committee met three (3) times and acted by unanimous written consent one (1) time during fiscal 2016.

### *Qualifications of Director Candidates*

In evaluating the suitability of individuals for Board membership, the Corporate Governance and Nominating Committee takes into account many factors, including whether the individual meets the requirements for independence, his or her professional expertise and educational background, and the potential to contribute to the diversity of viewpoints, backgrounds or experiences of the Board as a whole including diversity of experience, gender, race, ethnicity and age. The Corporate Governance and Nominating Committee evaluates each individual in the context of the entire Board, with the objective of recommending nominees who can best further the success of SeaChange's business and represent stockholder interests. The Corporate Governance and Nominating Committee does not assign specific weights to particular criteria for prospective nominees. SeaChange believes that the backgrounds and qualifications of directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities. As part of the consideration in fiscal 2016 by the Corporate Governance and Nominating Committee of candidates for election to the Board, these criteria were reviewed. No changes to these criteria were recommended as a result of such review.

### *Procedures for Stockholders to Recommend Director Candidates*

Stockholders wishing to suggest candidates to the Corporate Governance and Nominating Committee for consideration as potential director nominees may do so by submitting the candidate's name, experience, and other relevant information to the SeaChange Corporate Governance and Nominating Committee, 50 Nagog Park, Acton, Massachusetts 01720. SeaChange stockholders wishing to nominate directors may do so by submitting a written notice to the Secretary of SeaChange at the same address in accordance with the nomination procedures set forth in SeaChange's By-Laws. The procedures are summarized in this proxy statement under the heading Stockholder Proposals. The Secretary will provide the notice to the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee do not distinguish between nominees recommended by stockholders and other nominees. All nominees must meet, at a minimum, the qualifications described in Qualifications of Director Candidates above.



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### *Process for Stockholders to Communicate with Directors*

Stockholders may write to the Board or a particular Board member by addressing such communication to the Chairman of the Board, if directed to the Board as whole, or to an individual director, if directed to that particular Board member, care of SeaChange's Secretary, at SeaChange's offices at 50 Nagog Park, Acton, Massachusetts 01720. Unless such communication is addressed to an individual director, SeaChange will forward any such communication to each of the directors. Communication sent in any other manner, including but not limited to email, text messages or social media will be forwarded to the entire Board of Directors. The Chairman of the Board together with the Chief Executive Officer will determine the appropriate response to such communication.

### **Compensation of Directors**

Directors who are employees of SeaChange receive no compensation for their services as directors, except for reimbursement of expenses incurred in connection with attending meetings.

Non-employee directors received the following cash compensation in fiscal 2016:

A cash retainer of \$45,000;

The Chairman of the Board received additional cash compensation of \$25,000;

Each member of the Audit Committee received additional cash compensation of \$7,500, other than the Chairman, who received additional cash compensation of \$15,000;

Each member of the Compensation Committee received additional cash compensation of \$6,000, other than the Chairman, who received additional cash compensation of \$12,000; and

Each member of the Corporate Governance and Nominating Committee received additional cash compensation of \$5,000, other than the Chairman, who received additional cash compensation of \$10,000.

In addition, each non-employee director is entitled to receive an annual grant of RSUs valued at \$100,000, granted on the date of our Annual Meeting and which vests in full one year from the grant date, subject to acceleration in the event of a Change in Control. Commencing in fiscal 2015, our non-employee directors have the option to receive a deferred stock unit (DSU) in lieu of an RSU, with the number of units subject to the DSU being determined as of the first day of the applicable fiscal year and the shares underlying the DSU not being vested and issued until the earlier of the director ceasing to be a member of the Board (provided such is subsequent to the first day of the succeeding fiscal year) or immediately prior to consummation of a Change in Control. Commencing with fiscal 2016, we changed the policy regarding the timing of the equity grant to be the date of our annual meeting of stockholders instead of the beginning of our fiscal year. To facilitate this transition, we made a partial year grant to our non-employee directors, effective February 1, 2015.

Newly appointed non-employee directors receive an initial grant of RSUs valued at \$100,000, granted on the date of the director's appointment or election to the Board of Directors, which vest annually in three (3) equal tranches over a

three (3) year period, subject to acceleration in the event of a Change in Control. New non-employee directors have the option to receive their initial grant in the form of DSUs rather than RSUs (as described above with respect to the annual awards).

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<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards <sup>(1)</sup> (\$)</b>	<b>Total (\$)</b>
Mary Palermo Cotton	61,250	150,000	211,250
Steven Craddock	77,000	150,000	227,000
Thomas F. Olson	68,500	150,000	218,500
Carmine Vona <sup>(2)</sup>	65,500	150,000	215,500
Royce E. Wilson <sup>(3)</sup>	45,000	250,000	295,000

(1) The grant date fair value for each of these awards, aggregated in the above table, is as follows:

<b>Name</b>	<b>Date of Grant</b>	<b>Stock Awards (#RSUs)</b>	<b>Total Grant Date Fair Value (\$)</b>
Mary Palermo Cotton	2/2/2015	7,022	50,000
	7/15/2015	13,850	100,000
Steven Craddock	2/2/2015	7,022	50,000
	7/15/2015	13,850	100,000
Thomas F. Olson	2/2/2015	7,022	50,000
	7/15/2015	13,850	100,000
Carmine Vona <sup>(2)</sup>	2/2/2015	7,022	50,000
	7/15/2015	13,850	100,000
Royce E. Wilson <sup>(3)</sup>	2/2/2015	14,045	100,000
	2/2/2015	7,022	50,000
	7/15/2015	13,850	100,000

(2) Mr. Vona retired from the Board of Directors on December 18, 2015, as previously reported on a Form 8-K filed with the SEC on December 23, 2015.

(3) Mr. Wilson joined the Board of Directors on February 2, 2015, as previously reported on a Form 8-K filed with the SEC on February 4, 2015.

The table below shows the aggregate number of unvested stock awards and options for each non-employee director as of January 31, 2016. Stock awards consist of DSUs for which the minimum one year service period has not been satisfied.

<b>Name</b>	<b>Aggregate Stock Awards Outstanding (#)</b>	<b>Aggregate Stock Options Outstanding (#)</b>
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Mary Palermo Cotton	20,872
Steven Craddock	20,872
Thomas F. Olson	20,872
Carmine Vona <sup>(1)</sup>	20,872
Royce. E. Wilson <sup>(2)</sup>	34,917

- (1) Mr. Vona retired from the Board of Directors on December 18, 2015, as previously reported on a Form 8-K filed with the SEC on December 23, 2015.
- (2) Mr. Wilson joined the Board of Directors on February 2, 2015, as previously reported on a Form 8-K filed with the SEC on February 4, 2015.



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**Report of the Audit Committee**

The Audit Committee currently consists of Ms. Cotton (Chairman), Mr. Craddock and Mr. Olson.

The Audit Committee's primary duties and responsibilities are to:

Appoint, compensate and retain SeaChange's independent registered public accounting firm, and oversee the work performed by the independent registered public accounting firm;

Assist the Board of Directors in fulfilling its responsibilities by reviewing the financial reports provided by SeaChange to the SEC and SeaChange's stockholders;

Monitor the integrity of SeaChange's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance;

Recommend, establish and monitor procedures designed to improve the quality and reliability of the disclosure of SeaChange's financial condition and results of operations; and

Provide an avenue of communication among the independent registered public accounting firm, management and the Board of Directors.

The Board of Directors has adopted a written charter setting out the functions the Audit Committee is to perform. A copy of this may be found on SeaChange's website at [www.schange.com](http://www.schange.com) under the "Corporate Governance" section of the "Investor Relations" link.

Management has primary responsibility for SeaChange's consolidated financial statements and the overall reporting process, including SeaChange's system of internal controls.

The independent registered public accounting firm audits the annual consolidated financial statements prepared by management, expresses an opinion as to whether those consolidated financial statements fairly present, in all material respects, the financial position, results of operations and cash flows of SeaChange in conformity with accounting principles generally accepted in the United States of America, expresses an opinion on the effectiveness of internal control over financial reporting and discusses with the Audit Committee any issues the independent registered public accounting firm believes should be raised with SeaChange.

For fiscal 2016, the Audit Committee reviewed the audited consolidated financial statements of SeaChange and met with both management and Grant Thornton LLP, SeaChange's independent registered public accounting firm, to discuss those consolidated financial statements. Management has represented to the Audit Committee that the consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and that there were no material weaknesses in the design or operation of internal controls which could adversely affect SeaChange's ability to record, process, summarize and report financial data and that there was no fraud, whether or not material, that involved management or other employees who have a significant role in SeaChange's internal controls.

The Committee has received from and discussed with Grant Thornton LLP the written disclosure and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding Grant Thornton LLP's communications with the audit committee concerning independence, and has discussed with Grant Thornton LLP their independence. The Committee also discussed with Grant Thornton LLP the matters required to be discussed under rules adopted by the Public Company Accounting Oversight Board in Rule 3200T.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements of SeaChange be included in its Annual Report on Form 10-K for the fiscal year ended January 31, 2016. The Audit Committee also decided to retain Grant Thornton LLP as SeaChange's independent registered public accounting firm for the 2017 fiscal year.

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**RESPECTFULLY SUBMITTED BY THE AUDIT**

**COMMITTEE OF THE BOARD OF DIRECTORS**

Mary Palermo Cotton, Chairman

Steven Craddock

Thomas F. Olson

The information contained in this Audit Committee Report shall not be deemed to be soliciting material. No portion of this Audit Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the Securities Act ), or the Exchange Act, through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that SeaChange specifically incorporates this report or any portion of it by reference. In addition, this report shall not be deemed to be filed under either the Securities Act or the Exchange Act.

**INFORMATION CONCERNING EXECUTIVE OFFICERS**

In addition to Edward Terino, SeaChange's Chief Executive Officer and Director, whose biographical information is set forth above at page 7, SeaChange's executive officers are:

**Executive**

**Officer's Name Position and Principal Occupation and Business Experience During the Past Five Years**

Anthony Dias Chief Financial Officer, Senior Vice President, Finance and Administration and Treasurer

Mr. Dias, age 49, joined the Company on December 3, 2007 as Vice President of Finance and Corporate Controller. He became Chief Accounting Officer in June 2012, and was appointed interim Chief Financial Officer, Senior Vice President, Finance and Administration and Treasurer effective June 1, 2013. Mr. Dias was appointed permanent Chief Financial Officer, Senior Vice President and Treasurer effective September 4, 2013. Prior to joining SeaChange, Mr. Dias served as Corporate Controller at LeMaitre Vascular, Inc. from October 2006 to November 2007. Prior to that Mr. Dias held various senior finance positions with Candela Corporation, Globalware, Inc. and Aldiscon, Inc. (later acquired by Logica). Mr. Dias is also a Certified Public Accountant.

David McEvoy Senior Vice President, General Counsel and Secretary

Mr. McEvoy, age 58, joined the Company on July 2, 2012 as Vice President and General Counsel. He became Senior Vice President and General Counsel on February 1, 2013, and became the Secretary on May 17, 2013. Prior to joining SeaChange, Mr. McEvoy was the Senior Vice President and General Counsel of Peoplefluent Inc. from June 2011 to July 2012. Mr. McEvoy served as the

Senior Vice President and General Counsel of Art Technology Group, Inc. ( ATG ) from September 2005 to March 2010, which was acquired by Oracle Corporation on January 5, 2011. Prior to joining ATG, Mr. McEvoy was the Group General Counsel Operations of Gores Technology Group, a private equity firm. Mr. McEvoy has held various General Counsel and other executive level legal positions with several companies including Aprisma Inc., Anker Systems Ltd., VeriFone Inc., Mattel Interactive, Broderbund and The Learning Company.

Executive officers of SeaChange are appointed by, and serve at the discretion of, the Board of Directors, and serve until their successors have been duly elected and qualified. There are no family relationships among any of the executive officers or directors of SeaChange. Each executive officer is a full time employee of SeaChange.

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**COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Summary**

We have implemented an executive compensation program that rewards performance. Our executive compensation program is designed to attract, retain and motivate the key individuals who are most capable of contributing to our success and building long-term value for our stockholders. The elements of our executives' total compensation are base salary, incentive compensation and other employee benefits. We have designed a compensation program that makes a substantial portion of executive pay variable, subject to increase when performance targets are achieved, and subject to reduction when performance targets are not achieved.

*Fiscal 2016 Business Results*

In fiscal 2016, we focused extensively on what we see as the continuing rise of over-the-top ( OTT ) services by such companies as Netflix, Hulu and Amazon and by media companies such as HBO, CBS and BBC. This rise of OTT video services worldwide has increased the demand for multiscreen capabilities on a range of consumer devices operating on cloud-based platforms. We increased our strategic investments in research and development related to our cloud-based offerings, as well as in sales and marketing as we work to increase our go-to-market efforts in this area. We continued to invest in our Rave premium OTT platform ( Rave ) which is our cloud-based software-as-a-service ( SaaS ) offering that permits service providers and media companies to offer features and functions through a service hosted and managed by SeaChange, reducing cost and increasing speed and ease of use for end-users. We believe that by delivering innovative solutions to both our existing customer base and to content owners that are looking to provide OTT services, we can meet their growing needs and help them get to market faster, which will help them drive new revenue growth. Recognizing the importance of OTT, we have architected our cloud solutions and products to make integrating with existing networks simple and a core competency of our platform. We have optimized our software solutions to serve a wide range of consumer devices. We expect that revenue from our multiscreen video products will continue to grow during fiscal 2017.

Our overall financial results decreased from fiscal 2015, with revenues of \$107.0 million in fiscal 2016 compared to revenues of \$115.4 million in fiscal 2015 and a GAAP operating loss of \$48.2 million, or \$1.44 per basic share, in fiscal 2016 compared to a GAAP operating loss of \$26.5 million, or \$0.81 per basic share, from continuing operations in fiscal 2015. These decreases were the result of expected decreases in sales of our legacy products, a decrease in our VOD streamer products, and lower Adrenalin product revenue in Europe due to several large and non-recurring orders delivered in 2015. Included in the full fiscal 2016 GAAP results are \$40.7 million in non-GAAP charges, which consisted primarily of the loss from impairment of Timeline Labs net assets, severance and other restructuring costs, stock-based compensation, amortization of intangible assets from prior acquisitions, and other non-operating expense professional fees, while the full fiscal 2015 results by comparison included \$12.7 million of similar non-GAAP charges.

In addition, during fiscal 2016 we appointed a new Chief Operating Officer and Executive Vice President, Edward Terino. Mr. Terino, who as previously reported became our Chief Executive Officer on April 6, 2016, has an extensive track record in C-level corporate strategy, execution and board participation which spans ten public companies, including six business-to-business enterprise-level software providers in addition to SeaChange. We made significant operational improvements during fiscal 2016, and continue to have a strong balance sheet, having ended the fourth quarter of fiscal 2016 with cash, cash equivalents, restricted cash and marketable securities of \$71.1 million and no debt outstanding.

*Pay for Performance*

We believe that the historical payouts under our executive compensation incentive plan are evidence of the pay for performance structure of these plans. For example, while payouts were made under our fiscal 2016

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performance-based compensation plan based on the satisfaction of pre-established financial objectives and for the achievement of individual performance objectives, because pre-established financial objectives for fiscal 2015 were not satisfied, payouts under our fiscal 2015 performance-based incentive compensation plan were limited to thirty percent (30%) of target bonus and paid based (i) on the satisfaction of individual performance criteria and (ii) through the exercise of discretion permitted under the plan recognizing the substantial operational progress we made in fiscal 2015. Similarly, prior to the payouts with respect to fiscal 2016, no payouts had been made under our performance-based incentive compensation plans based on pre-determined Company financial objectives since payments were made with respect to fiscal 2011, when financial results improved over those in fiscal 2010 and were above the pre-established financial targets. As with fiscal 2015, payments with respect to fiscal 2014 were limited to those earned based on the achievement of pre-established individual performance criteria, together with discretionary payments to recognize our substantial operational progress, including in transitioning to a software company.

We believe that the variability in these payouts indicates that our annual compensation plans effectively reward our executive officers for superior performance, while appropriately adjusting compensation downward for less-than-superior performance.

## **Compensation Objectives**

We structure our executive compensation to reflect individual responsibilities and contributions, while providing incentives to achieve overall business and financial objectives. The Compensation Committee (the Committee) has the responsibility for establishing, implementing and monitoring adherence to this philosophy.

The Committee has designed an executive compensation plan that rewards the achievement of specific financial and non-financial goals through a combination of cash and stock-based compensation. This bifurcation between financial and non-financial objectives and between cash and stock-based compensation creates alignment with stockholder interests and provides a structure in which executives are rewarded for achieving results that the Committee believes will enhance stockholder value.

The Committee believes that stockholder interests are best served by compensating our executives at industry competitive rates, enabling us to attract and retain the best available talent, recognizing superior performance while providing incentives to achieve overall business and financial objectives. By doing so, we believe that our ability to achieve financial and non-financial goals is enhanced.

## **Setting Executive Compensation**

When setting the annual compensation plan for our executive officers, the Committee begins with an analysis of each compensation component for our Chief Executive Officer. This analysis includes the dollar amount of each component of compensation payable to the Chief Executive Officer related to the relevant period, together with the related metrics for performance-based compensation. The overall purpose of this analysis is to bring together, in one place, all of the elements of fixed and contingent compensation, so that the Committee may analyze both the individual elements of compensation (including the compensation mix) as well as the aggregate amount of actual and projected compensation.

The Committee then presents this analysis to the Chief Executive Officer, who provides input to the Committee on the reasonableness, feasibility and effectiveness of the compensation components, including performance metrics, proposed by the Committee. The Chief Executive Officer then creates similar compensation component breakdowns for the other executive officers, presenting compensation recommendations of both base and performance-based compensation related to the relevant period, together with the associated performance metrics. These

recommendations are then reviewed and, once agreed upon, approved by the Committee. The Committee can and has exercised its discretion in modifying any recommended compensation to executives, and exercises this discretion in active consultation with the Chief Executive Officer.



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In setting executive compensation for fiscal 2016, the Committee reviewed an updated list of peer companies recommended by Frederic W. Cook & Co., Inc., ( Cook ) a compensation consulting firm who the Committee concluded based on the Company's knowledge and information provided by Cook had no conflict of interest with the Company, to reflect the removal of certain companies from the prior peer company list with a much larger market capitalization than the Company. The updated list of our peer companies was as follows:

American Software, Inc.	Brightcove, Inc.
Carbonite, Inc.	eGain Corporation
Guidance Software, Inc.	Jive Software, Inc.
Limelight Networks, Inc.	Marchex, Inc.
Marin Software Incorporated	Model N, Inc.
Monotype Imaging Holdings, Inc.	PROS Holdings, Inc.
RealNetworks, Inc.	Tangoe, Inc.
Telenav, Inc.	YuMe, Inc.

8x8, Inc.

The Committee determined that this list of peer companies provided appropriate referenceable data points, based on our revenues, market capitalization, and industry focus relative to each of these companies. The Committee made reference to the compensation paid by these peer companies in establishing fiscal 2016 executive compensation but did not benchmark compensation to these companies.

With respect to all of the fiscal 2016 compensation programs for the Company's named executive officers, the Committee endeavors to establish a compensation program that is internally consistent and equitable to enable our

achievement of overall corporate objectives. Within this framework, the level of the Chief Executive Officer's compensation will differ from that of the other executives because of the difference in his role and responsibilities and the compensation practices at peer companies.

In 2015, we submitted our executive compensation to an advisory vote of our stockholders and it received the support of 75% of the total votes cast on this matter at our annual meeting. We pay careful attention to any feedback we receive from our stockholders about our executive compensation, including the Say-on-Pay vote. While we had already approved our fiscal 2015 compensation plan by the time we held our Say-on-Pay vote in July 2015, we considered the stockholder advisory vote in the implementation of our fiscal 2016 compensation plan and in formulating our fiscal 2017 compensation plan. This consideration included reaching out to certain large stockholders to discuss and seek input on our compensation plans, and resulted in changes to our compensation programs to reflect current best pay practices, including the introduction of our new Long-Term Incentive Program, under which equity awards are intended to be made going forward in lieu of equity awards under our short-term incentive plans, and amendments to our change in control severance agreements with each of our named executive officers, which changed the structure of the agreements from single trigger to double trigger.

### **Fiscal 2016 Executive Compensation Components**

For the fiscal year ended January 31, 2016, the principal components of compensation for our named executive officers were:

base salary;

performance-based incentive compensation;

long-term incentive equity awards;

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discretionary equity awards;

change in control and termination benefits; and

general employee welfare benefits.

As discussed below, the Committee believed that this mix of compensation would allow us to pay our executive officers competitive levels of compensation that best reflect individual responsibilities and contributions, while providing incentives to achieve overall business and financial objectives.

***Base Salary***

We provide our named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. Base salary ranges for named executive officers are determined individually for each executive.

During its review of base salaries for named executive officers, the Committee primarily considers:

individual performance of the executive;

our overall past operating and financial performance and future expectations;

internal review of the executive's compensation, both individually and relative to other executive officers; and

market data regarding peer companies.

The Committee does not give a specific weighting among these various factors but rather considers the factors collectively in setting base salary. Salary levels are typically considered on an annual basis as part of the performance review process, as well as upon a promotion or other change in job responsibility. We try to provide an allocation between base and performance-based incentive compensation that reflects market conditions and appropriately ensures alignment of individual performance with our objectives.

In setting the executive compensation plan for fiscal 2016, the Committee did not make an adjustment to the base salary of the Chief Executive Officer, Mr. Samit, who continued to receive a base salary of \$500,000. Mr. Terino received a base salary of \$385,000 on his appointment to Chief Operating Officer and Executive Vice President on June 3, 2015, and did not receive any subsequent base salary increase during fiscal 2016. The Committee increased Mr. Dias' base salary from \$265,000 to \$269,638 on July 1, 2015, and to \$306,000 on September 1, 2015. The Committee also increased Mr. McEvoy's base salary from \$262,254 to \$266,843 on July 1, 2015, and to \$280,000 on September 1, 2015.

***Performance-Based Incentive Compensation***

*Fiscal 2016 Performance-Based Incentive Compensation Plan*

The Committee believes that performance-based incentive compensation motivates the achievement of critical annual performance objectives aimed at enhancing stockholder value. The fiscal 2016 performance-based incentive compensation plans established for each of Messrs. Samit, Dias and McEvoy, the Company's executive officers as of the beginning of fiscal 2016, provided for an incentive bonus consisting of a mixture of cash and RSU awards. Mr. Terino was added to the fiscal 2016 performance-based incentive compensation plan upon his appointment as Chief Operating Officer on June 3, 2015.

Performance-based compensation for each of the named executive officers pursuant to our fiscal 2016 plan was structured as follows:

40% of target bonus payable based on GAAP revenue for fiscal 2016;

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40% of target bonus payable based on non-GAAP operating income<sup>1</sup> for fiscal 2016; and

20% or target bonus payable based on individual performance-based objectives.

In determining the targets and payouts at target performance levels for each of the objectives for awards under the 2016 executive compensation plan, the Committee considered the probability of achieving that target and the corresponding level of individual and group effort that would be required to achieve that target. Within that framework, the Committee set a fiscal 2016 GAAP revenue target of \$115 million, with a threshold of \$105 million, and a fiscal 2016 non-GAAP operating income target of a \$5.5 million loss, with a threshold of a \$12.5 million loss. The Committee retained discretion to adjust these targets during the year, including discretion to reflect changes from the Company's ongoing transition to being a leading provider of software and services, changes in the Company's executive officers, and other unusual or non-recurring items. The Committee did not establish limits for itself with respect to exercise of this discretion, and believes that this discretion is important in order to retain the ability to compensate executive officers in a manner that reflects overall corporate and individual performance relative to the market conditions.

In establishing financial targets and potential payout targets for the named executive officers, the Committee provided for additional incentive payouts in the event that the revenue or non-GAAP operating income targets were exceeded, with a specified maximum upward adjustment of twenty-five percent (25%) above target based upon non-GAAP operating income and a maximum upward adjustment of twenty-five (25%) based upon revenue. The Committee also provided for a decreasing amount of cash and RSU payouts in the event that the revenue or non-GAAP operating income target, as applicable, were not met, while establishing a threshold with respect to each objective below which no corresponding payout would be made. These provisions were established to provide incentive to our executive officers to exceed the financial targets, as well as to provide some form of payout for performance that approaches but may not meet the established targets. The Committee implemented this structure to ensure that our compensation programs support our overall compensation objectives.

Each of the named executive officers participating in our fiscal 2016 performance based incentive compensation plan also had individual performance-based objectives as follows:

Mr. Samit: close new deals in (i) new geographies and (ii) for new product initiatives; close a synergistic acquisition; streamline engineering resources and consolidate certain related products; and hiring a Chief Operating Officer.

Mr. Dias: set up new financial metrics for external reporting; review and implement new controls to minimize enterprise risks; update certain internal controls; and implement changes to increase overall margins.

Mr. Terino: strengthen the organization in key functional areas; close new deals for new product initiatives; address certain organizational challenges; remediate certain customer implementations; and formulate migration plan for certain legacy products.

Mr. McEvoy: review and implement new controls to minimize enterprise risks; review and update key Company policies; update certain internal controls; and streamline contracting process for new product initiatives.

After considering the overall cash-equity mix of the aggregate compensation paid to our named executive officers, the Committee structured awards pursuant to the fiscal 2016 performance-based compensation plan to be a mixture of cash and restricted stock units for shares of our common stock ( RSUs ). The Committee believes that including both cash and RSUs as an element of the performance-based compensation is important as

<sup>1</sup> We define non-GAAP (loss) income from operations as GAAP operating (loss) plus stock-based compensation expenses, amortization of intangible assets, earn-outs and change in fair value of earn-outs, professional fees other, severance and other restructuring costs, provision for loss contract and loss on impairment of TLL, LLC net assets.

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it further aligns the interests of our executive officers with those of our stockholders, increases executive ownership of our stock, discourages excessive levels of risk taking, and enhances executive retention in a challenging business environment and competitive labor market, while at the same time providing competitive current compensation and accounting for the liquidity limitations created by the Company's stock ownership guidelines. For fiscal 2016, the named executive officers were given the option to elect to receive cash instead of any earned RSUs under the performance-based compensation plan at a thirty percent (30%) discount of the earned RSU value.

Payouts were made under our fiscal 2016 performance-based compensation plan based on the satisfaction of pre-established financial objectives and for the achievement of individual performance objectives. Mr. Samit did not receive any awards under the fiscal 2016 performance-based compensation plan, however fiscal 2016 performance was considered in the determination of his severance package discussed more fully under the section, *Separation Agreement with Former Chief Executive Officer, Jay Samit*. Mr. Samit was eligible for a target performance-based compensation for fiscal 2016 consisting of the following components: (i) \$500,000 payable in cash and (ii) \$375,000 payable in restricted stock units (RSUs) priced on the market close on January 29, 2016. Mr. Dias received an award of \$65,858 worth of RSUs and a cash bonus of \$98,786. Mr. Dias elected the discounted cash option in lieu of his RSUs. Mr. Terino received an award of \$98,295 worth of RSUs and a cash bonus of \$147,443. Mr. Terino elected the discounted cash option in lieu of his RSUs. Mr. McEvoy received an award of \$41,937 worth of RSUs (electing to receive the 7,543 RSUs) and a cash bonus of \$62,906. The RSU award for Mr. McEvoy will vest on January 31, 2017.

***Long-Term Incentive Equity Awards***
***Fiscal 2016 Long-Term Incentive Program***

In fiscal 2016, the Committee developed a new Long-Term Incentive (LTI) Program under which the named executive officers will receive long-term equity-based incentive awards, which are intended to align the interests of our named executive officers with the long-term interests of our stockholders and to emphasize and reinforce our focus on team success. The long-term equity-based incentive compensation awards for fiscal 2016 were made in the form of stock options, RSUs and performance stock units for shares of our common stock (PSUs) subject to vesting based in part on the extent to which employment continues for three (3) years.

Because the executives are able to profit from stock options only if our stock price increases relative to the stock option's exercise price, because the value of restricted stock units is based on the price of our common stock when the RSUs vest and because the vesting of the PSUs is dependent on the price of our common stock, we believe stock options, RSUs and PSUs provide meaningful incentives to executives to achieve increases in the value of our stock over time and as a result are effective tools for meeting our compensation goal of increasing long-term stockholder value.

All LTI awards are approved by the Committee. In determining the size of a stock option grant, RSU award or PSU award, the Committee takes into account individual performance (generally consisting of financial performance for the year as well as a subjective, qualitative review of each named executive officer's contribution to the success of the business), internal pay equity considerations and the value of previously granted equity awards.

The following LTI awards were approved by the Committee on January 26, 2016:

**PSUs.** An award of PSUs in an amount based on the target number of shares of SeaChange's common stock set forth opposite the applicable executive's name below:

<b>Executive</b>	<b>Target Award # of PSUs</b>
Jay Samit	100,000
Edward Terino	45,839
Anthony Dias	35,874
David McEvoy	25,510



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Such awards of PSUs will vest, if at all, on January 31, 2019 (the Maturity Date ) based on SeaChange's total shareholder return for the period between February 1, 2016 and January 31, 2019 (the Performance Period ) compares to that of the companies comprising the S&P SmallCap 600 Index (the SeaChange Relative TSR Percentile Rank ):

<b>SeaChange Relative TSR Percentile Rank at January 31, 2019</b>	<b>Share Payout as a Percentage of Target Award</b>
25th or lower	0%
26th to 50th	50% to 99%
51% to 75%	100% to 149%
76th or higher	150%

**RSUs.** An award of RSUs for an amount of shares of SeaChange's common stock set forth opposite the applicable executive's name below, to be vested ratably on an annual basis over the three years following January 31, 2016:

<b>Executive</b>	<b>RSUs Awarded</b>
Jay Samit	50,000
Edward Terino	22,920
Anthony Dias	17,937
David McEvoy	12,755

**Stock Options.** An award of options to purchase the number of shares of SeaChange's common stock set forth opposite the applicable executive's name below at an exercise price equal SeaChange's closing stock price on January 26, 2016, to be vested at the rate of 25% on each of the first anniversary of January 31, 2016 and quarterly thereafter over the following two years:

<b>Executive</b>	<b>Options Awarded</b>
Edward Terino	48,456
Anthony Dias	37,922
David McEvoy	26,967

*Additional PSU Terms*

If a change in control of the Company occurs prior to the Maturity Date and while an executive is in the employ of the Company, then the continued employment requirement of the PSUs shall cease to apply and the share payout as a percentage of the PSU target award by reference to the SeaChange Relative TSR Percentile Rank on the thirty (30) consecutive trading days preceding the change in control, and (ii) any Share Payout shall be made in a single payment of shares of the Company's common stock in connection with the closing of the change in control transaction.

If a named executive's officer's employment is terminated prior to a change in control by the Company without cause or by the named executive officer for good reason, then the continued employment requirement for the named executive officer will cease to apply and the share payout as a percentage of the PSU target award will be determined

as of the Maturity Date and paid provided, however, that the number of shares of the Company's common stock to be paid to the named executive officer in such circumstance shall be pro-rated based on the number of days elapsed in the Performance Period prior to the date the executive's employment terminated.

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In connection with Mr. Terino's appointment Chief Operating Officer effective as of June 3, 2015, as previously reported on a Form 8-K filed with the SEC on June 4, 2015, we entered into an employment offer letter with Mr. Terino providing for the following equity awards, in addition to his base salary and LTI Award described above:

A one-time equity award of 55,172 RSUs (equivalent to \$400,000 based on market close on June 3, 2015), to vest over four years; and

200,000 stock options with an initial exercise price of \$7.25 (market close on June 3, 2015), to vest in approximately equal tranches based on our stock price reaching \$10.00, \$12.00 and \$14.00 for twenty (20) consecutive trading dates, but in any event no earlier than six (6) months from June 3, 2015;

On January 28, 2016, we granted special incentive equity awards to Mr. Dias and Mr. McEvoy of 50,000 RSUs each (equivalent to \$304,500 valued at the market close on the grant date) that will vest in three (3) equal tranches on January 28, 2017, January 28, 2018 and January 28, 2019. These awards were each granted in recognition of Mr. Dias and Mr. McEvoy's long-standing service to our Company.

**Alternate Summary Table Reflecting Actual Performance-Based Amounts**

Because the Summary Compensation Table on page 31 includes values of performance-based equity awards based on the amounts that would have been awarded had targeted performance objectives been achieved, we have included the table below that instead presents all compensation amounts actually paid related to a given fiscal year. Amounts for fiscal 2014 and 2015 are presented on the same basis as fiscal 2016.

Name	Fiscal Year	Salary (\$)	Bonus <sup>(1)</sup> (\$)	Stock Awards <sup>(2)</sup> (\$)	Option Awards <sup>(3)</sup> (\$)	Non-Equity	All	Total (\$)
						Incentive Plan Compensation <sup>(4)</sup> (\$)	Other Compensation <sup>(5)</sup> (\$)	
Edward Terino <sup>(6)</sup> Chief Executive Officer, Director, and former Chief Operating Officer & Executive Vice President	2016	253,952 <sup>(7)</sup>		900,000 <sup>(8)(9)</sup>	814,680 <sup>(8)(10)</sup>	216,250 <sup>(11)</sup>	35,888	2,220,770
Jay Samit <sup>(12)</sup> Former Chief Executive Officer,	2016	500,000		980,000 <sup>(13)(8)(9)</sup>			<sup>(13)</sup>	1,480,000
	2015	144,232	125,000	1,187,500	1,696,035 <sup>(10)</sup>			3,152,767

*Director*

Anthony Dias	2016	282,856		657,000 <sup>(8)(9)</sup>	117,500 <sup>(8)(10)</sup>	144,887 <sup>(11)</sup>	1,202,243
<i>Chief Financial Officer, Senior Vice President, Finance and Administration &amp; Treasurer</i>	2015	258,750	17,251	125,101		20,400	421,502
	2014	227,753	27,200	158,831		12,000	425,784
David McEvoy	2016	270,413		593,937 <sup>(8)(9)(11)</sup>	82,500 <sup>(8)(10)</sup>	62,906	1,009,756
<i>Senior Vice President, General Counsel &amp; Secretary</i>	2015	259,072	7,680	115,132		16,000	397,884
	2014	251,443	25,214	128,839		11,124	416,620

(1) The amounts reported in the Bonus column for fiscal 2014 and 2015 consist of cash awards made pursuant to the exercise of discretion under the Company's fiscal 2014 and 2015 performance-based compensation plans for Mr. Dias and Mr. McEvoy. Mr. Samit's bonus was guaranteed in fiscal 2015 pursuant to his employment offer.

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- (2) Amounts in the Stock Awards column reflect the fair value of the RSUs earned by the officer relating to the applicable fiscal year, computed as of the date the issuance of such RSUs was finally approved, disregarding any estimates of forfeitures relating to service-based vesting conditions, as well as the grant date fair value of non-performance based RSUs and of any PSUs granted during the applicable fiscal year.
- (3) This expense represents the grant date fair value of the applicable option awards, as computed in accordance with Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 718 disregarding any estimates of forfeitures relating to service-based vesting conditions.
- (4) The Non-Equity Incentive Plan Compensation column reflects for fiscal 2014, 2015 and 2016 cash awards under performance-based compensation plans from the satisfaction of pre-established performance criteria and prior to any exercise of discretion permitted to be exercised pursuant to the applicable performance-based compensation plan.
- (5) The All Other Compensation column includes Company contributions to a named executive officer's 401(k) Plan account, perquisites and other personal benefits received by a named executive officer to the extent such benefits exceeded \$10,000 in the aggregate relating to the fiscal year. For fiscal 2016, Mr. Terino received a \$2,888 Company contribution to his 401(k) Plan account. Mr. Terino also received \$33,000 in cash fees as a non-employee director prior to his appointment as Chief Operating Officer on June 3, 2015.
- (6) Mr. Terino was appointed Chief Operating Officer and Executive Vice President on June 3, 2015, as previously reported on a Form 8-K filed with the SEC on June 4, 2015, was subsequently appointed Chief Executive Officer on April 6, 2016, as previously reported on a Form 8-K filed with the SEC on April 7, 2016, and continues to serve as a director of the Company. Compensation reported for Mr. Terino in this table includes the compensation paid to him for his service prior to June 3, 2015 as a non-employee director of the Company.
- (7) Mr. Terino's fiscal 2016 salary reflects a partial year.
- (8) In fiscal 2016, a new Long Term Equity Incentive Plan was implemented, and Long Term Incentive Equity Awards ( LTI Awards ) were granted to the named executive officers. Except for Mr. Samit, the LTI Awards consisted of three (3) components: 25% as a stock option vesting annually in equal tranches over three (3) years; 25% as an RSU grant vesting annually in equal tranches over three (3) years; and 50% as a PSU grant which vests, if at all, on January 31, 2019 based upon SeaChange's total shareholder return for the period between February 1, 2016 and January 31, 2019 compared to that of the companies comprising the S&P SmallCap 600 Index. The stock option components of the LTI Awards are reported under the Option Awards column; and the RSU components of the LTI Awards are reported under the Stock Awards column.
- (9) Stock Awards in this alternate table for fiscal 2016 consist of: For Mr. Samit, LTI Awards of RSUs valued at \$326,667 and PSUs valued at target at \$653,333; for Mr. Dias, his LTI Awards of RSUs valued at \$117,500 and a PSUs valued at target at \$235,000 and a special RSU award valued at \$304,500; for Mr. Terino, his LTI Awards of RSUs valued at 150,000 and PSUs valued at target at \$300,000, an RSU award granted on his appointment as Chief Operating Officer valued at \$400,000, and RSUs with a grant date fair value of \$50,000 received as a non-employee director prior to his appointment as Chief Operating Officer on June 3, 2015; and for Mr. McEvoy, his LTI Awards of RSUs valued at \$82,500 and PSUs valued at target at \$165,000, his performance-based compensation plan RSU award valued at \$41,937 and a special RSU award valued at \$304,500.
- (10) Option Awards in this alternate table for fiscal 2016 consist of: For Mr. Dias, an LTI Award of stock options; for Mr. Terino, an LTI Award of stock options valued at \$150,000 and market based stock options valued at \$664,680 (based on a grant date fair value determined by a third party valuation firm) none of which had vested as of January 31, 2016; and for Mr. McEvoy an LTI Award of stock options. Includes for fiscal 2015 for Mr. Samit market based stock options (based on a grant date fair value determined by a third party valuation firm) none of which had vested as of January 31, 2016.
- (11) In fiscal 2016, the named executive officers were given the option to take cash in lieu of the RSUs earned under their performance-based compensation plans at a thirty percent (30%) discount from the value of the RSUs earned. Mr. Terino and Mr. Dias each elected to receive discounted cash, and as a result received \$68,807 and \$46,101, respectively, which amounts are included in the **Non-Equity Incentive Plan Compensation** column

together with their respective performance-based compensation plan cash bonuses of \$147,443 and \$98,786. Mr. McEvoy elected to receive RSUs, the value of which is included in the **Stock Awards** column.

- (12) Mr. Samit was appointed Chief Executive Officer on October 20, 2014, and ceased being an executive officer, employee or director of SeaChange as of April 6, 2016, as previously reported on a Form 8-K filed with the SEC on April 7, 2016. Mr. Samit's fiscal 2015 compensation reflects a partial year.
- (13) Due to the termination of his employment on April 6, 2016, Mr. Samit did not receive his cash or equity bonus under his fiscal 2016 performance-based compensation plan, however, fiscal 2016 performance was taken into account in the determination of his severance package. See Separation Agreement with Former Chief Executive Officer, Jay Samit. Mr. Samit's target performance-based compensation plan awards for fiscal 2016 are included in the Summary Compensation Table below. Separation payments to Mr. Samit will be reflected in the Summary Compensation Table for fiscal 2017.

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***Clawback Policy; Stock Ownership Guidelines; Hedging and Pledging Restrictions***

Compensation paid to our named executive officers is subject to a policy regarding compensation reimbursement, or a clawback policy, as described in our Code of Ethics and Business Conduct, a copy of which is available on our website of [www.schange.com](http://www.schange.com) under the Corporate Governance section of the Investor Relations link. The policy provides that in the event that our financial results are significantly restated, the Board of Directors will review any compensation, other than base salary, paid or awarded to any executive officer found to have engaged in fraud or intentional misconduct that caused the need for the restatement. The Board will, to the extent permitted by law, require the executive officer to repay any such compensation if:

the amount of such compensation was calculated based upon the achievement of certain financial results that were subsequently the subject of the restatement; and

such compensation would have been lower than the amount actually awarded had the financial results been properly reported.

Compensation paid to our named executive officers in the form of equity is also subject to our stock retention and ownership guidelines that apply to our directors and senior officers, as described in our Corporate Governance Guidelines, a copy of which is available on our website at [www.schange.com](http://www.schange.com) under the Corporate Governance section of the Investor Relations link. These guidelines provide that by the later of six (6) years following appointment to office or four (4) years following election to the board, as applicable:

each non-employee director is expected to retain ownership of vested shares of SeaChange stock in a minimum amount equal to lesser of 25,000 shares or \$200,000 worth of shares;

the Chief Executive Officer retain ownership of vested shares of SeaChange stock in a minimum amount equal to 250,000 shares;

the Chief Financial Officer retain ownership of vested shares of SeaChange stock in a minimum amount equal to 75,000 shares; and

each Senior Vice President that is an executive officer retain ownership of vested shares of SeaChange stock in a minimum amount equal to 50,000 shares.

Prior to meeting the stock ownership targets, each non-employee director and senior executive officer is encouraged, but is not required, to retain a meaningful portion of shares of stock acquired by the non-employee director or officer in order to progress toward the stock ownership targets, other than shares of stock sold to pay taxes and/or applicable exercise price with respect to an equity award. Upon meeting the stock ownership targets, each non-employee director and senior executive officer is required thereafter to retain not less than twenty-five percent (25%) of all shares of stock acquired by the non-employee director or officer, other than shares of stock sold to pay taxes and/or the applicable exercise price with respect to an equity award. In addition, upon any termination of service for a non-employee director and upon voluntary termination of service for a senior executive officer, such director or

officer must wait at least ninety (90) days before selling any shares. In the case of hardship or other compelling personal requirements, the stock ownership targets may be waived to permit the sale of shares by the affected person.

In addition, our Insider Trading and Tipping Policy prohibits our insiders, which includes our employees and directors, from engaging in hedging transactions and requires the prior written consent of our compliance officer to pledge securities of SeaChange owned by the insider. We have not received any requests pursuant to our Insider Trading and Tipping Policy to permit pledges of SeaChange stock.

We have made, and from time to time continue to make, grants of stock options and RSUs to eligible employees based upon our overall financial performance and their individual contributions. Stock options and RSUs are designed to align the interests of our executives and other employees with those of our stockholders by encouraging them to enhance the value of SeaChange. In addition, the vesting of stock options and RSUs over a



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period of time is designed to defer the receipt of compensation by the recipient, creating an incentive for the individual to remain an employee. We do not have a program, plan or practice to select equity grant dates in connection with the release of favorable or negative news.

### ***Change in Control and Termination Benefits***

As a condition of receiving the LTI Awards in fiscal 2016, each named executive officer entered into an Amended and Restated Change in Control Severance Agreement with SeaChange (the "A&R Change in Control Agreements").

The A&R Change in Control Agreements provide for benefits upon termination of employment following a change in control or sale of SeaChange (commonly referred to as "double trigger") and do not contain any tax gross-up provisions. SeaChange entered into these agreements to reflect current best pay practices, while continuing to provide an incentive for each executive to remain with SeaChange leading up to and following a Change in Control.

Under the A&R Change in Control Agreements, if an executive's equity award, other than a performance-based equity award (such as PSUs or market-based stock options), is continued, assumed or substituted following a Change in Control and the executive's employment is terminated within two years after the Change in Control by the employer without cause or by the executive for good reason (a "Covered Termination"), then such equity award would be accelerated in full. Performance-based equity awards would continue to be governed by their existing terms. In addition, if a Covered Termination occurs, the executive would be entitled to receive a cash amount as severance equal to the sum of (a) for Mr. Samit, two times his base salary, and for each of Messrs. Terino, Dias and McEvoy, one times his base salary, plus (b) 150% of the executive's target annual bonus for the fiscal year in which the Covered Termination occurs, plus (c) for Mr. Samit, \$92,000, and for each of Messrs. Terino, Dias and McEvoy, \$62,000, being an amount corresponding to medical and other benefits during the post-employment period.

Mr. Samit additionally had severance benefits under an employment offer letter, which provided for compensation to Mr. Samit in the event his employment was terminated in certain circumstances.

The specific terms of these arrangements, as well as an estimate of the compensation that would have been payable had they been triggered as of fiscal 2016 year-end, are described in detail on page 36 under the heading entitled *Potential Payments Upon Termination or Change in Control*.

### ***General Employee Welfare Benefits***

We also have various broad-based employee benefit plans. Executive officers participate in these plans on the same terms as eligible, non-executive employees, subject to any legal limits on the amounts that may be contributed or paid to executive officers under these plans. We offer a 401(k) retirement plan, which permits employees to invest in a choice of mutual funds on a pre-tax basis. We also maintain medical, disability and life insurance plans and other benefit plans for our employees.

### **Fiscal 2017 Executive Compensation Components**

In establishing the Company's fiscal 2017 executive compensation plan, the Committee made reference to the list of peer companies provided to it by Cook in connection with the hiring of our new Chief Executive Officer. The Committee made reference to the compensation paid by these peer companies in establishing fiscal 2017 executive compensation but did not benchmark compensation to these companies.

*Employment Offer Letter with New Chief Executive Officer, Edward Terino*

In connection with the hiring of our new chief executive officer, Edward Terino, effective as of April 6, 2016, we entered into an employment offer letter with Mr. Terino, dated as of April 6, 2016.

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In establishing the terms of Mr. Terino's employment, the Committee determined that the Cook list of peer companies provided appropriate referenceable data points, based on the revenues, market capitalization, and industry focus of the Company relative to each of these companies. The Committee made reference to these peer companies in establishing the compensation package with respect to Mr. Terino's service as Chief Executive Officer, but did not benchmark compensation to these companies. Among the items considered by the Committee was that not each of the peer companies had recently hired a new chief executive officer, meaning that there would be a lack of comparability in compensation amounts when incentive or new hire awards are taken into account.

Based on the foregoing, we entered into an employment offer letter containing the following material compensation terms:

Annual base salary of \$450,000 per year;

600,000 stock options with an exercise price of \$5.56 (market close on April 6, 2016), to vest in approximately equal tranches based on our stock price reaching \$7.00, \$9.00 and \$11.00 for twenty consecutive trading dates, but in any event no earlier than six months from April 6, 2016;

A fiscal 2017 performance-based compensation plan to consist of a target award of \$405,000 payable in cash;

Eligibility for annual long-term equity awards;

An additional long-term equity award valued at \$370,000.

As summarized in the table below, the Committee structured each of Mr. Terino's inducement award, target annual compensation and LTI Award to have a substantial performance-based element.

**Fiscal 2017 CEO Target Pay Mix**

	Target Annual Compensation	Long Term Equity
<p>Inducement Award 600,000 stock options to vest in equal increments upon our stock price achieving \$7.00, \$9.00 and \$11.00 (the Initial Option Award)</p>	<p>47.4% Performance-Based 52.6% or \$450,000 base salary</p>	<p>( LTI ) Award LTI equity award in an amount to be determined</p>
	<p>47.4% or \$405,000 target performance-based cash bonus on achievement of fiscal 2017 goals</p>	

The Committee believed that the overall compensation mixture, including the use of RSUs, PSUs and options containing both time-based and performance-based vesting, would incentivize an effective alignment of the interests

of our newly-hired Chief Executive Officer with those of our stockholders. Because of the accounting treatment of these inducement or new hire awards, there is a substantial increase in the compensation reported in the Summary Compensation Table to Mr. Terino in fiscal 2017 than has historically been paid to our Chief Executive Officer. The Committee anticipates that the compensation reported in the Summary Compensation Table for Mr. Terino in future years will be significantly lower, as the reported compensation would be only annual compensation and long-term awards.

The principal components of fiscal 2017 executive compensation are as follows, the same as existed for fiscal 2016 executive compensation:

base salary;

short-term incentive bonus compensation;

long term incentive equity awards;

discretionary equity awards;

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change in control and termination benefits; and

general employee welfare benefits.

Within this framework, the Committee established the specific compensation programs for our named executive officers.

For fiscal 2017, Mr. Samit continued to receive his base salary of \$500,000 until his employment terminated on April 6, 2016; Mr. Dias's base salary was increased from \$306,000 to \$315,500; Mr. Terino continued to receive his Chief Operating Officer base salary of \$385,000 until April 6, 2016 when his base salary was increased to \$450,000 on his appointment to Chief Executive Officer; and Mr. McEvoy's base salary increased from \$280,000 to \$290,000.

For fiscal 2017, no equity awards will be made to the named executive officers under the fiscal 2017 short-term incentive bonus plan. Instead, any incentive equity awards to the named executive officers during fiscal 2017 are intended to be made under the 2017 Long-Term Incentive Program subject to vesting based in part on the extent to which employment continues for three (3) years. Under the fiscal 2017 short-term incentive bonus plan, Mr. Terino will be eligible for a target cash bonus of \$405,000; Mr. Dias will be eligible for a target cash bonus of 60% of his base salary; and Mr. McEvoy will be eligible for a target cash bonus of 50% of his base salary.

This short-term incentive bonus compensation is earned based on the Company's achievement of overall company financial objectives for fiscal 2017 related to total revenue and non-GAAP operating income and based on individualized performance-based objectives. These objectives will be further discussed in our proxy statement relating to our 2017 Annual Meeting of stockholders.

In fiscal 2017, the named executive officers will be eligible to receive Long-Term Incentive Awards under the 2017 Long-Term Incentive Program, with amounts to be determined.

*Separation Agreement with Former Chief Executive Officer, Jay Samit*

In connection with the termination of employment without cause of our chief executive officer Jay Samit, effective as of April 6, 2016, we entered into a separation agreement, dated as of April 6, 2016, with Mr. Samit, the terms of which were consistent with those contained in Mr. Samit's employment offer letter, as previously disclosed October 22, 2014. Pursuant to the separation agreement, we agreed to:

Pay Mr. Samit 18 months base salary (\$750,000) as severance in twelve (12) equal installments of \$62,500 per installment;

Pay Mr. Samit \$625,000 in satisfaction of his fiscal 2016 and fiscal 2017 annual bonus;

Allow for pro-rated vesting of his time-based equity awards through his termination date; and

Allow Mr. Samit to remain eligible to receive his pro-rated portion of his LTI PSU award.

Under the separation agreement, Mr. Samit affirmed his existing employee noncompetition, nondisclosure and developments agreement pursuant to which Mr. Samit agreed to non-competition and non-solicitation provisions restricting his activities for a one-year post-employment period. Separation payments to Mr. Samit will be reflected in the Summary Compensation Table for fiscal 2017.

### **Tax and Accounting Implications**

The financial reporting and income tax consequences to SeaChange of individual compensation elements are important considerations for the Committee when it is analyzing the overall level of compensation and the mix of compensation among individual elements. Overall, the Committee seeks to balance its objective of

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ensuring an effective compensation package for named executive officers with the need to maximize the immediate deductibility of compensation while ensuring an appropriate and transparent impact on reported net income and other closely followed financial measures.

In making its compensation decisions, the Committee has considered that Internal Revenue Code Section 162(m) limits deductions for compensation paid in excess of \$1 million. Where feasible, the Committee designs compensation paid to its executive officers to qualify for the exemption of performance-based compensation from the deductibility limit. While the Committee monitors compensation paid to our executive officers in light of the provisions of Section 162(m) of the Code, the Committee does not believe that compensation decisions should be constrained necessarily by how much compensation is deductible for federal tax purposes, and the Committee is not limited to paying compensation that is qualified performance-based compensation under Section 162(m) of the Code. Accordingly, the Committee may elect to pay compensation to our executive officers that may not be deductible for federal tax purposes to the extent compensation to the executive officer exceeds \$1 million.

**Table of Contents****Summary Compensation Table**

The following table sets forth summary information regarding the compensation of SeaChange's named executive officers in fiscal 2016, 2015, and 2014.

As described above in Compensation Discussion and Analysis, final determinations regarding grants or awards of performance-based compensation are made after fiscal year-end, when performance against the previously established metrics may be assessed by the Committee. With respect to equity awards under SeaChange's performance-based compensation plans, the grant date for purposes of ASC Topic 718 is the service inception date, or the beginning of the period during which performance is measured. In accordance with ASC Topic 718, the amounts reflected below under the headings "Stock Awards" for a given fiscal year, represent the probable outcome as of the service inception date of the performance conditions under the fiscal 2016 performance-based compensation plan, which in each case is the award amount at the targets approved by the Compensation Committee. Because this Summary Compensation Table presents the performance-based compensation amounts based on the targets approved by the Compensation Committee, rather than the actual awards ultimately paid, we have included at page 24 a supplemental table that presents for all types of compensation the actual compensation amounts paid related to a given fiscal year. In the table below and in the supplemental table at page 24 performance-based compensation paid in cash after fiscal year-end but earned in the prior fiscal year is reflected under the heading "Non-Equity Incentive Plan Compensation" or "Bonus," as applicable, in the fiscal year in which that compensation was earned, regardless of when paid.

Name	Fiscal Year	Salary (\$)	Bonus <sup>(1)</sup> (\$)	Stock Awards <sup>(2)</sup> (\$)	Option Awards <sup>(3)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total (\$)
Edward Terino <sup>(6)</sup> <i>Chief Executive Officer, Director, and former Chief Operating Officer &amp; Executive Vice President</i>	2016	253,952 <sup>(7)</sup>		1,038,600 <sup>(8)(9)</sup>	814,680 <sup>(8)(10)</sup>	147,443 <sup>(11)</sup>	35,888	2,290,563
Jay Samit <sup>(12)</sup> <i>Former Chief Executive Officer, Director</i>	2016	500,000		1,355,000 <sup>(8)(9)</sup>		500,000 <sup>(13)</sup>		2,355,000
	2015	144,232	125,000	1,187,500	1,696,035 <sup>(10)</sup>			3,152,767
Anthony Dias <i>Chief Financial Officer, Senior Vice President, Finance and</i>	2016	282,856		756,634 <sup>(8)(9)</sup>	117,500 <sup>(8)(10)</sup>	98,786 <sup>(11)</sup>		1,255,776
	2015	258,750	17,251	210,000		20,400		506,401
	2014	227,753	27,200	225,131		12,000		492,084



*Administration  
& Treasurer*

David McEvoy	2016	270,413		608,980 <sup>(8)(9)</sup>	82,500 <sup>(8)(10)</sup>	62,906	1,024,799
<i>Senior Vice</i>	2015	259,072	7,680	151,127		16,000	433,879
<i>President,</i>	2014	251,443	25,214	149,851		11,124	437,632
<i>General</i>							
<i>Counsel &amp;</i>							
<i>Secretary</i>							

- (1) The amounts reported in the Bonus column for fiscal 2014, 2015 and 2016 consist of cash awards made pursuant to the exercise of discretion pursuant to the Company's fiscal 2014 and 2015 performance-based compensation plan(s) for Mr. Dias and McEvoy. Mr. Samit's bonus was guaranteed in fiscal 2015 pursuant to his employment offer.
- (2) This expense represents the grant date fair value of the applicable target RSU and PSU awards as computed in accordance with ASC Topic 718 disregarding any estimates of forfeitures relating to service-based vesting conditions. Performance-based RSUs and PSUs are valued at the grant date based upon the probable outcome of the performance metrics. Therefore, the amounts under the Stock Awards column do not reflect the amount of compensation actually

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received by the named executive officer during the fiscal year. The maximum value of performance-based RSUs in fiscal 2016, assuming the highest level of performance conditions was achieved (a maximum of 25% above target for non-GAAP operating income and revenue) would have been \$450,000 for Mr. Samit, \$119,561 for Mr. Dias, \$166,320 for Mr. Terino and \$68,376 for Mr. McEvoy. Actual awards based on the achievement against the performance conditions and approved by the Compensation Committee following the end of fiscal 2014, 2015 and 2016 are reflected in the supplemental table appearing at page 24. The maximum value of PSUs assuming the highest level of performance conditions is achieved would be \$150,000 for Mr. Samit (pro-rated due to his termination during the Performance Period), \$53,811 for Mr. Dias, \$68,759 for Mr. Terino and \$38,265 for Mr. McEvoy.

- (3) This expense represents the grant date fair value of the applicable option awards, as computed in accordance with ASC Topic 718 disregarding any estimates of forfeitures relating to service-based vesting conditions.
- (4) The Non-Equity Incentive Plan Compensation column reflects for fiscal 2014, 2015 and 2016 earned cash awards under performance-based compensation plans from the satisfaction of pre-established performance criteria and prior to any exercise of discretion permitted to be exercised pursuant to the applicable performance-based compensation plan.
- (5) The All Other Compensation column includes Company contributions to a Named Executive Officer's 401(k) Plan account, perquisites and other personal benefits received by a Named Executive Officer to the extent such benefits exceeded \$10,000 in the aggregate relating to the fiscal year. For fiscal 2016, Mr. Terino received a \$2,888 Company contribution to his 401(k) Plan account. Mr. Terino also received \$33,000 in cash fees as a non-employee director prior to his appointment as Chief Operating Officer on June 3, 2015.
- (6) Mr. Terino was appointed Chief Operating Officer and Executive Vice President on June 3, 2015, as previously reported on a Form 8-K filed with the SEC on June 4, 2015, was subsequently appointed Chief Executive Officer on April 6, 2016, as previously reported on a Form 8-K filed with the SEC on April 7, 2016, and continues to serve as a director of the Company. Compensation reported for Mr. Terino in this table includes the compensation paid to him for his service prior to June 3, 2015 as a non-employee director of the Company.
- (7) Mr. Terino's fiscal 2016 salary reflects a partial year.
- (8) In fiscal 2016, a new Long Term Equity Incentive Plan was implemented, and Long Term Incentive Equity Awards ( LTI Awards ) were granted to the named executive officers. Except for Mr. Samit, the LTI Awards consisted of three (3) components: 25% as a stock option vesting annually in equal tranches over three (3) years; 25% as a RSU grant vesting annually in equal tranches over three (3) years; and 50% as a PSU grant which vests, if at all, on January 31, 2019 based on SeaChange's total shareholder return for the period between February 1, 2016 and January 31, 2019 compared to that of the companies comprising the S&P SmallCap 600 Index. Mr. Samit's LTI Award consisted of two (2) components, 33% RSU grant and 67% PSU grant. The stock option components of the LTI Awards are reported under the Option Awards column; the PSU and RSU components of the LTI Awards are reported under the Stock Awards column.
- (9) For fiscal 2016, Mr. Samit's Stock Awards consist of his LTI Award of RSUs valued at \$326,667 and PSUs valued at target at \$653,333, and his target performance-based compensation plan equity bonus of RSUs valued at \$375,000. Mr. Dias's Stock Awards for fiscal 2016 consist of his LTI Award of RSUs valued at \$117,500 and a PSUs valued at target at \$235,000, his target performance-based compensation plan equity bonus of RSUs valued at \$99,634 and a special RSU award valued at \$304,500. Mr. Terino's fiscal 2016 Stock Awards consist of his LTI Award of RSUs valued at \$150,000 and PSUs valued at target at \$300,000, his target performance-based compensation plan equity bonus of RSUs valued at \$138,600, his initial RSU award granted on his appointment as Chief Operating Officer valued at \$400,000 and RSUs valued at \$50,000 received as a non-employee director prior to his appointment as Chief Operating Officer on June 3, 2015. Mr. McEvoy's Stock Awards for fiscal 2016 consist of his LTI Award of RSUs valued at \$82,500 and PSUs valued at target at \$165,000, his target performance-based compensation plan equity bonus of RSUs valued at \$56,980 and a special RSU award valued at \$304,500.
- (10) Option Awards for fiscal 2016 consist of: For Mr. Dias, an LTI Award of stock options; for Mr. Terino, an LTI Award of stock options valued at \$150,000 and market based stock options valued at \$664,680 (based on a grant

date fair value determined by a third party valuation firm) none of which had vested as of January 31, 2016; and for Mr. McEvoy an LTI Award of stock options. Includes for fiscal 2015 for Mr. Samit market based stock options (based on a grant date fair value determined by a third party valuation firm) none of which had vested as of January 31, 2016.

(11) In fiscal 2016, the named executive officers were given the option to take cash in lieu of the RSUs earned under their performance-based compensation plans at a thirty percent (30%) discount from the value of the RSUs earned. Mr. Terino and Mr. Dias each elected to receive discounted cash, and as a result received \$68,807 and \$46,101, respectively, in addition to their respective performance-based compensation plan cash bonuses of \$147,443 and \$98,786. Mr. McEvoy elected RSUs. For purposes of this table, the discounted cash received by Messrs. Terino and Dias is not included, and instead for each executive the target value of the RSUs awarded under the performance-based compensation plans is included in the amount disclosed for such executive under the column **Stock Awards** .

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- (12) Mr. Samit was appointed Chief Executive Officer on October 20, 2014, and ceased being an executive officer, employee or director of SeaChange as of April 6, 2016, as previously reported on a Form 8-K filed with the SEC on April 7, 2016. Mr. Samit's fiscal 2015 compensation reflects a partial year.
- (13) The amount shown for Mr. Samit in the Non-Equity Incentive Plan Compensation column reflects the target cash bonus component of his fiscal 2016 performance-based compensation plan. However, due to the termination of his employment on April 6, 2016, Mr. Samit did not receive his cash or equity bonus under his fiscal 2016 performance-based compensation plan, although fiscal 2016 performance was taken into account in the determination of his severance package. See *Separation Agreement with Former Chief Executive Officer, Jay Samit*. Separation payments to Mr. Samit will be reflected in the Summary Compensation Table for fiscal 2017.

**Grants of Plan-Based Awards**

The following table sets forth information concerning plan-based awards to the named executive officers during the fiscal year ended January 31, 2016.

	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payouts under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Number of Units	Options	(\$/Sh)	Option Awards (\$)
Edward Terino	5/12/2015 <sup>(4)</sup>	108,108	207,900	249,480	12,963	24,928	29,914				
	6/3/2015							55,172			400,000
	6/3/2015								200,000	7.25	664,680
	1/26/2016 <sup>(5)</sup>				22,920	45,839	68,759	22,920	48,456	6.05	600,000
Jay Samit <sup>(3)</sup>	5/12/2015 <sup>(4)</sup>	260,000	500,000	600,000	35,072	67,446	80,935				
	1/26/2016 <sup>(5)</sup>				50,000	100,000	150,000	50,000			980,000
Anthony Dias	5/12/2015 <sup>(4)</sup>	77,714	149,450	179,340	9,318	17,920	21,504				
	1/26/2016 <sup>(5)</sup>				17,982	35,874	53,811	17,937	37,922	6.05	470,000
	1/28/2016							50,000			304,500
David McEvoy	5/12/2015 <sup>(4)</sup>	44,444	85,470	102,564	5,329	10,248	12,298				
	1/26/2016 <sup>(5)</sup>				12,755	25,510	38,265	12,755	26,967	6.05	330,000
	1/28/2016							50,000			304,500

(1) The grants under the **Estimated Future Payouts under Equity Incentive Plan Awards** column represent the threshold, target and maximum number of RSUs or stock options awarded under the fiscal 2016 performance-based compensation plan.

(2) The grants under the **All Other Stock Awards: Number of Shares of Stock or Units** column and under the **All Other Option Awards: Number of Securities Underlying Options** column represent the number of RSUs and options, respectively, granted to each named executive officer in fiscal 2016 under the Company's 2011

Compensation and Incentive Plan outside of the fiscal 2016 performance-based compensation plan.

- (3) Mr. Samit ceased being an executive officer, employee or director of SeaChange as of April 6, 2016, as previously reported on a Form 8-K filed with the SEC on April 7, 2016. This table shows information as of January 31, 2016, without regard to his subsequent termination.
- (4) These awards were made pursuant to the fiscal 2016 performance-based compensation plan adopted May 12, 2015.
- (5) Fiscal 2016 LTI Awards consisting of up to three (3) components: RSU grant, stock option grant and PSU grant. LTI Award RSU grants are reported under the **All Other Stock Awards: Number of Shares of Stock or Units** column; LTI Award stock option grants are reported under the **All Other Option Awards: Number of Securities Underlying Options** column; and the LTI Award PSU grants are reported under the **Estimated Future Payouts under Equity Incentive Plan Awards** columns specifying the target and maximum amounts under the PSU grants.

**Table of Contents****Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table***Employment Offer Letter with New Chief Operating Officer, Edward Terino*

In connection with the hiring of our new chief operating officer, Edward Terino, effective as of June 3, 2015, as previously reported on a Form 8-K filed with the SEC on June 4, 2015, we entered into an employment offer letter with Mr. Terino, dated as of June 3, 2015 containing the following material compensation terms:

Annual base salary of \$385,000 per year;

A one-time equity award of 55,172 RSUs (equivalent to \$400,000 based on market close on June 3, 2015), to vest over four years, and 200,000 stock options with an initial exercise price of \$7.25 (market close on June 3, 2015), to vest in approximately equal tranches based on our stock price reaching \$10.00, \$12.00 and \$14.00 for twenty (20) consecutive trading dates, but in any event no earlier than six (6) months from June 3, 2015;

A fiscal 2016 performance-based compensation plan to consist of a target award of \$207,900 payable in cash and a fixed value RSU equivalent to \$138,600 (priced on the January 31, 2016 market close), vesting on January 31, 2017; and

A fiscal 2016 long-term equity award worth no less than \$50,000 to vest over three (3) years upon the achievement of certain long-term annual goals to be determined.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth summary information regarding the outstanding equity awards at January 31, 2016 granted to each of SeaChange's named executive officers:

Name	Number of Securities Underlying Unexercised Options (#)		Options Awards <sup>(1)</sup> Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)			Stock Awards <sup>(2)</sup> Number of Shares or Units of Stock That Have Not Vested (#)		Market Value of Shares or Units of Stock That Have Not Vested (\$)
	Exercisable	Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Not Vested	Have Not Vested		
Edward Terino		200,000	7.25	6/3/2025	130,953		814,528	

		48,456	6.05	1/26/2026		
Jay Samit <sup>(3)</sup>	500,000		7.23	10/21/2024	253,734	1,578,225
Anthony Dias		37,922	6.05	1/26/2026	107,145	666,442
David McEvoy	5,000	26,967	6.05	1/26/2026	99,142	616,663

- (1) All options in the table above were granted under the Company's 2011 Plan. Mr. Samit's October 20, 2014 500,000 options vest in approximately equal tranches based on our stock reaching \$10.00, \$12.00 and \$14.00 for twenty consecutive trading dates, but in any event not earlier than six months from October 20, 2014. Mr. Terino's June 3, 2015 200,000 options vest in approximately equal tranches based on our stock reaching \$10.00, \$12.00 and \$14.00 for twenty consecutive trading dates, but in any event not earlier than six months from June 3, 2015. Mr. McEvoy's 5,000 options vested annually in equal tranches over three years starting on July 2, 2013, July 2, 2014 and July 2, 2015. The LTI Award stock options listed in the column, **Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options** will vest annually in equal tranches over three years on January 31, 2017, January 31, 2018 and January 31, 2019, respectively.

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- (2) These columns show the number of shares of Common Stock represented by unvested RSUs at January 31, 2016. Each of these RSUs was granted as part of an award. The remaining vesting dates for these unvested RSUs as of January 31, 2016 were as follows:

<b>Name</b>	<b>Number of Restricted Stock Units That Have Not Vested</b>	<b>Date of Grant</b>	<b>Vesting Dates</b>
Edward Terino	7,022	2/2/2015	2/2/2016
	55,172	6/3/2015	6/3/2016, 6/3/2017, 6/3/2018, 6/3/2019
	45,839	1/26/2016	1/31/2019
	22,920	1/26/2016	1/31/2017, 1/31/2018, 1/31/2019
Jay Samit <sup>(3)</sup>	103,734	10/20/2014	10/20/2016, 10/20/2017, 10/20/2018
	50,000	1/26/2016	1/31/2017, 1/31/2018, 1/31/2019
	100,000	1/26/2016	1/31/2019
Anthony Dias	3,334	5/8/2013	5/8/2016
	17,937	1/26/2016	1/31/2017, 1/31/2018, 1/31/2019
	35,874	1/26/2016	1/31/2019
	50,000	1/28/2016	1/28/2017, 1/28/2018, 1/28/2019
David McEvoy	3,334	5/8/2013	5/8/2016
	7,543	5/12/2015	1/31/2017
	12,755	1/26/2016	1/31/2017, 1/31/2018, 1/31/2019
	25,510	1/26/2016	1/31/2019
	50,000	1/28/2016	1/28/2017, 1/28/2018, 1/28/2019

- (3) Mr. Samit ceased being an executive officer, employee or director of SeaChange as of April 6, 2016, as previously reported on a Form 8-K filed with the SEC on April 7, 2016. This table shows information as of January 31, 2016, without regard to his subsequent termination.

**Option Exercises and Stock Vested**



The following table summarizes the option exercises and vesting of stock awards for each of SeaChange's named executive officers for fiscal 2016:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting <sup>(1)</sup> (\$)
Edward Terino			13,361	83,855
Jay Samit			61,137	405,169
Anthony Dias			22,637	145,183
David McEvoy			23,557	152,391

(1) The value realized upon vesting of the RSUs shown in the table above was calculated as the product of the closing price of a share of our common stock on the vesting date multiplied by the number of shares vested.

#### **Pension Benefits**

We maintain a defined benefit pension plan (the "Pension Plan") for certain current employees of our Philippine subsidiary. The Pension Plan provides benefits to be paid to all eligible employees at retirement based primarily on years of service with SeaChange and compensation rates in effect near retirement. None of our named executive officers participates or is eligible to participate in the Pension Plan.

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### **Nonqualified Deferred Compensation**

SeaChange does not offer nonqualified defined contribution or other nonqualified deferred compensation plans to its employees.

### **Potential Payments Upon Termination or Change in Control**

As a condition of receiving the LTI Awards in fiscal 2016, each named executive officer entered into an Amended and Restated Change in Control Severance Agreement with SeaChange (the "A&R Change in Control Agreements"). The A&R Change in Control Agreements provide for benefits upon termination of employment following a change in control or sale of SeaChange (commonly referred to as "double trigger") and do not contain any tax gross-up provisions. SeaChange entered into these agreements to reflect current best pay practices, while continuing to provide an incentive for each executive to remain with SeaChange leading up to and following a Change in Control.

Under new Change-in-Control Agreements, a "change in control" means any of the following:

- (i) the members of the Board at the beginning of any consecutive 12-calendar-month period (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 12-calendar-month period, shall be deemed to be an Incumbent Director;
- (ii) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Securities Exchange Act), directly or indirectly, shares of Stock representing in the aggregate fifty percent (50%) or more of the combined voting power of the securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any);
- (iii) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by stockholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or
- (iv) any corporation or other legal person, pursuant to a tender offer, exchange offer, purchase of stock (whether in a market transaction or otherwise) or other transaction or event acquires securities representing forty percent (40%) or more of the combined voting power of the voting securities of the Company, or there is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form or report), each as promulgated pursuant to the U.S. Securities Exchange Act, disclosing that any "person" (as such term is used

in Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act) has become the beneficial owner (as such term is used in Rule 13d-3 under the Securities Exchange Act) of securities representing forty percent (40%) or more of the combined voting power of the voting securities of the Company.

Under the A&R Change in Control Agreements, if an executive's equity award, other than a performance-based equity award (such as PSUs or market-based stock options), is continued, assumed or substituted following a change in control and the executive's employment is terminated within two years after the change in control by the employer without cause or by the executive for good reason (a Covered Termination), then such equity award would be accelerated in full. Performance-based equity awards would continue to be governed by their

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existing terms. In addition, if a Covered Termination occurs, the executive would be entitled to receive a cash amount as severance equal to the sum of (a) for Mr. Samit, two times his base salary, and for each of Messrs. Terino, Dias and McEvoy, one times his base salary, plus (b) 150% of the executive's target annual bonus for the fiscal year in which the Covered Termination occurs, plus (c) for Mr. Samit, \$92,000, and for each of Messrs. Terino, Dias and McEvoy, \$62,000, being an amount corresponding to medical and other benefits during the post-employment period.

As a condition to the receipt by the executive officer of any payment or benefit under the A&R Change in Control Agreements, the executive officer must first execute a valid, binding and irrevocable general release in favor of SeaChange and in a form reasonably acceptable to SeaChange.

In connection with the termination of Mr. Samit's employment, effective as of April 6, 2016, we entered into a separation agreement, dated as of April 6, 2016, with Mr. Samit, the terms of which were consistent with those contained in Mr. Samit's employment offer letter, as previously disclosed October 22, 2014. Pursuant to the separation agreement, we agreed to:

Pay Mr. Samit 18 months base salary (\$750,000) as severance in twelve (12) equal installments of \$62,500 per installment;

Pay Mr. Samit \$625,000 in satisfaction of his fiscal 2016 and fiscal 2017 annual bonus;

Allow for pro-rated vesting of his time-based equity awards through his termination date; and

Allow Mr. Samit to remain eligible to receive his pro-rated portion of his LTI PSU award.

The following table shows, for the named executive officers with SeaChange as of the close of business on January 31, 2016, (a) the payments to which such named executive officers would have been entitled pursuant to his A&R Change in Control Agreement in the event of a Covered Termination after with a change in control occurring on such date and (b) additionally, for Mr. Samit, the payments to which he is entitled pursuant to his April 6, 2016 separation agreement as a result of the termination of his employment been terminated on such date by SeaChange without cause or by Mr. Samit for good reason absent a change in control.

**Potential Payments Upon Termination or Change in Control**

Name	Salary <sup>(1)</sup>	Non-Equity Incentive Plan Compensation <sup>(2)</sup>	Equity Incentive Plan Compensation <sup>(2)</sup>	Benefits	Equity Awards <sup>(3)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)
Edward Terino (Covered Termination)	385,000	311,850	207,900	62,000	819,916
Jay Samit <sup>(4)</sup>	1,000,000	750,000	562,500	92,000	1,572,005

<i>(Covered Termination)</i> <i>(Separation Agreement)</i>	750,000	625,000			245,969
Anthony Dias <i>(Covered Termination)</i>	306,000	224,175	149,451	62,000	670,656
David McEvoy <i>(Covered Termination)</i>	280,000	128,205	85,470	62,000	619,662

- (1) For Mr. Samit, reflects two times the executive's base annual salary upon a Covered Termination and eighteen (18) months base salary pursuant to his offer letter absent a Covered Termination. For Messrs. Dias, Terino and McEvoy, reflects one times annual base salary.

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- (2) The amounts shown in the incentive plan columns for each of Messrs. Samit, Dias, Terino and McEvoy reflect payment of 150% of the executive's target annual incentive plan bonus for fiscal 2016 in connection with a Covered Termination. The second amount shown in the incentive plan column for Mr. Samit is the payment he received upon termination of his employment on April 6, 2016 in satisfaction of his fiscal 2016 and fiscal 2017 annual bonus under the terms of his separation agreement.
- (3) For Messrs. Samit, Dias, Terino and McEvoy the Covered Termination amounts reflect the value of all unvested stock options, RSUs and PSUs that would vest as a result of the termination. The amounts are based on (i) in the case of accelerated options, the excess of the SeaChange January 29, 2016 closing common stock price over the applicable exercise price, (ii) in the case of accelerated RSUs, the SeaChange closing common stock price as of January 29, 2016 multiplied by the number of unvested RSUs as of January 31, 2016, and (iii) in the case of accelerated PSUs, the share payout in the table assumes that the Covered Termination occurs during the PSU Performance Period and the SeaChange Relative TSR Percentile Rank is at the 50<sup>th</sup> percentile at the time of the Covered Termination. The second amount shown in the equity awards column for Mr. Samit reflects the value realized upon his termination on April 6, 2016 of the pro-rated vesting of his time-based equity awards through his termination date and the value of the pro-rated portion of his LTI PSU award, in each case under the terms of his separation agreement. As above, the LTI PSU share payout in the table assumes that the SeaChange Relative TSR Percentile Rank is at the 50<sup>th</sup> percentile.
- (4) Mr. Samit ceased being an executive officer, employee or director of SeaChange as of April 6, 2016, as previously reported on a Form 8-K filed with the SEC on April 7, 2016.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

**THE COMPENSATION COMMITTEE**

Steven Craddock, Chairman

William Francis Markey, III

Thomas F. Olson

**Compensation Committee Interlocks and Insider Participation**

The Compensation Committee consists of Messrs. Craddock (Chairman), Markey and Olson. No person who served as a member of the Compensation Committee was, during the past fiscal year, an officer or employee of SeaChange or any of its subsidiaries, was formerly an officer of SeaChange or any of its subsidiaries, or had any relationship requiring disclosure herein. No executive officer of SeaChange served as a member of the compensation committee of another entity (or other committee of the Board of Directors performing equivalent functions or, in the absence of any such committee, the entire Board of Directors), one of whose executive officers served as a director of SeaChange.

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**PROPOSAL NO. II**

**ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS**

The Company is providing shareholders with the opportunity at the 2016 Annual Meeting to vote on the following advisory resolution, commonly known as Say-on-Pay :

RESOLVED, that the shareholders of the Company approve, in a non-binding, advisory vote, the compensation of the Company's named executive officers as disclosed in the Company's proxy statement under the heading Compensation Discussion and Analysis.

The Board has implemented an executive compensation program that rewards performance and is designed to attract, retain and motivate the key individuals who are most capable of contributing to SeaChange's success and building long-term value for its stockholders. This compensation program that makes a substantial portion of executive pay variable, subject to increase when performance targets are achieved, and subject to reduction when performance targets are not achieved. SeaChange believes that the variability in these payouts indicates that its annual compensation plans effectively reward its executive officers for superior performance, while appropriately adjusting compensation downward for less-than-superior performance. The Compensation Committee retains discretion as to final payouts under the incentive compensation plans to ensure the goals of the overall program are met. SeaChange believes that the compensation program is centered on a pay-for-performance philosophy and is strongly aligned with the long-term interests of shareholders.

We believe that the historical payouts under our executive compensation incentive plan are evidence of the pay-for-performance structure of these plans. For example, while payouts were made under our fiscal 2016 performance-based compensation plan based on the satisfaction of pre-established financial objectives and for the achievement of individual performance objectives, because pre-established financial objectives for fiscal 2015 were not satisfied, payouts under our fiscal 2015 performance-based incentive compensation plan were limited to thirty percent (30%) of target bonus and paid based on the satisfaction of individual performance criteria and through the exercise of discretion permitted under the plan, recognizing the substantial operational progress we made in fiscal 2015. Similarly, prior to the payouts with respect to fiscal 2016, no payouts had been made under our performance-based incentive compensation plans based on pre-determined Company financial objectives since payments were made with respect to fiscal 2011, when financial results improved over those in fiscal 2010 and were above the pre-established financial targets. As with fiscal 2015, payments with respect to fiscal 2014 were limited to those earned based on the achievement of pre-established individual performance criteria, together with discretionary payments to recognize our substantial operational progress, including in transitioning to a software company.

We believe that the variability in these payouts indicates that our annual compensation plans effectively reward our executive officers for superior performance, while appropriately adjusting compensation downward for less-than-superior performance.

We pay careful attention to any feedback we receive from our stockholders about our executive compensation, including the annual Say-on-Pay vote. While we had already approved our fiscal 2015 compensation plan by the time we held our Say-on-Pay vote in July 2015, we considered the stockholder advisory vote in the implementation of our fiscal 2016 compensation plan and in formulating our fiscal 2017 compensation plan. This consideration included reaching out to certain large stockholders to discuss and seek input on our compensation plans, and resulted in changes to our compensation programs to reflect current best pay practices, including the introduction of our new Long-Term Incentive Program, under which equity awards are intended to be made going forward in lieu of equity awards under our short-term incentive plans, and amendments to our change in control severance agreements with

each of our named executive officers, which changed the structure of the agreements from single trigger to double trigger.



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The Board urges stockholders to read the Compensation Discussion and Analysis beginning on page 17 of this proxy statement, which describes in more detail how the Company's executive compensation policies and procedures operate and are designed to achieve our compensation objectives, and which includes the Summary Compensation Table and other related compensation tables and narrative, appearing on pages 24 through 38 of this proxy statement, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board believe that the policies and procedures articulated in the Compensation Discussion and Analysis are effective and that the compensation of our named executive officers reported in this proxy statement reflects and supports these compensation policies and procedures.

While the vote is advisory, the Board and the Compensation Committee will consider the outcome of the vote when considering future executive compensation arrangements. It is currently expected that stockholders will be given an opportunity to cast an advisory vote on this topic annually, with the next opportunity occurring in connection with the Company's Annual Meeting in 2017.

**The Board of Directors unanimously recommends a vote FOR the approval of the Company's executive compensation.**

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**PROPOSAL NO. III**

**APPROVAL OF SEACHANGE S SECOND AMENDED AND RESTATED**

**2011 COMPENSATION AND INCENTIVE PLAN**

We are seeking approval of the Company s Second Amended and Restated 2011 Compensation and Incentive Plan (the 2011 Plan ). By approving the 2011 Plan, stockholders will be:

Approving the removal of minimum vest periods for stock option awards, restricted stock unit (RSU) awards and other stock based awards, but excluding restricted stock, under the 2011 Plan.

Approving the material terms of the performance goals of the 2011 Plan under which tax-deductible compensation may be paid for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ), including the business criteria on which performance goals may be based.

The purpose of the 2011 Plan is to provide equity and cash incentives to the employees of the Company in order to attract, motivate and retain qualified employees. The ability to grant RSUs and stock options is an important means of compensation because they help align the interest of the employees with those of our stockholders.

**The Board of Directors unanimously recommends a vote FOR the approval of the 2011 Plan.**

The principal features of the 2011 Plan include:

**Minimum Vesting Periods:** Generally, stock options granted under the 2011 Plan will have a minimum vesting period of no less than six (6) months and restricted stock awards granted under the 2011 Plan will have a minimum vesting period of no less than one (1) year. No more than 10% of the maximum aggregate shares authorized for issuance under the 2011 Plan may be granted in the form of Awards that do not comply with these minimum vesting periods.

**No Discount Stock Options:** The 2011 Plan prohibits the grant of a stock option with an exercise price less than the fair market value of SeaChange s stock on the date of grant.

**Maximum Ten-Year Option Term:** The 2011 Plan provides that stock options may not have a term greater than ten years.

**No Liberal Share Counting:** The 2011 Plan does not permit the number of shares available for grant to be increased by actions such as the tendering of shares in payment of a stock option, the withholding of shares to satisfy tax withholding obligations, and shares repurchased with option proceeds.

**No Repricing of Stock Options:** The 2011 Plan prohibits the repricing of stock options without stockholder approval.

**Performance-Based Awards:** Upon approval of this proposal, the 2011 Plan enables SeaChange to grant equity and cash awards that may constitute performance-based compensation under Section 162(m) of the Code, and includes categories of business criteria on which SeaChange may base an executive's performance-based incentive compensation. While the 2011 Plan is intended to allow the Committee to pay compensation that may be deductible under Section 162(m) of the Code, the Committee will have discretion to award compensation that may not be deductible.

**Independent Committee Administration:** The 2011 Plan is administered by a committee of the Board whose members are intended to satisfy the independence requirements of applicable rules and regulations (the Committee).

**Material Amendments to the 2011 Plan Require Stockholder Approval:** The 2011 Plan provides that a material amendment to the 2011 Plan is not effective unless approved by SeaChange's stockholders.

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**Awards Subject to Recovery:** Awards and shares of Common Stock (and proceeds therefrom) obtained pursuant to or on exercise of such awards under the 2011 Plan are subject to forfeiture, setoff, recoupment or other recovery if the Committee determines in good faith that such action is required by applicable law or Company policy.

### **Summary of the 2011 Plan**

The following description of the 2011 Plan is a summary only. SeaChange strongly recommends that you read the complete text of the 2011 Plan which is attached as Appendix A hereto and which incorporates the amendments for which approval is sought.

The purpose of the 2011 Plan is to provide equity ownership and compensation opportunities in SeaChange (each, an Award ) to employees, officers, directors, consultants and advisors of SeaChange and its subsidiaries, all of whom are eligible to receive Awards under the 2011 Plan. Any person to whom an Award is granted will be called a Participant.

### ***Administration***

The 2011 Plan is administered by a committee composed solely of members of SeaChange's board of directors that are independent under applicable rules and regulations (the Committee ). The Committee has the authority to grant and amend Awards, to establish performance goals with respect to such Awards, to adopt, amend and repeal rules relating to the 2011 Plan, to interpret and correct the provisions of the 2011 Plan and any Award, and to subject Awards to forfeiture, setoff, recoupment or other recovery if the Committee determines in good faith that such action is required by applicable law or Company policy. The 2011 Plan also provides that, subject to certain limits provided for in the 2011 Plan, authority to grant Awards to employees may be delegated to one or more officers of SeaChange.

### ***Authorized Shares***

The number of shares (the Authorized Shares ) of Common Stock that may be delivered in satisfaction of Awards granted under the 2011 Plan is (i) 5,300,000 shares of Common Stock plus (ii) the number of shares that would have become available for issuance under SeaChange's prior 2005 Plan following the adoption of the 2011 Plan due to the expiration, termination, surrender or forfeiture of an award under the 2005 Plan. If any Award expires, or is terminated, surrendered or forfeited, in whole or in part, the unissued shares covered by such Award will again be available for the grant of Awards under the 2011 Plan, provided that in no event shall the following shares of Common Stock be added to the foregoing plan limit: (i) shares of Common Stock tendered in payment of an option, whether granted pursuant to the 2011 Plan or the 2005 Plan; (ii) shares of Common Stock withheld by SeaChange to satisfy any tax withholding obligation, whether pursuant to the 2011 Plan or the 2005 Plan; or (iii) shares of Common Stock that are repurchased by SeaChange with proceeds of options, whether granted pursuant to the 2011 Plan or the 2005 Plan. Subject to adjustment, no more than 5,300,000 shares may be issued under the 2011 Plan as incentive stock options.

### ***Eligibility***

Employees, officers, directors, consultants and advisors of SeaChange and its subsidiaries are eligible to be granted Awards under the 2011 Plan. Under present law, however, incentive stock options within the meaning of Section 422 of the Code may only be granted to employees of SeaChange and parent or subsidiaries of SeaChange. The maximum number of shares with respect to which Awards may be granted to any one Participant under the 2011 Plan is 1,250,000 shares in any fiscal year with a per Participant aggregate share vesting limitation in any given fiscal year of 1,250,000 shares. Approximately 660 persons were eligible to participate in the 2011 Plan as of January 31, 2016.



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### ***Types of Awards***

Awards under the 2011 Plan may be in the form of incentive stock options, non-qualified stock options, restricted stock, RSUs, any other equity-based interests as the Committee shall determine, cash awards, or any combination thereof. Awards may be granted subject to time-based vesting schedules and/or performance-based vesting measured by performance goals.

### ***Stock Options***

Stock options represent the right to purchase shares of Common Stock within a specified period of time at a specified price. The exercise price for options will be not less than 100% (110% for an incentive stock option granted to a 10% or more stockholder) of the fair market value of Common Stock on the date of grant. The aggregate fair market value, determined on the date the option is granted, of the stock for which any person may be granted incentive stock options which become exercisable for the first time by such person in any calendar year cannot exceed the sum of \$100,000 (determined on the date such option is granted). No incentive stock option will be granted to a person who is not an employee as defined in the applicable provisions of the Code, and regulations issued thereunder. Options will expire no later than ten years (five years in the case of an incentive stock option granted to a 10% or more stockholder) after the date of grant. No stock options can be granted under the 2011 Plan after July 20, 2021, but options granted before that date may be exercised thereafter.

Payment for the exercise of options under the 2011 Plan may be made by one or any combination of the following forms of payment:

by cash or by check payable to the order of SeaChange;

at the discretion of the Committee through delivery of shares of Common Stock having fair market value equal as of the date of exercise to the cash exercise price of the option; or

at the discretion of the Committee, by delivery of a sufficient amount of the proceeds from the sale of the Common Stock acquired upon exercise of the option by the optionee's broker or selling agent.

Generally, the Committee will establish a vesting date or vesting dates with respect to the shares of Common Stock covered by stock options granted under the 2011 Plan. Each option or installment may be exercised at any time or from time to time, in whole or in part, for up to the total number of shares with respect to which it is then exercisable.

### ***Restricted Stock, Restricted Stock Units and Other Equity Awards***

The 2011 Plan provides the flexibility to grant other forms of Awards based upon the Common Stock, having the terms and conditions established at the time of grant by the Committee. Restricted stock is Common Stock that is subject to a risk of forfeiture or other restrictions that will lapse upon satisfaction of specified conditions. RSUs represent the right to receive shares of Common Stock in the future, with the right to future delivery of the shares subject to a risk of forfeiture or other restrictions that will lapse upon satisfaction of specified conditions. All of the shares being approved for issuance under the 2011 Plan may be granted as Awards of restricted stock, RSUs or other non-stock option Awards.

Generally, restricted stock Awards under the 2011 Plan shall have a minimum vesting period of no less than one (1) year.

Subject to any restrictions applicable to the Award, a Participant holding restricted stock, whether vested or unvested, will be entitled to enjoy all rights of a stockholder with respect to such restricted stock, including the right to receive dividends and to vote the shares. A Participant holding RSUs may not vote the shares represented by a RSU and is not entitled to receive any dividends with respect to shares represented by a RSU.

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**Table of Contents*****Cash Awards***

The 2011 Plan provides the flexibility to grant cash Awards either alone, in addition to, or in tandem with other Awards granted under the 2011 Plan. The Committee shall determine the terms and conditions of any such cash Award. From time to time, the Committee shall establish administrative rules and procedures governing the administration of Cash Awards, provided that no Participant may be granted a cash Award under the 2011 Plan that would result in a payment of more than \$2 million during any one fiscal year of SeaChange. SeaChange has included the flexibility for the Committee to exercise its discretion to grant tax deductible, performance-based cash Awards pursuant to the 2011 Plan under the terms and conditions more fully described below under **Deductibility Under Section 162(m)**.

***Deductibility Under Section 162(m)***

Section 162(m) of the Code places a limit of \$1 million on the amount SeaChange may deduct in any one year for compensation paid to each of its principal executive officer and its other three most highly-compensated executive officers other than SeaChange's principal financial officer. There is, however, an exception to this limitation for certain performance-based compensation. For awards under the 2011 Plan to be eligible to qualify for this exception, stockholders must approve the material terms of the 2011 Plan under which the Awards are paid and the Awards must then constitute qualified performance based compensation for purposes of Section 162(m) of the Code. The material terms of the 2011 Plan include (i) the employees eligible to receive Awards under the plan, (ii) a description of the business criteria on which the performance goals are based, and (iii) the maximum amount of compensation that could be paid to any employee if the performance goals are attained. Performance goals will be based on one or more of the following business criteria determined with respect to SeaChange and its subsidiaries on a group-wide basis or on the basis of subsidiary, business platform, or operating unit results, in each case on a GAAP or non-GAAP basis: (i) earnings per share (on a fully diluted or other basis), (ii) pretax or after tax net income, (iii) operating income, (iv) gross or net revenue, (v) profit margin, (vi) stock price targets or stock price maintenance, (vii) working capital, (viii) free cash flow, (ix) cash flow, (x) return on equity, (xi) return on capital or return on invested capital, (xii) earnings before interest, taxes, depreciation, and amortization (EBITDA), (xiii) economic value added, (xiv) strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market penetration, geographic business expansion goals, cost targets, or objective goals relating to acquisitions or divestitures, or (xv) any combination of these measures.

Each performance goal may be expressed in absolute and/or relative terms or ratios and may be based on or use comparisons with internal targets, the past performance of SeaChange (including the performance of one or more subsidiaries, divisions, platforms, operating units and/or other business unit) and/or the past or current performance of other companies. In the case of earnings-based measures, performance goals may use comparisons relating to capital (including, but not limited to, the cost of capital), cash flow, free cash flow, shareholders' equity and/or shares outstanding, or to assets or net assets.

The Committee shall determine the period for which performance goals are set and during which performance is to be measured to determine whether a participant is entitled to payment of an award under the 2011 Plan. Performance periods may be of varying and overlapping durations, but each such period shall not be less than 12 months. To the extent that an award is intended to constitute qualified performance based compensation within the meaning of Section 162(m), the performance goals must be established within 90 days of the beginning of the performance period.

The Committee may specify in an award that performance goals shall be adjusted to include or exclude the effect of special one-time or extraordinary gains or losses and other one-time or extraordinary events, including without limitation changes in accounting principles, extraordinary, unusual, or nonrecurring items (such as material litigation,



judgments and settlements), currency exchange rate fluctuations, changes in corporate tax rates, and the impact of acquisitions, divestitures, and discontinued operations.

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Prior to the occurrence of an acquisition, the Committee may exercise its discretion in a uniform and non-discriminatory manner for similarly-situated participants to reduce (but not increase) any award otherwise payable under the 2011 Plan in accordance with objective or subjective factors if necessary or appropriate to limit the amount payable under an award to an amount consistent with the purposes of the 2011 Plan and the intended economic benefits of participation in the plan.

As outlined in the introduction, by approving the 2011 Plan, stockholders will be approving the material terms of the performance goals of the 2011 Plan under which compensation may be paid for purposes of Section 162(m) of the Code, including the business criteria on which performance goals may be based.

### ***Transferability***

Except as the Committee may otherwise determine or provide in an Award, Awards may be transferred only by will or by the laws of descent and distribution; provided, however, that nonstatutory stock options may be transferred pursuant to a qualified domestic relations order or to a grantor-retained annuity trust or a similar estate-planning vehicle under which the trust is bound by all provisions of the option which are applicable to the holder thereof.

### ***Adjustment***

In the event of any stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event, the following shall be equitably adjusted:

the number and class of securities available for stock-based Awards under the 2011 Plan and the per-Participant share limit;

the number and class of securities, vesting schedule and exercise price per share subject to each outstanding option;

the repurchase price per security subject to repurchase; and

the terms of each other outstanding stock-based Award shall be adjusted by SeaChange (or substituted Awards may be made) to the extent the Committee shall determine, in good faith, that such an adjustment (or substitution) is appropriate.

### ***Treatment upon Acquisition***

Unless otherwise expressly provided in the applicable Award, upon the occurrence of an acquisition of SeaChange, appropriate provision is to be made for the continuation or the assumption by the surviving or acquiring entity of all Awards. In addition to or in lieu of the foregoing, the Committee may provide that one or more Awards granted under the 2011 Plan must be exercised by a certain date or shall be terminated, that any such Awards shall be terminated in exchange for a cash payment, or that any out of the money stock-based Awards be terminated.

### ***Effect of Termination, Disability or Death***

The Committee determines the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or designated beneficiary, may exercise rights under the Award, subject to applicable law and the provisions of the Code related to incentive stock options.

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### ***Amendment of Awards***

The Committee may, without stockholder approval, amend, modify or terminate any outstanding Award, *provided that*, the Participant's consent to such action shall be required unless the Committee determines that the action, taking into account any related action, would not materially and adversely affect the Participant. In addition, other than in the case of equitable adjustments to outstanding Awards, without the prior approval of SeaChange's stockholders, (i) no option or other stock-based Award that is not a full value Award may be amended to reduce the price at which such option or Award is exercisable, (ii) no option or other stock-based Award that is not a full value Award may be canceled in exchange for an option or other stock-based Award that is not a full value Award with an exercise price that is less than the exercise price of the original option or stock-based Award that is not a full value Award, (iii) no option or other stock-based full value Award with an exercise price above the then current Fair Market Value may be canceled in exchange for cash or other securities, and (iv) no option or other stock-based Award that is not a full value Award may be amended to extend the period of time for which such previously-issued Award shall be exercisable beyond the expiration date of such Award.

### ***Termination of 2011 Plan; Amendments***

Awards may be granted under the 2011 Plan at any time prior to July 20, 2021. The Committee may amend, suspend or terminate the 2011 Plan or any portion thereof at any time, *provided, however*, that any material amendment as defined by the 2011 Plan will not be effective unless approved by SeaChange's stockholders. If any Award expires, or is terminated, surrendered or forfeited, in whole or in part, the unissued shares covered by such Award shall again be available for the grant of Awards under the 2011 Plan.

## **Federal Income Tax Consequences**

### ***Incentive Stock Options***

The following general rules are applicable under current United States federal income tax law to incentive stock options ( ISOs ) granted under SeaChange's 2011 Plan.

1. In general, no taxable income results to the optionee upon the grant of an ISO or upon the exercise of the ISO, and no corresponding federal tax deduction is allowed to SeaChange upon either the grant or exercise of an ISO.
2. If shares acquired upon exercise of an ISO are not disposed of within (i) two years following the date the option was granted or (ii) one year following the date the shares are issued to the optionee pursuant to the ISO exercise (the Holding Periods ), the difference between the amount realized on any subsequent disposition of the shares and the exercise price will generally be treated as long-term capital gain or loss to the optionee.
3. If shares acquired upon exercise of an ISO are disposed of before the Holding Periods are met (a Disqualifying Disposition ), then in most cases the lesser of (i) any excess of the fair market value of the shares at the time of exercise of the ISO over the exercise price or (ii) the actual gain on disposition will be treated as compensation to the optionee and will be taxed as ordinary income in the year of such disposition.
4. In any year that an optionee recognizes ordinary income as the result of a Disqualifying Disposition, SeaChange generally should be entitled to a corresponding deduction for federal income tax purposes.
5. Any excess of the amount realized by the optionee as the result of a Disqualifying Disposition over the sum of (i) the exercise price and (ii) the amount of ordinary income recognized under the above rules will be treated as capital

gain to the optionee.

6. Capital gain or loss recognized by an optionee upon a disposition of shares will be long-term capital gain or loss if the optionee's holding period for the shares exceeds one year.

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7. An optionee may be entitled to exercise an ISO by delivering shares of SeaChange's Common Stock to SeaChange in payment of the exercise price, if so provided by the Committee. If an optionee exercises an ISO in such fashion, special rules will apply.

8. In addition to the tax consequences described above, the exercise of an ISO may result in additional tax liability to the optionee under the alternative minimum tax rules. The Code provides that an alternative minimum tax (at a maximum rate of 28%) will be applied against a taxable base which is equal to alternative minimum taxable income reduced by a statutory exemption. In general, the amount by which the value of the Common Stock received upon exercise of the ISO exceeds the exercise price is included in the optionee's alternative minimum taxable income. A taxpayer is required to pay the higher of his or her regular tax liability or the alternative minimum tax. A taxpayer that pays alternative minimum tax attributable to the exercise of an ISO may be entitled to a tax credit against his or her regular tax liability in later years.

### ***Nonstatutory Stock Options***

The following general rules are applicable under current United States federal income tax law to options that do not qualify as ISOs ( NSOs ) granted under the 2011 Plan:

1. The optionee generally does not realize any taxable income upon the grant of a NSO, and SeaChange is not allowed a federal income tax deduction by reason of such grant.
2. The optionee generally will recognize ordinary income at the time of exercise of a NSO in an amount equal to the excess, if any, of the fair market value of the shares on the date of exercise over the exercise price.
3. When the optionee sells the shares acquired pursuant to a NSO, he or she generally will recognize a capital gain or loss in an amount equal to the difference between the amount realized upon the sale of the shares and his or her basis in the shares (generally, the exercise price plus the amount taxed to the optionee as ordinary income). If the optionee's holding period for the shares exceeds one year, such gain or loss will be a long-term capital gain or loss.
4. SeaChange generally should be entitled to a corresponding tax deduction for federal income tax purposes when the optionee recognizes ordinary income.
5. An optionee may be entitled to exercise a NSO by delivering shares of SeaChange's Common Stock to SeaChange in payment of the exercise price, if so provided by the Committee. If an optionee exercises a NSO in such fashion, special rules will apply.

### ***Restricted Stock and Restricted Stock Unit Awards***

The following general rules are applicable under current federal income tax law to Awards of restricted stock and RSUs under the 2011 Plan:

1. The recipient of RSUs will not recognize taxable income at the time of a grant of a RSU, and SeaChange will not be entitled to a tax deduction at that time. The recipient will recognize compensation taxable as ordinary income, however, at the time of the settlement of the Award, equal to the fair market value of any shares delivered and the amount of cash paid. SeaChange will generally be entitled to a corresponding deduction, except to the extent that the deduction limits of Section 162(m) apply.

2. The recipient of restricted stock will not recognize taxable income at the time of a grant of a restricted stock Award, and SeaChange will not be entitled to a tax deduction at such time, unless the Participant makes an election under Section 83(b) of the Code to be taxed at that time. If that election is made, the Participant will recognize compensation taxable as ordinary income at the time of the grant, equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for such shares. If such election is not made, the Participant will recognize compensation taxable as ordinary income at the time the restrictions lapse, in an amount equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for

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such shares. SeaChange will generally be entitled to a corresponding deduction at the time the ordinary income is recognized by the recipient, except to the extent that the deduction limits of Section 162(m) of the Code apply.

In addition, a Participant receiving dividends with respect to restricted shares for which the above-described election has not been made, and prior to the time the restrictions lapse, will recognize compensation taxable as ordinary income rather than dividend income. SeaChange will generally be entitled to a corresponding deduction, except to the extent that the deduction limits of Section 162(m) apply.

***Cash Awards.***

The following general rules are applicable under current federal income tax law to cash Awards under the 2011 Plan:

1. Participants granted a cash Award generally will recognize ordinary income at the time of payment of the cash Award equal to the amount paid.
2. SeaChange will generally be entitled to a corresponding deduction, except to the extent that the deduction limits of Section 162(m) apply.

***Other Tax Considerations.***

A Participant who receives accelerated vesting, exercise or payment of Awards contingent upon or in connection with a change of control may be deemed to have received an excess parachute payment under Section 280G of the Code. In such event, the Participant may be subject to a 20% excise tax and SeaChange may be denied a tax deduction for such payments.

It is the intention of SeaChange that Awards will comply with Section 409A of the Code regarding nonqualified deferred compensation arrangements or will satisfy the conditions of applicable exemptions. However, if an Award is subject to and fails to comply with the requirements of Section 409A, the Participant may recognize ordinary income on the amounts deferred under the Award, to the extent vested, prior to the time when the compensation is received. In addition, Section 409A imposes a 20% penalty tax, as well as interest, on the Participant with respect to such amounts.

The Patient Protection and Affordable Care Act, which was enacted on March 23, 2010, introduced a new Net Investment Income Tax. For taxable years beginning after December 31, 2012, dividends paid to and capital gains recognized by individuals with income over certain threshold amounts may be subject to an additional 3.8% tax on this Net Investment Income.

The foregoing general tax discussion is intended for the information of SeaChange's shareholders considering how to vote with respect to this proposal, and not as tax guidance to Participants in the 2011 Plan.

**The Board of Directors unanimously recommends a vote FOR the approval of the Company's Second Amended and Restated 2011 Compensation and Incentive Plan.**



Table of Contents**PROPOSAL NO. IV****RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Grant Thornton LLP currently serves as SeaChange's independent registered public accounting firm. The Board of Directors is seeking ratification of the Audit Committee's selection of Grant Thornton LLP to continue to serve as the registered public accounting firm for the fiscal year ending January 31, 2017.

**Independent Registered Public Accounting Firm for Fiscal 2017**

The Audit Committee of the Board of Directors has selected the firm of Grant Thornton LLP, independent accountants, to serve as the registered public accounting firm for the fiscal year ending January 31, 2017.

A representative of Grant Thornton LLP is expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and is expected to be available to respond to appropriate questions.

The Board of Directors has put the ratification of the selection of Grant Thornton LLP before the stockholders because the Board believes that seeking stockholder ratification of the selection of the independent registered public accounting firm is good corporate practice. If the appointment of Grant Thornton LLP is not ratified, the Audit Committee will first review the basis for the stockholder vote and SeaChange's relationship with Grant Thornton LLP and will then take such action as it deems necessary.

**The Board of Directors unanimously recommends a vote FOR ratification of the appointment of SeaChange's independent registered public accounting firm.**

**Principal Accountant Fees and Services*****Fees for Services Provided by Grant Thornton LLP***

The following table sets forth the aggregate fees for services provided by Grant Thornton LLP, SeaChange's independent registered public accounting firm for the fiscal years ended January 31, 2016 and 2015.

	2016	2015
Audit Fees	\$ 1,036,846	\$ 775,144
Audit-Related Fees		
Tax Fees		
All Other Fees		
<b>Total:</b>	<b>\$ 1,036,846</b>	<b>\$ 775,144</b>

*Audit Fees.* These are aggregate fees billed for professional services rendered by Grant Thornton LLP for the fiscal year ended January 31, 2016, and for the fiscal year ended January 31, 2015 for (a) the annual audit of SeaChange's financial statements for each such fiscal year including statutory audits of foreign subsidiaries and the accompanying attestation report regarding SeaChange's internal control over financial reporting contained in SeaChange's annual reports on Form 10-K, (b) reviews of the quarterly financial information included in SeaChange's Quarterly Reports on Form 10-Q for each such fiscal year and (c) reviews of SEC filings.

The Audit Committee of the Board of Directors has determined that the provision of the services as set out above is compatible with maintaining Grant Thornton LLP's independence.

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***Audit Committee Pre-Approval Policy***

The Audit Committee's policy is to pre-approve all audit, audit-related, tax and other non-audit services that may be provided by Grant Thornton LLP, the independent registered public accounting firm. The policy identifies the principles that must be considered by the Audit Committee in approving these services to ensure that Grant Thornton LLP's independence is not impaired; describes the audit and audit-related, tax and other services that may be provided; and sets forth pre-approval requirements for all permitted services. To date, Audit Committee pre-approval has been sought for the provision of all services by Grant Thornton LLP.

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**OTHER MATTERS**

**Expenses and Solicitation**

All costs of solicitation of proxies will be borne by SeaChange. In addition to solicitations by mail, certain of SeaChange's directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, facsimile, e-mail and personal interviews. Brokers, custodians and fiduciaries will be requested to forward the Notice and proxy soliciting material to the owners of stock held in their names, and SeaChange will reimburse them for their reasonable out-of-pocket costs.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act, requires SeaChange's directors, executive officers and holders of more than 10% of SeaChange's common stock (collectively, Reporting Persons) to file with the SEC initial reports of ownership and reports of changes in ownership of common stock of SeaChange. Such persons are required by regulations of the SEC to furnish SeaChange with copies of all such filings. Based on its review of the copies of such filings received by it with respect to the fiscal year ended January 31, 2016, and written representations from certain Reporting Persons, SeaChange believes that all Reporting Persons complied with all Section 16(a) filing requirements in the fiscal year ended January 31, 2016.

**Certain Relationships and Related Transactions**

SeaChange has adopted a written policy pursuant to the Amended and Restated Charter of the Audit Committee and the Charter of the Corporate Governance and Nominating Committee that all transactions between SeaChange and its officers, directors, principal stockholders and affiliates will be approved by a majority of the Board of Directors, including a majority of the independent and disinterested outside directors on the Board of Directors, and will be on terms no less favorable to SeaChange than could be obtained from unaffiliated third parties.

On February 2, 2015, SeaChange acquired TLL, LLC ( Timeline Labs ) pursuant to an Agreement and Plan of Merger, dated as of December 22, 2014 (the Merger Agreement ). Upon closing of the acquisition in February 2015, Mr. Wilson, a former member, officer and manager of Timeline Labs, was elected to the Board of Directors of SeaChange. Mr. Wilson had no relationship with SeaChange prior to consummation of the transaction. Also pursuant to the terms of the Merger Agreement, Mr. Wilson received at closing approximately \$1.3 million in cash and \$330,000 in shares, and received approximately an additional \$32,000 in shares six (6) months after the closing and \$756,000 in shares twelve (12) months after the closing.

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**Appendix A**

**SEACHANGE INTERNATIONAL, INC.**

**SECOND AMENDED AND RESTATED 2011 COMPENSATION AND INCENTIVE PLAN**

**1. Purpose and Eligibility.**

The purpose of this Second Amended and Restated 2011 Compensation and Incentive Plan (the Plan) of SeaChange International, Inc. is to provide equity ownership and compensation opportunities in the Company (each an Award) to employees, officers, directors, consultants and advisors of the Company and its Subsidiaries, all of whom are eligible to receive Awards under the Plan. Any person to whom an Award has been granted under the Plan is called a Participant. Additional definitions are contained in Section 12.

**2. Administration.**

a. Administration by Committee of Independent Members of the Board of Directors. The Plan will be administered by a committee (the Committee) composed solely of members of the Board of Directors of the Company that are independent, as defined pursuant to applicable rules and regulations; *provided, however*, that at any time and on any one or more occasions the Board may itself exercise any of the powers and responsibilities assigned the Committee under the Plan and when so acting shall have the benefit of all of the provisions of the Plan pertaining to the Committee's exercise of its authorities hereunder. The Committee, in its sole discretion, shall have the authority to grant and amend Awards, to adopt, amend and repeal rules relating to the Plan and to interpret and correct the provisions of the Plan and any Award. All decisions by the Committee shall be final and binding on all interested persons. Neither the Company nor any member of the Committee shall be liable for any action or determination relating to the Plan.

b. Delegation to Executive Officers. To the extent permitted by applicable law, the Committee may delegate to one or more executive officers of the Company the power to grant Awards and exercise such other powers under the Plan as the Committee may determine; *provided, however*, that the Committee shall fix the maximum number and type of Awards to be granted and the maximum number of shares issuable to any one Participant pursuant to Awards granted by such executive officer or officers. The Committee may, by a resolution adopted by the Committee, authorize one or more officers of the Company to do one or both of the following: (i) designate employees of the Company or of any of its Subsidiaries to be recipients of Awards created by the Company and (ii) determine the number, type and terms of such Awards to be received by such employees; *provided, however*, that the resolution so authorizing such officer or officers shall specify the maximum number and type of Awards such officer or officers may so award. The Committee may not authorize an officer to designate himself or herself as a recipient of any such Awards and the Committee may not authorize an officer to grant Awards to other executive officers of the Company.

**3. Stock Available for Awards.**

a. Number of Shares. Subject to adjustment under Section 3(c), the aggregate number of shares (the Authorized Shares) of the Company's common stock, \$0.01 par value per share (the Common Stock), that may be issued pursuant to the Plan shall be (i) 5,300,000 shares of Common Stock, *plus* (ii) the number of shares of Common Stock that would have become available for issuance under the Company's Amended and Restated 2005 Equity Compensation and Incentive Plan (the 2005 Plan) following the adoption of this Plan due to the expiration, termination, surrender or forfeiture of an award under the 2005 Plan. If any Award granted pursuant to this Plan expires, or is terminated, surrendered or forfeited, in whole or in part, the unissued Common Stock covered by such Award shall again be

available for the grant of Awards under the Plan. Notwithstanding the foregoing, in no event shall the following shares of Common Stock be added to the foregoing plan limit: (i) shares of Common Stock tendered in payment of an Option, whether granted pursuant to this Plan or the 2005 Plan; (ii) shares of Common Stock withheld by the Company to satisfy any tax withholding obligation, whether

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pursuant to this Plan or the 2005 Plan; or (iii) shares of Common Stock that are repurchased by the Company with proceeds of Options, whether granted pursuant to this Plan or the 2005 Plan. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

b. Per-Participant Limit. Subject to adjustment under Section 3(c) and commencing with the fiscal year ended January 31, 2013, no Participant may be granted Awards during any one fiscal year to acquire more than 1,250,000 shares of Common Stock. Notwithstanding the foregoing, commencing with the fiscal year ended January 31, 2013 and subject to Sections 10(e) and 10(j), Awards granted to a Participant shall be interpreted to limit the maximum number of shares of Common Stock issuable in one fiscal year to a Participant to 1,250,000 shares of Common Stock, with any such excess to be vested on the first day of the immediately subsequent fiscal year, subject to the foregoing limitation.

c. Adjustment to Common Stock. In the event of any stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event, (i) the number and class of securities available for Awards under the Plan and the per-Participant share limit, (ii) the number and class of securities, vesting schedule and exercise price per share subject to each outstanding Option (as defined below), (iii) the repurchase price per security subject to repurchase, and (iv) the terms of each other outstanding stock-based Award shall be adjusted by the Company (or substituted Awards may be made) to the extent the Committee shall determine, in good faith, that such an adjustment (or substitution) is appropriate. If Section 10(e)(i) applies for any event, this Section 3(c) shall not be applicable.

d. Fractional Shares. No fractional shares shall be issued under the Plan and the Participant shall receive from the Company cash in lieu of such fractional shares.

**4. Stock Options.**

a. General. The Committee may grant options to purchase Common Stock (each, an Option ) and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option and the Common Stock issued upon the exercise of each Option, including vesting provisions, Performance Goals (as defined in Section 9(b)), repurchase provisions and restrictions relating to applicable federal or state securities laws, as it considers advisable.

b. Incentive Stock Options. An Option that the Committee intends to be an incentive stock option as defined in Section 422 of the Code (an Incentive Stock Option ) shall be granted only to employees of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Committee and the Company shall have no liability if an Option or any part thereof that is intended to be an Incentive Stock Option does not qualify as such. An Option or any part thereof that does not qualify as an Incentive Stock Option is referred to herein as a Nonstatutory Stock Option. Subject to adjustment under Section 3(c), no more than 5,300,000 shares shall be available for issuance as Incentive Stock Options under the Plan.

c. Dollar Limitation. For so long as the Code shall so provide, Options granted to any employee under the Plan (and any other plans of the Company) which are intended to constitute Incentive Stock Options shall not constitute Incentive Stock Options to the extent that such Options, in the aggregate, become exercisable for the first time in any one calendar year for shares of Common Stock with an aggregate Fair Market Value (as defined below) of more than \$100,000 (determined as of the respective date or dates of grant) or such other limit as may be imposed by Section 422 of the Code or other applicable regulation. To the extent that any such Incentive Stock Options exceed the \$100,000 limitation or such other limitation, such Options shall be Nonstatutory Stock Options.

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d. **Exercise Price.** The Committee shall establish the exercise price (or determine the method by which the exercise price shall be determined) at the time each Option is granted and specify the exercise price in the applicable option agreement, *provided*, that the exercise price per share specified in the agreement relating to each Option granted under the Plan shall not be less than the Fair Market Value per share of Common Stock on the date of such grant. In the case of an Incentive Stock Option to be granted to an employee owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, the price per share specified in the agreement relating to such Incentive Stock Option shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Common Stock on the date of grant. For purposes of determining stock ownership under this subsection, the rules of Section 424(d) of the Code shall apply.

e. **Duration of Options.** Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may specify in the applicable option agreement; *provided*, that no Option shall be exercisable for a period of time greater than ten (10) years from the date of grant of such Option; *provided, further*, that Incentive Stock Options granted to an employee owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company shall be exercisable for a maximum of five (5) years from the date of grant of such option. For purposes of determining stock ownership under this subsection, the rules of Section 424(d) of the Code shall apply.

f. **Vesting of Options.** At the time of the grant of an Option, the Committee shall establish a vesting date or vesting dates with respect to the shares of Common Stock covered by such Options. The Committee may establish vesting dates based upon the passage of time and/or the satisfaction of Performance Goals or other conditions as deemed appropriate by the Committee.

g. **Exercise of Option.** Options may be exercised only by delivery to the Company at its principal office address or to such transfer agent as the Company shall designate of a written notice of exercise specifying the number of shares as to which such Option is being exercised, signed by the proper person, or by notification of the Company-designated third party commercial provider (the Third Party Commercial Provider ), in accordance with the procedures approved by the Company and to which the holder of the Option shall have ongoing access by means of accessing such person's account maintained with the Third Party Commercial Provider, together with payment in full as specified in Section 4(h) for the number of shares for which the Option is exercised.

h. **Payment Upon Exercise.** Common Stock purchased upon the exercise of an Option shall be paid for by one or any combination of the following forms of payment:

- (i) in United States dollars in cash or by check or by fund transfer from the Option holder's account maintained with the Third Party Commercial Provider;
- (ii) at the discretion of the Committee, through delivery of shares of Common Stock having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Option;
- (iii) at the discretion of the Committee and consistent with applicable law, through the delivery of an assignment to the Company of a sufficient amount of the proceeds from the sale of the Common Stock acquired upon exercise of the Option and an authorization to the Third Party Commercial Provider to pay that amount to the Company, which sale shall be at the Participant's direction at the time of exercise;

(iv) at the discretion of the Committee, by any combination of (i), (ii), or (iii) above.

If the Committee exercises its discretion to permit payment of the exercise price of an Incentive Stock Option by means of the methods set forth in clauses (ii), (iii) or (iv) of the preceding sentence, such discretion shall be exercised in writing at the time of the grant of the Incentive Stock Option in question.

i. Notice to Company of Disqualifying Disposition. By accepting an Incentive Stock Option granted under the Plan, each optionee agrees to notify the Company in writing immediately after such optionee makes a

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disqualifying disposition of any stock acquired pursuant to the exercise of Incentive Stock Options granted under the Plan. A disqualifying disposition is generally any disposition occurring on or before the later of (a) the date two years following the date the Incentive Stock Option was granted or (b) the date one year following the date the Incentive Stock Option was exercised.

j. **Dissolution or Liquidation.** In the event of the proposed dissolution or liquidation of the Company, each Option will terminate immediately prior to the consummation of such proposed action or at such other time and subject to such other conditions as shall be determined by the Committee.

k. **Issuances of Securities.** Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Options. No adjustments shall be made for dividends paid in cash or in property other than securities of the Company.

## **5. Restricted Stock.**

a. **Grants.** The Committee may grant Awards entitling recipients to acquire shares of Common Stock, subject to (i) delivery to the Company by the Participant of a check in an amount at least equal to the par value of the shares purchased, and (ii) the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant in the event that conditions specified by the Committee in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Committee for such Award (each, a **Restricted Stock Award** ).

b. **Terms and Conditions.** A Participant that is the holder of a Restricted Stock Award, whether vested or unvested, shall be entitled to enjoy all stockholder rights with respect to the shares of Common Stock underlying such Restricted Stock Award, including the right to receive dividends and vote such shares. Subject to Section 5(c) hereof, the Committee shall determine all other terms and conditions of any such Restricted Stock Award, including without limitation whether the shares of Common Stock underlying a Restricted Stock Award are represented by a stock certificate or are registered in electronic or book entry form without the issuance of a stock certificate. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Committee, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). After the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or, if the Participant has died, to the beneficiary designated by the Participant, in a manner determined by the Committee, to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the **Designated Beneficiary** ). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

c. **Vesting of Restricted Stock.** At the time of the grant of a Restricted Stock Award, the Committee shall establish a vesting date or vesting dates with respect to the shares of Common Stock covered by such Restricted Stock Award; *provided*, that all Restricted Stock Awards (other than Awards granted pursuant to Section 10(k), and subject to Sections 10(e) and 10(j)), shall have a minimum vesting period of no less than one (1) year for Restricted Stock Awards. The Committee may establish vesting dates based upon the passage of time and/or the satisfaction of Performance Goals or other conditions as deemed appropriate by the Committee.

## **6. Restricted Stock Unit.**

a. **Grants.** The Committee may grant Awards entitling recipients to acquire shares of Common Stock in the future, with the future delivery of the Common Stock subject to a risk of forfeiture or other restrictions that will lapse upon

the satisfaction of one or more specified conditions (each, a Restricted Stock Unit ).

b. Terms and Conditions. Subject to Section 6(c) hereof, the Committee shall determine the terms and conditions of any such Restricted Stock Unit. A Participant may not vote the shares represented by a Restricted

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Stock Unit and does not give the Participant a right to receive any dividends (whether paid in cash, stock or property) declared and paid by the Company with respect to shares of Common Stock subject to a Restricted Stock Unit Award.

c. **Vesting of Restricted Stock Unit.** At the time of the grant of a Restricted Stock Unit Award, the Committee shall establish a vesting date or vesting dates with respect to the shares of Common Stock covered by such Restricted Stock Unit Award. The Committee may establish vesting dates based upon the passage of time and/or the satisfaction of Performance Goals or other conditions as deemed appropriate by the Committee.

## **7. Other Stock-Based Awards.**

The Committee shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Committee may determine, including, without limitation, the grant of shares based upon certain conditions and/or Performance Goals, the grant of securities convertible into Common Stock and the grant of stock units. The Committee shall determine the terms and conditions of any such Awards.

## **8. Cash Awards.**

a. **Grants.** The Committee may grant cash awards (each, a Cash Award ), either alone, in addition to, or in tandem with other Awards granted under the Plan.

b. **Terms and Conditions.** The Committee shall determine the terms and conditions of any such Cash Award. From time to time, the Committee shall establish administrative rules and procedures governing the administration of Cash Awards; *provided*, no Participant may be granted a Cash Award hereunder that would result in a payment of more than \$2 million during any one fiscal year of the Company.

## **9. Performance-Based Awards.**

a. **General.** Subject to the terms of the Plan, the Committee shall have the authority to establish and administer performance-based grant, exercise, and/or vesting conditions and Performance Goals (as defined in Section 9(b) below) with respect to such Awards as it considers appropriate, which Performance Goals must be satisfied, as determined by the Committee, before the Participant receives or retains an Award or before the Award becomes exercisable or nonforfeitable, as the case may be. Where such Awards are granted to any person who is a covered employee within the meaning of Section 162(m) of the Code (Section 162(m) ), the Committee (which in such case shall consist solely of those Committee members that are outside directors as defined by Section 162(m)) may designate the Awards as subject to the requirements of Section 162(m), in which case the provisions of the Awards are intended to conform with all provisions of Section 162(m) to the extent necessary to allow the Company to claim a Federal income tax deduction for the Awards as qualified performance based compensation. However, the Committee retains the sole discretion to grant Awards that do not so qualify and to determine the terms and conditions of such Awards including any performance-based vesting conditions that shall apply to such Awards. Prior to the occurrence of an Acquisition, the Committee may exercise its discretion in a uniform and non-discriminatory manner for similarly-situated Participants to reduce (but not increase) any Award otherwise payable under this Plan in accordance with objective or subjective factors if necessary or appropriate to limit the amount payable under an Award to an amount consistent with the purposes of the Plan and the intended economic benefits of participation in the Plan. No Award subject to Section 162(m) shall be paid or vest, as applicable, unless and until the date that the Committee has certified, in the manner prescribed by Section 162(m), the extent to which the Performance Goals for the Performance Period (as defined in Section 9(b) below) have been attained and has made its decisions regarding the extent, if any, of a reduction of such Award. The Committee's determination will be final and conclusive.

b. Performance Goals. Performance goals (the Performance Goals ) will be based exclusively on one or more of the following business criteria determined with respect to the Company and its Subsidiaries on a group-wide basis or on the basis of Subsidiary, business platform, or operating unit results, in each case on a GAAP or

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non-GAAP basis: (i) earnings per share (on a fully diluted or other basis), (ii) pretax or after tax net income, (iii) operating income, (iv) gross or net revenue, (v) profit margin, (vi) stock price targets or stock price maintenance, (vii) working capital, (viii) free cash flow, (ix) cash flow, (x) return on equity, (xi) return on capital or return on invested capital, (xii) earnings before interest, taxes, depreciation, and amortization (EBITDA), (xiii) economic value added, (xiv) strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market penetration, geographic business expansion goals, cost targets, or objective goals relating to acquisitions or divestitures, or (xv) any combination of these measures.

Each Performance Goal may be expressed in absolute and/or relative terms or ratios and may be based on or use comparisons with internal targets, the past performance of the Company (including the performance of one or more Subsidiaries, divisions, platforms, operating units and/or other business unit) and/or the past or current performance of other companies. In the case of earnings-based measures, Performance Goals may use comparisons relating to capital (including, but not limited to, the cost of capital), cash flow, free cash flow, shareholders' equity and/or shares outstanding, or to assets or net assets.

The Committee shall determine the period for which Performance Goals are set and during which performance is to be measured to determine whether a Participant is entitled to payment of an Award under the Plan (the Performance Period). Performance Periods may be of varying and overlapping durations, but each such period shall not be less than 12 months. To the extent that an Award is intended to constitute qualified performance based compensation within the meaning of Section 162(m), the Performance Goals must be established within 90 days of the beginning of the Performance Period.

The Committee may specify in an Award that Performance Goals shall be adjusted to include or exclude the effect of special one-time or extraordinary gains or losses and other one-time or extraordinary events, including without limitation changes in accounting principles, extraordinary, unusual, or nonrecurring items (such as material litigation, judgments and settlements), currency exchange rate fluctuations, changes in corporate tax rates, and the impact of acquisitions, divestitures, and discontinued operations.

**10. General Provisions Applicable to Awards.**

a. Transferability of Awards. Except as the Committee may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant, *provided, however*, that Nonstatutory Stock Options may be transferred pursuant to a qualified domestic relations order (as defined in the Code) or to a grantor-retained annuity trust or a similar estate-planning vehicle in which the trust is bound by all provisions of the Option which are applicable to the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

b. Documentation. Each Award granted under the Plan, with the exception of Cash Awards, shall be evidenced by a written Award agreement in such form as the Committee shall from time to time approve. Award agreements shall comply with the terms and conditions of the Plan and may contain such other provisions not inconsistent with the terms and conditions of the Plan as the Committee shall deem advisable. In the case of an Incentive Stock Option, the Award agreement shall contain, or refer to, such provisions relating to exercise and other matters as are required of incentive stock options under the Code. Award agreements may be evidenced by an electronic transmission (including an e-mail or reference to a website or other URL) sent to the Participant through the Company's normal process for communicating electronically with its employees. As a condition to receiving an Award, the Committee may require the proposed Participant to affirmatively accept the Award and agree to the terms and conditions set forth in the

Award agreement by physically and/or electronically executing the Award agreement or by otherwise physically and/or electronically acknowledging such acceptance and agreement. With or without such affirmative acceptance, however, the Committee may prescribe conditions

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(including the exercise or attempted exercise of any benefit conferred by the Award) under which the proposed Participant may be deemed to have accepted the Award and agreed to the terms and conditions set forth in the Award agreement.

c. Committee Discretion. The terms of each type of Award need not be identical, and the Committee need not treat Participants uniformly.

d. Termination of Status. The Committee shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award, subject to applicable law and the provisions of the Code related to Incentive Stock Options.

e. Acquisition of the Company.

(i) Consequences of an Acquisition. If the Company is to be consolidated with or acquired by another entity in a merger, tender offer or other reorganization or transaction in which the holders of the outstanding voting stock of the Company immediately preceding the consummation of such event, shall, immediately following such event, hold, as a group, less than a majority of the voting securities of the surviving or successor entity, or in the event of a sale of all or substantially all of the Company's assets or otherwise (each, an Acquisition), the Committee or the board of directors of any entity assuming the obligations of the Company hereunder (the Successor Committee), shall, as to outstanding Awards, either (i) make appropriate provision for the continuation of such Awards by substituting on an equitable basis for the shares then subject to such Awards either (a) the consideration payable with respect to the outstanding shares of Common Stock in connection with the Acquisition, (b) shares of stock of the surviving or successor corporation or (c) such other securities as the Successor Committee deems appropriate, the Fair Market Value of which shall not exceed the Fair Market Value of the shares of Common Stock subject to such Awards immediately preceding the Acquisition and in each case subject to applicable tax withholding; (ii) upon written notice to the Participants, provide that all Awards must be exercised, to the extent then exercisable or to be exercisable as a result of the Acquisition, within a specified number of days of the date of such notice, at the end of which period the Awards shall terminate; (iii) terminate all Awards in exchange for a cash payment equal to the excess of the Fair Market Value of the shares subject to such Awards (to the extent then exercisable or to be exercisable as a result of the Acquisition) over the exercise price thereof, if any, subject to applicable tax withholding; (iv) if applicable, in the event the exercise price of an Award exceeds the Fair Market Value of the shares subject to such Award, terminate such Award without any consideration; or (v) in the case of Awards that may be settled in whole or in part in cash, provide for equitable treatment of such Awards.

(ii) Assumption of Awards Upon Certain Events. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Committee may grant Awards under the Plan in substitution for stock and stock-based awards issued by such entity or an affiliate thereof. The substitute Awards shall be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

f. Withholding. Each Participant shall pay to the Company, or make provisions satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. The Committee may allow Participants to satisfy such tax obligations in whole or in part by transferring shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value. The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

g. Amendment of Awards. The Committee may amend, modify or terminate any outstanding Award including, but not limited to, substituting therefor another Award of the same or a different type, changing the date of vesting or realization, modifying the exercise price, converting an Incentive Stock Option to a

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Nonstatutory Stock Option, and amending or modifying an Award such that it ceases to constitute qualified performance based compensation for purposes of Section 162(m); *provided that*, except as otherwise provided in Section 10(e)(i) or in the last sentence of this Section 10(g), the Participant's consent to such action shall be required unless the Committee determines in its sole discretion that the action, taking into account any related action, would not materially and adversely affect the Participant. Notwithstanding the foregoing, other than as provided for in Section 3(c), without prior approval by the Company's stockholders (a) no Option or other stock-based Award that is not a Full Value Award may be amended to reduce the price at which it is exercisable; (b) no Option or other stock-based Award that is not a Full Value Award may be canceled in exchange for an Option or other stock-based Award that is not a Full Value Award with an exercise price that is less than the exercise price of the original Option or stock-based Award that is not a Full Value Award; (c) no Option or stock-based Full Value Award with an exercise price above the then current Fair Market Value may be canceled in exchange for cash or other securities; and (d) no Option or stock-based Award that is not a Full Value Award may be amended to extend the period of time for which such previously-issued Award shall be exercisable beyond the expiration date of such Award.

h. Forfeiture. Notwithstanding any provision herein to the contrary, Awards and shares of Common Stock (and proceeds therefrom) obtained pursuant to or on exercise of such Awards hereunder are subject to forfeiture, setoff, recoupment or other recovery if the Committee determines in good faith that such action is required by applicable law or Company policy.

i. Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of the Plan and any applicable laws, rules or regulations, and (iv) the Participant has paid to the Company, or made provisions satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with the Award.

j. Acceleration. The Committee may at any time subsequent to the grant of an Award provide that any Options shall become immediately exercisable in full or in part, that Awards that may be settled in whole or in part in cash may become exercisable in full or in part, that any Restricted Stock Awards shall be free of some or all restrictions, or that any other stock-based Awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be, despite the fact that the foregoing actions may (i) cause the application of Sections 280G and 4999, (ii) disqualify all or part of the Option as an Incentive Stock Option, or (iii) cause an Award to cease to constitute qualified performance based compensation for purposes of Section 162(m). In the event of the acceleration of the exercisability of one or more outstanding Options, including pursuant to Section 10(e)(i), the Committee may provide, as a condition of full exercisability of any or all such Options, that the Common Stock or other substituted consideration, including cash, as to which exercisability has been accelerated shall be restricted and subject to forfeiture back to the Company at the option of the Company at the cost thereof upon termination of employment or other relationship, with the timing and other terms of the vesting of such restricted stock or other consideration being equivalent to the timing and other terms of the superseded exercise schedule of the related Option.

k. Exception to Minimum Vesting Periods. The Committee may grant up to ten percent (10%) of the maximum aggregate shares of Common Stock authorized for issuance hereunder in the form of Restricted Stock based on Common Stock that do not comply with the minimum vesting periods set forth in Section 5(c).

1. Compliance with Code Section 409A. It is the intention of the Company that this Plan and each Award comply with and be interpreted in accordance with Section 409A of the Code, the United States Department of Treasury regulations, and other guidance issued thereunder, including any applicable exemptions (collectively,

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Section 409A ). Each payment in any series of payments provided to a Participant pursuant to this Plan or an Award will be deemed a separate payment for purposes of Section 409A. If any amount payable under this Plan or an Award is determined by the Company to constitute nonqualified deferred compensation for purposes of Section 409A (after taking into account applicable exemptions) and such amount is payable upon a termination of employment, then such amount shall not be paid unless and until the Participant's termination of employment also constitutes a separation from service from the Company for purposes of Section 409A. In the event that the Participant is determined by the Company to be a specified employee for purposes of Section 409A at the time of his separation from service with the Company, then any nonqualified deferred compensation (after giving effect to any exemptions available under Section 409A) otherwise payable to the Participant as a result of the Participant's separation from service during the first six (6) months following his separation from service shall be delayed and paid in a lump sum upon the earlier of (x) the Participant's date of death, or (y) the first day of the seventh month following the Participant's separation from service, and the balance of the installments (if any) will be payable in accordance with their original schedule.

**11. Foreign Jurisdictions.**

To the extent that the Committee determines that the material terms set by the Committee or imposed by the Plan preclude the achievement of the material purposes of the Plan in jurisdictions outside the United States, the Committee will have the authority and discretion to modify those terms and provide for such additional terms and conditions as the Committee determines to be necessary, appropriate or desirable to accommodate differences in local law, policy or custom or to facilitate administration of the Plan. The Committee may adopt or approve sub-plans, appendices or supplements to, or amendments, restatements or alternative versions of, the Plan as it may consider necessary, appropriate or desirable, without thereby affecting the terms of the Plan as in effect for any other purpose. The special terms and any appendices, supplements, amendments, restatements or alternative versions, however, shall not include any provisions that are inconsistent with the terms of the Plan as then in effect, unless the Plan could have been amended to eliminate such inconsistency without further approval by the stockholders. The Committee shall also have the authority and discretion to delegate the foregoing powers to appropriate officers of the Company.

**12. Miscellaneous.****a. Definitions.**

(i) Company for purposes of eligibility under the Plan, shall include any present or future subsidiary corporations of SeaChange International, Inc., as defined in Section 424(f) of the Code (a Subsidiary ), and any present or future parent corporation of SeaChange International, Inc., as defined in Section 424(e) of the Code. For purposes of Awards other than Incentive Stock Options, the term Company shall also include any other business venture in which the Company has a direct or indirect significant interest, as determined by the Committee in its sole discretion.

(ii) Code means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

(iii) employee for purposes of eligibility under the Plan shall include a person to whom an offer of employment has been extended by the Company and who has actually commenced employment with the Company, whether full or part-time status; *provided, however*, that for purposes of Section 4(b) such person must be an employee of the Company as defined under Section 422 of the Code.

(iv) Fair Market Value of the Company's Common Stock on any date means (i) the last reported sale price (on that date) of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the average of the closing bid and asked prices last quoted (on that date) by an established quotation service for over-the-counter securities,

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if the Common Stock is not then traded on a national securities exchange; or (iii) if the Common Stock is not publicly traded, the fair market value of the Common Stock as determined by the Committee after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length); *provided*, that, in all events the Fair Market Value shall represent the Committee's good faith determination of the fair market value of the Common Stock. The Committee's determination shall be conclusive as to the Fair Market Value of the Common Stock.

(v) Full Value Awards means Restricted Stock, Restricted Stock Units and Awards other than (a) Options or (b) Cash Awards or (c) other stock-based Awards for which the Participant pays the intrinsic value (whether directly or by forgoing a right to receive a cash payment from the Company).

b. No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan.

c. No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder thereof.

d. Effective Date and Term of Plan. The Plan shall become effective on the date on which it is approved by the stockholders of the Company (the Effective Date ). No Awards shall be granted under the Plan after the completion of ten years from the Effective Date, but Awards previously granted may extend beyond that date.

e. Amendment of Plan. The Committee may amend this Plan at any time, provided that any material amendment to the Plan will not be effective unless approved by the Company's stockholders. For this purpose, a material amendment is any amendment that would (i) other than pursuant to Section 3(c), materially increase either the number of shares of Common Stock available under the Plan, or the maximum number of shares of Common Stock issuable in one fiscal year to a Participant; (ii) expand the class of persons eligible to receive Awards or otherwise participate in the Plan; (iii) amend Section 10(g); (iv) amend Section 10(k); (v) subject to Sections 10(e) and 10(j), amend the minimum vesting provisions of Awards contained in Sections 4(f), 5(c), 6(c) or 7 of the Plan; or (vi) require stockholder approval pursuant to the requirements of NASDAQ or any exchange on which the Company is then listed or applicable law.

f. Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of The Commonwealth of Massachusetts, exclusive of reference to rules and principles of conflicts of law.

Adopted by the Board of Directors on May 31, 2011

Approved by the stockholders on July 20, 2011

Amended by the Board of Directors on February 8, 2013

Amended by the Board of Directors on May 17, 2013

Approved by the stockholders on July 17, 2013

Amended by the Board of Directors on May 19, 2016

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