UNIVERSAL STAINLESS & ALLOY PRODUCTS INC
Form 10-K
March 03, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2010

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 000-25032

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE	**25-1724540**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
600 MAYER STREET, BRIDGEVILLE, PA 15017	**(412) 257-7600**
(Address of principal executive offices, including zip code)	**(Registrant s telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act: [None]

Securities registered pursuant to Section 12(g) of the Act:

Title of Class

Common Stock, par value $.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 30, 2010, based on the closing price of $15.99 per share on that date, was $51,432,000. For the purposes of this disclosure only, the registrant has assumed that its directors, executive officers, and beneficial owners of 5% or more of the registrant s Common Stock are the affiliates of the registrant. The registrant has made no determination that such persons are affiliates within the meaning of Rule 405 under the Securities Act of 1933.

As of February 28, 2011, there were 6,881,464 shares of the Registrant s Common Stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference portions of the Company s definitive Proxy Statement for the 2011 Annual Meeting of Stockholders.

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FINANCIAL REVIEW

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PART I

ITEM 1. BUSINESS

GENERAL

Universal Stainless & Alloy Products, Inc. and its wholly-owned subsidiaries (the Company), which was incorporated in 1994, manufactures and markets semi-finished and finished specialty steel products, including stainless steel, tool steel and certain other alloyed steels. The Company s manufacturing process involves melting, remelting, heat treating, hot and cold rolling, machining and cold drawing of semi-finished and finished specialty steels. The Company s products are sold to rerollers, forgers, service centers, original equipment manufacturers (OEMs) and wire redrawers. The Company s customers further process its products for use in a variety of industries, including the aerospace, power generation, petrochemical and heavy equipment manufacturing industries. The Company also performs conversion services on materials supplied by customers that lack certain of the Company s production facilities or that are subject to their own capacity constraints.

The Company is comprised of three operating locations and one corporate headquarters. For segment reporting, the Bridgeville and Titusville facilities have been aggregated into one reportable segment, Universal Stainless & Alloy Products. Dunkirk Specialty Steel represents the second reportable segment.

The Company s products are manufactured in a wide variety of grades, widths and gauges in response to customer specifications. At its Bridgeville facility, the Company produces specialty steel products in the form of long products (ingots, blooms, billets and bars) and flat rolled products (slabs and plates). Certain grades requiring vacuum-arc remelting (VAR) may be transported to the Titusville facility to complete that process and then be transported back to the Bridgeville facility for further processing. The semi-finished long products are primarily used by the Company s Dunkirk facility and certain customers to produce finished bar, rod and wire products, and the semi-finished flat rolled products are used by customers to produce light-gauge plate, sheet and strip products. The finished bar products manufactured by the Company are primarily used by OEMs and by service center customers for distribution to a variety of end users. The Company also produces customized shapes primarily for OEMs that are cold rolled from purchased coiled strip, flat bar or extruded bar at its Precision Rolled Products department (PRP), located at its Titusville facility.

INDUSTRY OVERVIEW

The specialty steel industry is a relatively small but distinct segment of the overall steel industry. Specialty steels include stainless steels, high-speed and tool steels, electrical steels, high-temperature alloys, magnetic alloys and electronic alloys. Specialty steels are made with a high alloy content, which enables their use in environments that demand exceptional hardness, toughness, strength and resistance to heat, corrosion or abrasion, or combinations thereof. Specialty steels generally must conform to more demanding customer specifications for consistency, straightness and surface finish than carbon steels. According to the Specialty Steel Industry of North America (SSINA), annual domestic consumption of specialty steels approximated 1.6 million tons in 2009 compared with 2.3 million tons in 2008. Of the 2009 amount, approximately 1.2 million tons of specialty steels consumed domestically represented stainless steel sheet and strip and electrical alloy products which the Company does not produce. Also, according to SSINA data through October 31, 2010, U.S. consumption of total specialty steel products in 2010 increased 32% from 2009 levels. The consumption of those products in the Company s addressable market, comprising stainless steel bar, rod and wire products, increased by 44%, 89% and 14%, respectively.

The Company primarily manufactures its products within the following product lines and, generally, in response to customer orders:

Stainless Steel. Stainless steel, which represents the largest part of the specialty steel market, contains elements such as nickel, chrome and molybdenum that give it the unique qualities of high strength, good wear characteristics, natural attractiveness, ease of maintenance and resistance to rust, corrosion and heat. Stainless steel is used, among other applications, in the automotive, aerospace and power generation industries, as well as

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in the manufacture of food handling, health and medical, chemical processing and pollution control equipment. The increased number of applications for stainless steel has resulted in the development of a greater variety of stainless steel metallurgical grades than carbon steel.

Net sales by principal product line were as follows:

For the years ended December 31, *(dollars in thousands)*	**2010**	**2009**	**2008**
Stainless steel	**$ 142,302**	$ 98,069	$ 172,222
Tool steel	**26,196**	9,413	39,046
High-strength low alloy steel	**10,310**	9,235	11,936
High-temperature alloy steel	**5,853**	5,567	7,931
Conversion service	**2,719**	1,203	1,941
Scrap sales and other	**2,043**	1,420	2,030
Total net sales	**$ 189,423**	$ 124,907	$ 235,106

Tool Steel. Tool steels contain elements of manganese, silicon, chrome and molybdenum to produce specific hardness characteristics that enable tool steels to form, cut, shape and shear other materials in the manufacturing process. Heating and cooling at precise rates in the heat-treating process bring out these hardness characteristics. Tool steels are utilized in the manufacturing of metals, plastics, paper and aluminum extrusions, pharmaceuticals, electronics and optics.

High-Temperature Alloy Steel. These steels are designed to meet critical requirements of heat resistance and structural integrity. They generally have very high nickel content relative to other types of specialty steels. High-temperature alloy steels are manufactured for use generally in the aerospace industry.

High-Strength Low Alloy Steel. High-strength low alloy steel is a relative term that refers to those steels that maintain alloying elements that range in versatility. The alloy element of nickel, chrome and molybdenum in such steels typically exceeds the alloy element of carbon steels but not that of high-temperature alloy steel. High-strength low alloy steels are manufactured for use generally in the aerospace industry.

RAW MATERIALS

The Company s Bridgeville facility depends on the delivery of key raw materials for its day-to-day operations. These key raw materials are ferrous and non-ferrous scrap metal and alloys, primarily consisting of nickel, chrome, molybdenum and copper. Scrap metal is primarily generated by industrial sources and is purchased through a number of scrap brokers and dealers. The Company also recycles scrap metal generated from its own production operations as a source of metal for the melt shop. Alloys are generally purchased from domestic agents and originate in Australia, Canada, China, Russia and South Africa. Political disruptions in countries such as these could cause supply interruptions and affect the availability and price of the raw materials purchased by the Company.

The Bridgeville facility supplies semi-finished specialty steel products as starting materials to the Company s Titusville and Dunkirk facilities. Semi-finished specialty steel starting materials, not capable of being produced by the Company at a competitive cost, are purchased from other suppliers. The Company generally purchases these starting materials from steel strip coil suppliers, extruders, flat rolled producers and service centers. The Company believes that adequate supplies of starting material will continue to be available.

The cost of raw materials represents more than 50% of the Company s total cost of products sold in 2010 and 2009. Raw material costs can be impacted by significant price changes. Raw material prices vary based on numerous factors, including quality, and are subject to frequent market fluctuations. Future raw material prices cannot be predicted with any degree of certainty. The Company does not maintain any long-term agreements with any of its raw material suppliers.

The Company has implemented a sales price surcharge mechanism on its products to help offset the impact of raw material price fluctuations. For substantially all stainless semi-finished products, the surcharge is calculated at the time of order entry, based on current raw material prices. For substantially all finished products and tool steel plate, the surcharge is calculated based on the monthly average raw material prices two months prior to the promised ship date. While the material surcharge mechanism is designed to offset modest fluctuations in raw material prices, it cannot immediately absorb significant spikes in raw material prices. A material change in raw material prices within a short period of time could have a material effect on the financial results of the Company, and there can be no assurance that the raw material surcharge mechanism will completely offset immediate changes in the Company s raw material costs.

ENERGY AGREEMENTS

The production of specialty steel requires the ready availability of substantial amounts of electricity and natural gas for which the Company negotiates competitive agreements for the supply of electricity and natural gas. While the Company believes that its energy agreements allow it to compete effectively within the specialty steel industry, the potential of curtailments exists as a result of decreased supplies during periods of increased demand for electricity and natural gas. These interruptions not only can adversely affect the operating performance of the Company, but also can lead to increased costs. The Company has a sales price surcharge mechanism on its products to help offset the impact of natural gas price fluctuations.

CUSTOMERS

The Company s customer base increased from 568 customers at December 31, 2009 to 595 customers at December 31, 2010. The Company s five largest customers in the aggregate accounted for approximately 45% and 38% of sales for the years ended December 31, 2010 and 2009, respectively. For the year ended December 31, 2010, sales to Carpenter Technology Corporation (CRS) accounted for 14% of the Company s sales and 17% of accounts receivable. No other customer accounted for more than 10% of the Company s sales for the year ended December 31, 2010. Sales outside of the United States approximated 5% of 2010, 10% of 2009 and 4% of 2008 sales, respectively.

BACKLOG

The Company s backlog of orders on hand, considered to be firm, as of December 31, 2010 was approximately $69 million as compared to approximately $36 million at the same time in 2009. The 93% increase in the backlog is primarily due to increased demand primarily caused by improving economic and credit conditions which started to impact order entry levels during the first quarter of 2010. The December 31, 2010 backlog has no promise dates beyond the year 2011. The Company s backlog may not be indicative of actual sales because certain surcharges are not determinable until the order is shipped to the customer and therefore should not be used as a direct measure of future revenue.

COMPETITION

Competition in the Company s markets is based upon product quality, delivery capability, customer service and price. Maintaining high standards of product quality, while responding quickly to customer needs and keeping production costs at competitive levels, is essential to the Company s ability to compete in its markets.

Annual domestic U.S. consumption of specialty steel products of the type manufactured by the Company approximated 400,000 tons in 2009 compared with 600,000 tons in 2008. The Company chooses to restrict its participation in this market by limiting the volume of commodity stainless steel products it markets because of the highly competitive nature of the commodity business.

The Company believes that twelve companies that manufacture one or more similar specialty steel products are significant competitors. There are many smaller producing companies and material converters that are also considered to be competitors of the Company.

High import penetration of specialty steel products, especially stainless and tool steels, also impacts the competitive nature within the United States. Unfair pricing practices by foreign producers have resulted in high import penetration into the U.S. markets in which the Company participates. According to SSINA, import penetration for the years ended December 31, 2009 and 2008 was 51% and 53%, respectively, for stainless bar, and 39% and 49%, respectively, for stainless rod. Import penetration during the first ten months of 2010 for stainless bar and rod was 49% and 36%, respectively, according to SSINA.

The Continued Dumping and Subsidy Offset Act of 2000 (the CDSOA) provides for payment of import duties collected by the U.S. Treasury to domestic companies injured by unfair foreign trade practices. The assets purchased for the operations of Dunkirk Specialty Steel were previously owned and operated by AL Tech Specialty Steel, Inc. and Empire Specialty Steel, Inc. During their ownership, both organizations participated in several anti-dumping lawsuits with other domestic specialty steel producers. The Company has joined other domestic producers in the filing of trade actions against foreign producers.

In December 2010, the Company received an import duty net payment of $32,000, and, in December 2009, the Company received a net payment of $551,000. Benefits awarded from the CDSOA expired on September 30, 2007. Future benefits are dependent on the amount of undistributed import duties collected as of September 30, 2007 and the relationship of Dunkirk Specialty Steel s claim in relation to claims filed by other domestic specialty steel producers. The Company expects minimal distributions in the future.

EMPLOYEE RELATIONS

The Company considers the maintenance of good relations with its employees to be important to the successful conduct of its business. The Company has profit-sharing plans for certain salaried employees and for all of its employees represented by United Steelworkers (the USW) and has equity ownership programs for all of its eligible employees, in an effort to forge an alliance between its employees interests and those of the Company s stockholders. At December 31, 2010, the Company had 298 employees at its Bridgeville facility, 38 employees at its Titusville facility and 182 employees at its Dunkirk facility, of which 237, 32 and 158 were USW members, respectively.

Collective Bargaining Agreements

The Company recognizes the USW as the exclusive representative for the Company s hourly employees with respect to the terms and conditions of their employment. The Company has entered into the following collective bargaining agreements:

Facility	**Commencement Date**	**Expiration Date**
Dunkirk	November 2007	October 2012
Bridgeville	September 2008	August 2013
Titusville	October 2010	September 2015

The Company believes a critical component of its collective bargaining agreements is the inclusion of a profit sharing plan. Under the plan, the hourly employees are entitled to receive 8.5% of their respective facilities annual pretax profits in excess of $1.0 million at Bridgeville and Dunkirk, and in excess of $500,000 at Titusville.

Employee Benefit Plans

The Company also maintains a 401(k) retirement plan for its hourly and salaried employees. Pursuant to the 401(k) plan, participants may elect to make pre-tax and after-tax contributions, subject to certain limitations imposed under the Internal Revenue Code of 1986, as amended. In addition, the Company makes periodic contributions to the 401(k) plan for the hourly employees employed at the Dunkirk and Titusville facilities, based on service. The Company makes periodic contributions for the salaried employees, the amount of the contribution is dependent upon their individual contribution to the 401(k) retirement plan.

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The Company also participates in the Steelworkers Pension Trust (the Trust), a multi-employer defined-benefit pension plan that is open to all hourly and salaried employees associated with the Bridgeville facility. The Company makes periodic contributions to the Trust based on hours worked at a fixed rate for each hourly employee and a fixed monthly contribution on behalf of each salaried employee.

The Company also provides group life and health insurance plans for its hourly and salaried employees.

Employee Stock Purchase Plan

Under the 1996 Employee Stock Purchase Plan, as amended (the Plan), the Company is authorized to issue up to 150,000 shares of Common Stock to its full-time employees, nearly all of whom are eligible to participate. Under the terms of the Plan, employees can choose as of January 1 and July 1 of each year to have up to 10% of their total earnings withheld to purchase up to 100 shares of the Company s Common Stock each six-month period. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market prices. At December 31, 2010, the Company had issued 122,933 shares of Common Stock since the plan s inception.

ENVIRONMENTAL

The Company is subject to federal, state and local environmental laws and regulations (collectively, Environmental Laws), including those governing discharges of pollutants into the air and water, and the generation, handling and disposal of hazardous and non-hazardous substances. The Company monitors its compliance with Environmental Laws applicable to it and, accordingly, believes that it is currently in compliance with all laws and regulations in all material respects. The Company is subject periodically to environmental compliance reviews by various regulatory offices. The Company may be liable for the remediation of contamination associated with generation, handling and disposal activities. Environmental costs could be incurred, which may be significant, related to environmental compliance, at any time or from time to time in the future.

EXECUTIVE OFFICERS

The following table sets forth, as of February 28, 2011, certain information with respect to the executive officers of the Company:

NAME (AGE)	EXECUTIVE OFFICER SINCE	POSITION
Dennis M. Oates (58)	2008	Chairman, President and Chief Executive Officer
William W. Beible, Jr. (59)	2009	Senior Vice President of Operations
Paul McGrath (59)	1996	Vice President of Administration, General Counsel and Secretary
Douglas McSorley (45)	2010	Vice President of Finance, Chief Financial Officer and Treasurer
Christopher M. Zimmer (37)	2010	Vice President of Sales and Marketing

Dennis M. Oates has been President and Chief Executive Officer of the Company since January 2008. Mr. Oates was named to the Company s Board of Directors in October 2007. Mr. Oates previously served as Senior Vice

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President of the Specialty Alloys Operations of Carpenter Technology Corporation from 2003 to July 2007. Mr. Oates also served as President and Chief Executive Officer of TW Metals, Inc. from 1998 to 2003. In May 2010, the Board of Directors elected Mr. Oates to the additional position of Chairman.

William W. Beible, Jr. has been Senior Vice President of Operations of the Company since February 2009. Mr. Beible was employed by Carpenter Technology Corporation from 2006 to 2008 and served in several positions, including Vice President of Manufacturing Specialty Alloys Operations. Mr. Beible also served as Vice President of Business Improvement and of Information Technology at P.H. Glatfelter Company, a global supplier of specialty papers and engineered products, from 2003 to 2005.

Paul A. McGrath has been Vice President of Administration of the Company since January 2007, General Counsel since 1995 and was appointed Secretary in 1996. Mr. McGrath served as Vice President of Operations from 2001 to December 2006. Previously, he was employed by Westinghouse Electric Corporation for approximately 24 years in various management positions.

Douglas McSorley has been Vice President of Finance, Chief Financial Officer and Treasurer since July 2010. Mr. McSorley was previously employed as Chief Financial Officer of PSC Metals, Inc., an Icahn Enterprises L.P. scrap metal recycling company operating in the United States and Canada from 1999 to 2009. He joined a predecessor company to PSC as Controller in 1994, after serving five years with Deloitte & Touche LLP in Ontario, Canada, where he worked as a Chartered Accountant with a broad spectrum of industrial clients.

Christopher M. Zimmer has been Vice President of Sales and Marketing since April 2008. Mr. Zimmer previously served as Vice President of Sales and Marketing for Schmoltz+Bickenbach USA from 1995 to 2008. He held positions of increasing responsibility including inside sales, commercial manager stainless bar, general manager nickel alloy products, and National Sales Manager.

PATENTS AND TRADEMARKS

The Company does not consider its business to be materially dependent on patent or trademark protection, and believes it owns or maintains effective licenses covering all the intellectual property used in its business. The Company seeks to protect its proprietary information by use of confidentiality and non-competition agreements with certain employees.

AVAILABLE INFORMATION

Copies of the Company s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, as well as proxy and information statements that we file with the Securities and Exchange Commission (the SEC), are available free of charge on the Company s website at *www.univstainless.com* as soon as reasonably practicable after such reports are filed with the SEC. The contents of our website are not part of this Form 10-K. You also may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at *www.sec.gov* that contains reports, proxy and information statements and other information regarding issuers, like the Company, that file electronically with the SEC.

ITEM 1A. RISK FACTORS

The Company s business and results of operations are subject to a wide range of substantial business and economic factors including, but not limited to, the factors discussed below, many of which are not within the Company s control. Other factors of which the Company is unaware or which the Company does not consider to be material at this time also may impact the Company s business and results of operations. See the information

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under the heading   Forward-Looking Information Safe Harbor   in Item 7, Management   s Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

SIGNIFICANT CUSTOMERS AND CONCENTRATED CUSTOMER BASE

Net sales to the Company   s largest 2010 customer accounted for 14% of 2010 sales. The accounts receivable balance from this largest customer comprised approximately 17% of total accounts receivable at December 31, 2010. An adverse change in, or termination of, the Company   s relationship with one or more of its major customers or one or more of its market segments could have a material adverse effect upon the Company. See the information under the heading   Customers   in Item 1, Business, of this Annual Report on Form 10-K.

COMPETITION

The Company competes with domestic and foreign sources of specialty steel products. In addition, many of the finished products sold by the Company   s customers are in direct competition with finished products manufactured by foreign sources, which may affect the demand for those customers   products. Any competitive factors that adversely affect the market for finished products manufactured by the Company or its customers could indirectly adversely affect the demand for the Company   s semi-finished products. Additionally, the Company   s products compete with products fashioned from alternative materials such as aluminum, composites and plastics, the production of which includes domestic and foreign enterprises. Competition in the Company   s field is intense and is expected to continue to be so in the foreseeable future. There can be no assurance that the Company will be able to compete successfully in the future. See the information under the heading   Competition   in Item 1, Business, of this Annual Report on Form 10-K.

AEROSPACE MARKET

Approximately 35% of the Company   s sales and 27% of tons shipped represent products sold to customers in the aerospace market in 2010. The aerospace market is historically cyclical due to both external and internal market factors. These factors include general economic conditions, diminished credit availability, airline profitability, demand for air travel, age of fleets, varying fuel and labor costs, price competition, and international and domestic political conditions such as military conflict and the threat of terrorism. The length and degree of cyclical fluctuation can be influenced by any one or a combination of these factors and therefore are difficult to predict with certainty. A downturn in the aerospace industry would adversely affect the demand for products and/or the prices at which the Company is able to sell its products, and its results of operations, business and financial condition could be materially adversely affected.

SUPPLY OF RAW MATERIALS AND COST OF RAW MATERIALS

The Company purchases scrap metal and alloy additives, principally nickel, chrome and molybdenum, for its melting operation. A substantial portion of the alloy additives is available only from foreign sources, some of which are located in countries that may be subject to unstable political and economic conditions. Those conditions might disrupt supplies or affect the prices of the raw materials used by the Company. The Company maintains sales price surcharges to help offset the impact of raw material price fluctuations.

The Company does not maintain long-term supply agreements with any of its raw material suppliers. If its supply of raw materials were interrupted, the Company might not be able to obtain sufficient quantities of raw materials, or obtain sufficient quantities of such materials at satisfactory prices, which, in either case, could adversely affect the Company   s results of operations. In addition, significant volatility in the price of the Company   s principal raw materials could adversely affect the Company   s financial results and there can be no assurance that the raw material surcharge mechanism employed by the Company will completely offset immediate changes in the Company   s raw material costs. See the information under the headings   Raw Materials   in Item 1, Business, and   Liquidity and Capital Resources   and   Future Outlook   in Item 7, Management   s Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

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GLOBAL ECONOMIC AND MARKET FACTORS

Our results of operations are affected directly by the level of business activity of our customers, which in turn is affected by global economic and market factors impacting the industries and markets that they serve. We are susceptible to macroeconomic downturns in the United States and abroad that may affect the general economic climate, our performance and the demand of our customers. The continuing turmoil in the global financial system has had and may continue to have, an impact on our business and our financial condition. In addition to the impact that the global financial crisis has already had, we may face significant challenges if conditions in the financial markets deteriorate. There can be no assurance that global economic and market conditions will not adversely impact our results of operations, cash flow or financial position in the future.

RELIANCE ON ENERGY AGREEMENTS

The manufacturing of specialty steels is an energy-intensive industry. While the Company believes that its energy agreements allow it to compete effectively within the specialty steel industry, the Company is subjected to curtailments as a result of decreased supplies and increased demand for electricity and natural gas. These interruptions not only can adversely affect the operating performance of the Company, but also can lead to increased costs for energy. See the information under the heading Energy Agreements in Item 1, Business, of this Annual Report on Form 10-K.

KEY PERSONNEL

The Company depends on the continued service, availability and ability to attract skilled personnel, including members of our executive management team, management, metallurgists, maintenance and production positions. The inability of the Company and industry to attract and retain such people may adversely impact our ability to fill existing roles and support growth. Further, the loss of key personnel could adversely affect our ability to perform until suitable replacements are found.

LABOR MATTERS

The Company has 427 employees out of a total of 518 who are covered under collective bargaining agreements. There can be no assurance that the Company will be successful in timely concluding collective bargaining agreements with the USW to succeed the agreements that expire.

RELIANCE ON CRITICAL MANUFACTURING EQUIPMENT

The Company s manufacturing processes are dependent upon certain critical pieces of specialty steel making equipment, such as the Company s 50-ton electric-arc furnace and AOD (Argon Oxygen Decarburization) vessel, its ESR (Electro Slag Remelt) and VAR furnaces, and its universal rolling mill. In the event a critical piece of equipment should become inoperative as a result of unexpected equipment failure, there can be no assurance that the Company s operations would not be substantially curtailed, which may have a negative effect on the Company s financial results. See Item 2, Properties.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company owns its Bridgeville facility, which consists of approximately 760,000 square feet of floor space and the Company s executive offices on approximately 74 acres. The Bridgeville facility contains melting, remelting, conditioning, rolling, annealing and various other processing equipment. Substantially all products shipped from the Bridgeville facility are processed through its melt shop and universal rolling mill operations.

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The Company owns its Titusville facility, which consists of seven buildings on approximately 10 acres, including two principal buildings of approximately 265,000 square feet in total area. The Titusville facility contains five VAR furnaces and various rolling and finishing equipment.

The Company owns its Dunkirk facility, which consists of approximately 680,000 square feet of floor space on approximately 81 acres. The Dunkirk facility processes semi-finished billet and bar stock through one or more of its four rolling mills, a high temperature annealing facility and/or a round bar facility. The products are then finished and shipped as finished bar, rod and wire products.

Specialty steel production is a capital-intensive industry. The Company believes that its facilities and equipment are suitable for its present needs. The Company believes, however, that it will continue to require capital from time to time to add new equipment and to repair or replace existing equipment to remain competitive and to enable it to manufacture quality products and provide delivery and other support service assurances to its customers. See *Capital Expenditures and Investments,* page 18.

ITEM 3. LEGAL PROCEEDINGS

From time to time, various lawsuits and claims have been or may be asserted against the Company relating to the conduct of its business, including routine litigation relating to commercial and employment matters. The ultimate cost and outcome of any litigation or claim cannot be predicted with certainty. Management believes, based on information presently available, that the likelihood that the ultimate outcome of any such pending matter will have a material adverse effect on its financial condition, or liquidity or a material impact to our results of operations is remote, although the resolution of one or more of these matters may have a material adverse effect on its results of operations for the period in which the resolution occurs.

ITEM 4. [Removed and Reserved]

PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

At December 31, 2010, a total of 7,094,314 shares of the Company s Common Stock, par value $.001 per share, were issued and held by approximately 154 holders of record. There were 282,850 shares of the issued Common Stock of the Company held in treasury at December 31, 2010.

Certain holders of Common Stock and the Company are party to a stockholder agreement. That agreement maintains in effect certain registration rights granted to non-management stockholders and provides to them two demand registration rights exercisable at any time upon written request for the registration of shares of Common Stock having an aggregate net offering price of at least $5.0 million.

PRICE RANGE OF COMMON STOCK

The Common Stock is listed on the NASDAQ Global Select Market under the symbol USAP. The following table sets forth the range of high and low sale prices per share of Common Stock, for the periods indicated below:

	2010		**2009**	
	High	**Low**	**High**	**Low**
First quarter	**$ 24.09**	**$ 17.07**	$ 16.32	$ 7.98
Second quarter	**$ 25.37**	**$ 15.83**	$ 16.86	$ 9.48
Third quarter	**$ 25.06**	**$ 15.68**	$ 21.23	$ 14.68
Fourth quarter	**$ 33.50**	**$ 23.80**	$ 19.41	$ 14.48

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EQUITY COMPENSATION PLAN INFORMATION

Securities authorized for issuance under equity compensation plans at December 31, 2010 are as follows:

Plan Category	Number of shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans [A]
Equity compensation plans approved by security holders	605,600	$ 22.02	481,385
Equity compensation plans not approved by security holders			
Total	605,600	$ 22.02	481,385

[A] Includes 454,318 shares of Common Stock on stock options not issued under the Stock Incentive Plan and 27,067 available under the 1996 Employee Stock Purchase Plan, as amended.

PERFORMANCE GRAPH

The performance graph below compares the cumulative total shareholder return on the Company s stock with the cumulative total return on the equity securities of NASDAQ Composite Index and a peer group selected by the Company. The peer group consists of domestic specialty steel producers: Allegheny Technologies, Inc.; Brush Engineered Materials Inc.; Carpenter Technology Corp.; Haynes International Inc.; and RTI International Metals, Inc. The graph assumes an investment of $100 on December 31, 2005 reinvestment of dividends, if any, on the date of dividend payment and the peer group is weighted by each company s market capitalization. The performance graph represents past performance and should not be considered to be an indication of future performance.

Comparison of 5-Year Cumulative Total Shareholder Return among Universal Stainless & Alloy Products, Inc., the NASDAQ Composite Index and a Peer Group

Fiscal Year Ending December 31,

2005	2006	2007	2008
100.00	$ 223.20	$ 237.13	$ 96.60
100.00	215.83	228.07	66.24
100.00	110.25		

y of the voting power of the shares present and entitled to vote on the election of directors at the Annual Meeting at which a quorum is present.

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINEES NAMED ABOVE AS DIRECTORS, AND PROXIES SOLICITED BY THE BOARD WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.

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MANAGEMENT AND CORPORATE GOVERNANCE
Executive Officers

The names of our executive officers and their ages, positions, and biographies are set forth below. Frank Jaksch’s and Robert Fried's backgrounds are discussed under the section Nominees for Election to Board of Directors.

Name	Age	Position
Frank Jaksch, Jr. (1)	50	Executive Chairman of the Board
Robert Fried (2)	59	Chief Executive Officer and Director
Kevin Farr	61	Chief Financial Officer
Mark Friedman (3)	61	General Counsel and Corporate Secretary
Lisa Bratkovich (4)	52	Chief Marketing Officer
Matthew Roberts (5)	50	Chief Scientific Officer and Senior Vice President of Innovation
Troy Rhonemus (6)	46	Executive Vice President

(1)
Mr. Jaksch transitioned from Chief Executive Officer to Executive Chairman of the Board effective as of June 22, 2018.
(2)
Mr. Fried transitioned from President and Chief Operating Officer to Chief Executive Officer effective as of June 22, 2018.
(3)
Mr. Friedman began serving on January 22, 2018.
(4)
Ms. Bratkovich began serving on June 4, 2018.
(5)
Mr. Roberts began serving on November 8, 2018.
(6)
Mr. Rhonemus resigned effective as of November 20, 2018.

The persons listed below are our executive officers as of the date hereof:

Name	Age	Position
Frank Jaksch, Jr.	50	Executive Chairman of the Board
Robert Fried	59	Chief Executive Officer and Director
Kevin Farr	61	Chief Financial Officer
Mark Friedman	61	General Counsel and Corporate Secretary
Lisa Bratkovich	52	Chief Marketing Officer
Matthew Roberts	50	Chief Scientific Officer and Senior Vice President of Innovation

Kevin Farr, 61, has served as Chief Financial Officer since October 2017. Mr. Farr previously served as the Chief Financial Officer of Mattel, Inc. (NASDAQ:MAT) from February 2000 through September 2017, and prior to that served in multiple leadership roles at Mattel since 1991. Before joining Mattel, Mr. Farr spent 10 years at PricewaterhouseCoopers. Mr. Farr serves on the Corporate Advisory Board of the Marshall School of Business at the University of Southern California, and as a board member of Polaris Industries Inc. Mr. Farr received his Master of Business Administration from Northwestern University J. L. Kellogg Graduate School of Business, and his B.S. in Accounting from Michigan State University.

Mark Friedman, 61, has served as the Company's General Counsel and Corporate Secretary since January 2018. From 2013 to January 2018, Mr. Friedman held various positions at Herbalife Ltd. (NYSE:HLF) including Executive Vice President, General Counsel and Counsel to the Executive Chairman. Mr. Friedman served as General Counsel and Senior Vice President of Business Development at Pinkberry from 2008 to 2013, Senior Vice President and General Counsel at American Golf Corporation from 2003 to 2008 and Senior Counsel and Associate Corporate Secretary for BP (NYSE:BP) and Atlantic Richfield Company from 1994 to 2003. Mr. Friedman received his Juris Doctor degree from the University of Southern California and his Bachelor of Arts degree from the University of California, Davis.

Lisa Bratkovich, 52, has served as the Company's Chief Marketing Officer since June 2018. Ms. Bratkovich joined ChromaDex from Direct Upside Group, a direct-to-consumer marketing and customer experience transformation consulting firm, where she served as CEO and Principal since April 2016. Prior to starting her own firm, Ms. Bratkovich spent 13 years at Guthy|Renker, where she served as Senior Vice President of Marketing. Ms. Bratkovich is a board member of Girls in Tech, Los Angeles, which empowers women with education, resources and tools to help advance their careers in technology. She is also a board member of Organization of Women Executives, a Southern California peer network of high-achieving, executive-level women. Ms. Bratkovich earned her B.A. in Design from the University of California – Los Angeles.

Matthew Roberts, 50, has served as the Company's Chief Scientific Officer and Senior Vice President of Innovation since November 2018. From May 2017 to May 2018, Dr. Roberts served as Chief Technology and Quality Officer at Pharmavite, LLC, a consumer packaged goods manufacturer of vitamins, minerals and supplements under Nature Made® brand. Dr. Roberts also served as Chief Scientific Officer from May 2015 to August 2016 at NBTY, Inc., a manufacturer of vitamins and nutritional supplements. From 2010 to 2015, Dr. Roberts held leadership roles at Abbott Nutrition as Vice President of Global Product Research and Development and Vice President of Strategic Research. From 1994 to 2009, Dr. Roberts held various positions at Nestle S.A, Nestle USA and Nestle Purina Pet Care, including Assistant Vice President of Confectionary Strategic Business Unit. Dr. Roberts received his Ph.D. in Environmental and Comparative Toxicology from Cornell University, his Master of Business Administration from the Olin School of Business at Washington University and his B.S. in Plant Molecular Biology and Physiology from Purdue University.

Code of Business Conduct and Ethics

The Board has established a corporate Code of Business Conduct and Ethics that applies to all officers, directors and employees and which is intended to qualify as a "code of ethics" as defined by Item 406 of Regulation S-K of the Exchange Act. The Code of Business Conduct and Ethics is available on the Company's website at www.chromadex.com. If the Company makes any substantive amendments to the Code of Business Conduct and Ethics or grants any waiver from a provision of the Code to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver on its website.

Public Availability of Corporate Governance Documents

Our key corporate governance documents, including our Code of Conduct and the charters of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are:

available on our corporate website at www.chromadex.com; and

available in print to any stockholder who requests them from our corporate secretary.

Director Attendance

The Board held 5 meetings during 2018. Each director attended at least 75% of Board meetings and meetings of the committees on which he or she served.

Board Qualification and Selection Process

The Nominating and Corporate Governance Committee does not have a specific written policy or process regarding the nominations of directors, nor does it maintain minimum standards for director nominees or consider diversity in identifying nominees for director. However, the Nominating and Corporate Governance Committee does consider the knowledge, experience, integrity and judgment of potential candidates for nominations to the Board. The Nominating and Corporate Governance Committee will consider persons recommended by stockholders for nomination for election as directors. The Nominating and Corporate Governance Committee will consider and evaluate a director candidate recommended by a stockholder in the same manner as a committee-recommended nominee. Stockholders wishing to recommend director candidates must follow the prior notice requirements as described herein.

Board Leadership Structure and Risk Oversight

The leadership of the Board of Directors is currently structured so that it is led by an Executive Chairman, Frank Jaksch, who has authority, among other things, to call and preside over meetings of the Board of Directors, to set meeting agendas and to determine materials to be distributed to the Board of Directors. As Executive Chairman, Mr. Jaksch will serve as Chairman of the Board and will continue to serve as an employee and executive officer of the Company. Kurt Gustafson serves as lead independent director.

The Board of Directors has determined that the leadership structure, in which there is an Executive Chairman and an independent director acting as lead independent director, ensures that the appropriate level of oversight, independence, and responsibility is applied to all Board decisions, including risk oversight, and is in the best interests of the Company and those of the Company’s stockholders. The lead independent director serves as the liaison between the Executive Chairman and the independent directors and his responsibilities, among other things, include facilitating communication with the Board and presiding over regularly conducted executive sessions of the independent directors and establishing the agenda for meetings of the independent directors. The Board of Directors believes that its strong corporate governance policies and practices, including the substantial percentage of independent directors on the Board of Directors, and the robust duties that will be delegated to the lead independent director, empower the Board of Directors to effectively oversee the Company’s Chief Executive Officer and Executive Chairman and provide an effective and appropriately balanced Board of Directors governance structure.

The entire Board of Directors, as well as through its various committees, is responsible for oversight of our Company's risk management process. Management furnishes information regarding risk to the Board of Directors as requested. The Audit Committee discusses risk management with the Company's management and independent public accountants as set forth in the Audit Committee's charter. The Compensation Committee reviews the compensation programs of the Company to make sure economic incentives are tied to the long-term interests of the stockholders. The Company believes that innovation and the building of long-term stockholder value are impossible without taking risks. We recognize that imprudent acceptance of risk and the failure to identify risks could be a detriment to stockholder value. The executive officers of the Company are responsible for assessing these risks on a day-to-day basis and for how to best identify, manage and mitigate significant risks that the Company may face.

Board Committees

The Board has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Other committees may be established by the Board from time to time. The following table provides membership and meeting information for the fiscal year ended December 31, 2018 for each of our Board committees:

Name	Audit	Compensation	Nominating and Corporate Governance
Stephen Allen (1)		X	X
Jeff Baxter	X		X
Stephen Block	X	X(5)	
Kurt Gustafson	X(5)	X	
Tony Lau (2)		X	
Steven Rubin (3)			X(5)
Wendy Yu (4)			X
Total meetings in fiscal year ended December 31, 2018	6	4	3

(1)
Mr. Allen did not stand for re-election at the 2018 Annual Meeting of Stockholders and served as a member of the Compensation Committee and Nominating and Corporate Governance Committee until March 13, 2018.
(2)
On March 13, 2018, Mr. Lau was appointed as a member of the Compensation Committee.
(3)
On March 16, 2018, Mr. Rubin was appointed as Chairperson of the Nominating and Corporate Governance Committee.
(4)
On March 13, 2018, Ms. Yu was appointed as a member of the Nominating and Corporate Governance Committee.
(5)
Committee Chairperson.

The following is a description of each of the committees and their composition:

Audit Committee

The Audit Committee of the Board of Directors was established by the Board of Directors in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to oversee the Company's corporate accounting and financial reporting processes and audits of its financial statements. For this purpose, the Audit Committee performs several functions, including, among other things:

evaluates the performance of and assesses the qualifications of the independent auditors;

determines and approves the engagement of the independent auditors;

determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors;

reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services;

monitors the rotation of partners of the independent auditors on the Company's audit engagement team as required by law;

reviews and approves or rejects transactions between the company and any related persons;

confers with management and the independent auditors regarding the effectiveness of internal control over financial reporting;

establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and

meets to review the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including a review of the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Audit Committee currently consists of three directors: Kurt Gustafson (chairman), Stephen Block and Jeff Baxter. The Audit Committee met six times during the last fiscal year. The Board of Directors has adopted a written Audit Committee charter that is available to stockholders on the Company's website at www.chromadex.com. The information on our website is not incorporated by reference into this Proxy Statement or our Annual Report for fiscal year 2018.

The Board of Directors reviews the NASDAQ listing standards definition of independence for Audit Committee members on an annual basis and has determined that all members of the Audit Committee are independent (as independence is currently defined in Rule 5605(c)(2)(A) of the NASDAQ listing standards and Rule 10A-3 of the Exchange Act).

The Board of Directors has also determined that Mr. Gustafson also qualifies as an "audit committee financial expert," as defined in applicable SEC rules. The Board made a qualitative assessment of Mr. Gustafson's level of knowledge and experience based on a number of factors, including his formal education and experience as a chief financial officer for public reporting companies.

Report of the Audit Committee of the Board of Directors

This report of the audit committee is required by the SEC and, in accordance with the SEC's rules, will not be deemed to be part of or incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act, or under the Exchange Act, except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed "soliciting material" or "filed" under either the Securities Act or the Exchange Act.

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2018 with management of the Company. The Audit Committee has discussed with the Company's independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants' communications with the audit committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm's independence. Based on the foregoing, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Submitted by:

The Audit Committee of
The Board of Directors

Kurt Gustafson (Chairman)
Stephen Block
Jeff Baxter

Compensation Committee

Our Compensation Committee currently consists of three directors: Stephen Block (chairman), Kurt Gustafson and Tony Lau. Stephen Allen served on the Compensation Committee until March 13, 2018. All members of the Compensation Committee are independent (as independence is currently defined in Rule 5605(d)(2) of the NASDAQ listing standards. The Compensation Committee met four times during fiscal year 2018. The Board has adopted a written Compensation Committee charter that is available to stockholders on the Company's website at www.chromadex.com. The information on our website is not incorporated by reference into this Proxy Statement or our Annual Report for fiscal year 2018.

The Compensation Committee acts on behalf of the Board to review, modify (as needed) and approve the Company's compensation strategy, policies, plans and programs. For this purpose, the Compensation Committee performs several functions, including, among other things:

establishment of corporate and individual performance objectives relevant to the compensation of the Company's executive officers and evaluation of performance in light of these stated objectives;

review and approval (or recommend to the Board of Directors for approval) of the compensation and other terms of employment or service, including severance and change-in-control arrangements, of the Company's Chief Executive Officer, other executive officers and non-employee directors; and

administration of the Company's equity compensation plans, pension and profit-sharing plans, deferred compensation plans and other similar plan and programs.

If applicable, the Compensation Committee will review with management the Company's Compensation Discussion and Analysis and will consider whether to recommend that it be included in proxy statements and other filings.

The Compensation Committee has the sole authority to retain, in its sole discretion, compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms. In March 2018, the Compensation Committee retained a consulting firm, Exequity LLP ("Exequity") directly, although in carrying out assignments, the consulting firm may interact with Company management when necessary and appropriate. Exequity is a nationally recognized provider of executive compensation advisory services and was deemed independent pursuant to SEC rules.

The Compensation Committee generally does not have a specific target amount of compensation for individual executive officers relative to a peer group of companies, but it considers peer data for purposes of assessing the competitiveness of the executive compensation program. An individual executive officer may earn more or less than the market median depending on factors described below, including the individual's experience and background, role, and past and future performance.

The Company paid cash bonuses to its executive officers in 2019 for 2018 performance based upon achievements of certain goals. For additional information regarding the performance bonus amounts, see "Executive Compensation."

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee currently consists of three directors: Steven Rubin (chairman), Jeff Baxter and Wendy Yu. Stephen Allen served on the Nominating and Corporate Governance Committee until March 13, 2018. All members of the Nominating and Corporate Governance Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). The Nominating and Corporate Governance Committee met three times during the last fiscal year. The Board has adopted a written Nominating and Corporate Governance Committee charter that is available to stockholders on the Company's website at www.chromadex.com. The information on the website is not incorporated by reference into this Proxy Statement or the Annual Report for fiscal year 2018.

The Nominating and Corporate Governance Committee is responsible for identifying, reviewing and evaluating candidates to serve as directors of the Company consistent with criteria approved by the Board of Directors, reviewing and evaluating incumbent directors, selecting or recommending to the Board of Directors for selection candidates for election to the Board of Directors, making recommendations to the Board of Directors regarding the membership of the committees of the Board of Directors, assessing the performance of the Board of Directors, and developing a set of corporate governance principles for the Company.

The Nominating and Corporate Governance Committee believes that candidates for director nominees should have certain minimum qualifications, including the ability to read and understand basic financial statements and having the highest personal integrity and ethics. The Nominating and Corporate Governance Committee also intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of the Company's stockholders. However, the Nominating and Corporate Governance Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board of Directors, the operating requirements of the Company and the long-term interests of stockholders. In conducting this assessment, the Nominating and Corporate Governance Committee typically considers diversity, age, skills and such other factors as it deems appropriate, given the current needs of the Board of Directors and the Company, to maintain a balance of knowledge, experience and capability.

In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee reviews these directors' overall service to the Company during their terms, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair the directors' independence. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee is independent for NASDAQ purposes, which determination is based upon applicable NASDAQ listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Nominating and Corporate Governance Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board of Directors. The Nominating and Corporate Governance Committee meets to discuss and consider the candidates' qualifications and then selects a nominee by majority vote which we expect will typically be recommended to the full Board.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. The Nominating and Corporate Governance Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a stockholder. Stockholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board of Directors may do so by delivering a written recommendation to the Nominating and Corporate Governance Committee at the following address: ChromaDex Corporation, Attn: Secretary, at 10900 Wilshire Blvd. Suite 650, Los Angeles, CA 90024, no later than the close of business on the 60th day nor earlier than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting. Submissions must include the name and address of the Company stockholder on whose behalf the submission is made; the number of Company shares that are owned beneficially by such stockholder as of the date of the submission; the full name of the proposed candidate; a description of the proposed candidate's business experience for at least the previous five years; complete biographical information for the proposed candidate; and a description of the proposed.

Stockholder Communication

Any stockholder may communicate in writing by mail at any time with the entire Board of Directors or any individual director (addressed to "Board of Directors" or to a named director), c/o ChromaDex Corporation, ATTN: Secretary, 10900 Wilshire Blvd. Suite 650, Los Angeles, CA 90024. All communications will be compiled by the Secretary of the Company and promptly submitted to the Board of Directors or the individual directors on a periodic basis.

Policy Regarding Attendance at Annual Meetings of Stockholders

The Company does not have a policy with regard to Board members' attendance at annual meetings. Eight directors attended the Company's most recent annual meeting of stockholders held on June 22, 2018.

Director Independence

As required under the NASDAQ Stock Market listing standards, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by the Board of Directors. The Board of Directors consults with the Company's counsel to ensure that its determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of NASDAQ, as in effect from time to time.

Consistent with these considerations, after review of all relevant identified transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent auditors, the Board of Directors has affirmatively determined that the following directors are independent directors within the meaning of the applicable NASDAQ listing standards: Stephen Block, Jeff Baxter, Kurt Gustafson, Steven Rubin, Wendy Yu and Tony Lau. Frank L. Jaksch Jr. and Robert Fried do not meet the independence standards because of their employment with the Company.

Please see "Proposal 1: Election of Directors" for more information regarding our Board of Directors.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the annual and long-term compensation earned by our Chief Executive Officer (the principal executive officer), General Counsel and Corporate Secretary and Chief Marketing Officer, each of whom served during the year ended December 31, 2018 as our named executive officers. Mark Friedman began serving as General Counsel and Corporate Secretary on January 22, 2018. Lisa Bratkovich began serving as Chief Marketing Officer on June 4, 2018.

Name	Year	Salary	Bonus	Stock Awards (1)	Option Awards (2)	All Other Compensation (3)	Total ($)
Robert Fried	2018	$379,121	$468,330	$1,255,003(4)	$3,057,990(5)	-	$5,160,444
	2017	$230,769	$163,945	$2,539,999(6)	$876,014(7)	-	$3,810,727
Mark Friedman	2018	$281,967(8)	$87,974	-	$1,768,274(9)	$6,231	$2,144,446
	2017	-	-	-	-	-	-
Lisa Bratkovich	2018	$204,645(10)	$41,023	-	$432,989(11)	-	$678,657
	2017	-	-	-	-	-	-

(1)
The amounts in the column titled “Stock Awards” above reflect the aggregate award date fair value of restricted stock awards.

(2)
The amounts in the column titled “Option Awards” above reflect the aggregate grant date fair value of stock option awards for the fiscal years ended December 31, 2018 and December 30, 2017. See Note 12 of the ChromaDex Corporation Consolidated Financial Report included in the Form 10-K for the year ended December 31, 2018, filed with the SEC on March 7, 2019, for a description of certain assumptions in the calculation of the fair value of the Company’s stock options.

(3)
The amount in this column titled “All Other Compensation” above reflect matching 401(k) contributions.

(4)
166,667 shares of Common Stock were awarded on each of June 22, 2018 and November 7, 2018 pursuant to Mr. Fried’s employment agreement, which provided the stock grant upon the achievement of certain performance goals.

(5)

On January 21, 2018, Robert Fried was granted options to purchase 300,000 shares of ChromaDex common stock at an exercise price of $5.85. These options expire on January 21, 2028 and 10/36th of the options vested on January 21, 2018 and thereafter 1/36th vest on 12th of each month for the next 26 months. Also, on June 22, 2018, Mr. Fried was granted options to purchase 744,097 shares at an exercise price of $3.83. These options expire on June 22, 2028 and 1/3rd of the options vest on June 22, 2019 and the remaining options vest in a series of 24 equal monthly installments thereafter.

(6)
On March 12, 2018, Robert Fried was awarded 166,667 shares of restricted Common Stock, which vested on December 20, 2018 in connection with an amendment to his employment agreement. In addition, Mr. Fried received 333,333 shares of restricted stock on December 20, 2018, which were fully vested.

(7)
On March 12, 2018, Robert Fried was granted options to purchase 500,000 shares of ChromaDex common stock at an exercise price of $2.715. These options expire on March 12, 2027 and 1/36th of the options vest monthly from the grant date.

(8)
Mark Friedman began serving as General Counsel and Corporate Secretary on January 22, 2018.

(9)
On January 22, 2018, Mark Friedman was granted options to purchase 500,000 shares of ChromaDex common stock at an exercise price of $5.65. These options expire on January 22, 2028 and 1/3rd of the options vest on January 22, 2019 and the remaining shares vest in a series of 24 equal monthly installments thereafter.

(10)
Lisa Bratkovich began serving as Chief Marketing Officer on June 4, 2018.

(11)
On June 4, 2018, Lisa Bratkovich was granted options to purchase 200,000 shares of ChromaDex common stock at an exercise price of $3.45. These options expire on June 4, 2028 and 1/3rd of the options vest on June 4, 2019 and the remaining shares vest in a series of 24 equal monthly installments thereafter.

Employment Agreements

The material terms of employment agreements with the named executive officers previously entered into by the Company are described below.

Employment Agreement with Robert Fried

On June 22, 2018, the Company and Robert Fried, entered into an Amended and Restated Executive Employment Agreement (the “Fried Agreement”). The Fried Agreement amends the Executive Employment Agreement by and between the Company and Mr. Fried, dated March 12, 2017, as amended on December 20, 2017. Pursuant to the Fried Agreement, Mr. Fried is entitled to: (i) an annual base salary of $450,000; (ii) starting in fiscal year 2019, an increased annual base salary of $500,000; (iii) an annual cash bonus for fiscal year 2018 based on direct-to-customer net sales for 2018 and the Company’s gross profit for 2018; (iv) starting in fiscal year 2019, an annual cash bonus based on the achievement of individual and corporate performance targets and metrics to be determined by the Board of Directors of the Company or the Compensation Committee thereof after reasonable consultation with Mr. Fried (the “Performance Bonus”), with such Performance Bonus set at (a) a target of 60% of base salary (based on a performance achievement of 100%), (b) a threshold Performance Bonus of 30% of base salary (based on a performance achievement of 75%) and (c) a maximum Performance Bonus of 90% (based on a performance achievement of 150%); (v) an option to purchase up to 744,097 shares of Company common stock under the Amended 2017 Plan (the “Option”); (vi) up to 333,333 shares of fully-vested restricted Company common stock that will be granted upon the achievement of certain performance goals and (vii) starting in fiscal year 2019, annual equity grants in amounts commensurate with Mr. Fried’s position with the Company, in the discretion of the Company’s Board of Directors.

Any unvested shares subject to the Option will vest in full upon termination by the Company of Mr. Fried’s employment without cause (and other than as a result of Mr. Fried’s death or disability) or Mr. Fried’s resignation for good reason. If Mr. Fried’s employment is terminated by the Company without cause (and other than as a result of Mr. Fried’s death or disability) or Mr. Fried resigns for good reason, then subject to executing a release, Mr. Fried will receive (i) continuation of his base salary for 18 months, (ii) COBRA premiums for 12 months, (iii) accelerated vesting of any unvested time-based vesting equity awards that would have otherwise become vested had Mr. Fried performed continuous service through the one year anniversary of such termination date (provided that vesting for the Option shall accelerate as described above), (iv) an extended exercise period for his options and stock appreciation rights and (v) a prorated Performance Bonus. In the case of Mr. Fried’s death or disability, Mr. Fried will be eligible to receive a prorated Performance Bonus.

Employment Agreement with Mark Friedman

On January 22, 2018, the Company entered into an Employee Agreement (the "Friedman Agreement") with Mark Friedman, who was appointed by the Board to serve as General Counsel and Corporate Secretary. Mr. Friedman is entitled to receive certain severance payments per the terms of the Friedman Agreement. The key terms of the Friedman Agreement, including the severance terms, are as follows:

Mr. Friedman is entitled to: (i) an annual base salary of $300,000 and (ii) a discretionary annual bonus based on the achievement of certain performance goals to be determined by the Board. Pursuant to the Friedman Agreement, Mr. Friedman also received an option to purchase up to 500,000 shares of

ChromaDex common stock under the ChromaDex 2017 Equity Incentive Plan, subject to monthly vesting over a three-year period, with an exercise price equal to $5.65 per share. Any unvested options will vest in full upon a change of control of the Company, subject to Mr. Friedman’s continuous service through such change of control or upon termination by the Company of Mr. Friedman’s employment without cause or Mr. Friedman’s resignation for good reason within 90 days before the change of control.

If Mr. Friedman’s employment is terminated by the Company without cause or Mr. Friedman resigns for good reason, then, subject to executing a release, Mr. Friedman will receive (i) continuation of his base salary for 12 months, (ii) COBRA premiums for 12 months, (iii) a prorated annual cash bonus, based on the good faith determination of the Board of the actual results and period of employment during the year of such termination, (iv) accelerated vesting of time-based equity that would have otherwise become vested by the one year anniversary of such termination date and (v) an extended exercise period for his options.

Employment Agreement with Lisa Bratkovich

On June 4, 2018, the Company entered into an Employee Agreement (the "Bratkovich Agreement") with Lisa Bratkovich, who was hired by the Company to serve as Chief Marketing Officer. Ms. Bratkovich is entitled to receive certain severance payments per the terms of the Bratkovich Agreement. The key terms of the Bratkovich Agreement, including the severance terms, are as follows:

Ms. Bratkovich is entitled to: (i) an annual base salary of $350,000, (ii) an annual bonus in 2018 of up to 70% of salary based on sales of TRU Niagen® and (iii) beginning 2019, a discretionary annual bonus calculated and paid commensurate with other executive officers of the Company. Pursuant to the Bratkovich Agreement, Ms. Bratkovich also received an option to purchase up to 200,000 shares of ChromaDex common stock under the ChromaDex 2017 Equity Incentive Plan, subject to monthly vesting over a three-year period, with an exercise price equal to $3.45 per share. Any unvested options will vest in full upon a change of control of the Company, subject to Ms. Bratkovich’s continuous service through such change of control or upon termination by the Company of Ms. Bratkovich’s employment without cause or Ms. Bratkovich’s resignation for good reason within 90 days before the change of control.

If Ms. Bratkovich’s employment is terminated by the Company without cause or Ms. Bratkovich resigns for good reason, then, subject to executing a release, Ms. Bratkovich will receive (i) continuation of her base salary for 12 months, (ii) COBRA premiums for 12 months, (iii) a prorated annual cash bonus, based on the good faith determination of the Board of the actual results and period of employment during the year of such termination, (iv) accelerated vesting of time-based equity that would have otherwise become vested by the one year anniversary of such termination date and (v) an extended exercise period for her options.

2018 Director Compensation

Amended and Restated Director Compensation Policy

Under our Non-Employee Director Compensation Policy, each of our current non-employee directors is eligible to receive an annual retainer of $40,000 for serving on the Board and, if applicable, an additional annual retainer of $30,000 for serving as the Lead Independent Director. The chairpersons of the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee receive an additional $20,000, $15,000, and $10,000, respectively, per year for service as chairperson for such committee. Members of the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee each receive an additional $10,000, $7,500 and $5,000, respectively, per year for service on such committee.

Any non-employee director who is first elected to the Board will be granted an option to purchase 40,000 shares of our common stock on the date of his or her initial election to the Board. In addition, on the date of each annual meeting, each person who continues to serve as a non-employee member of the Board following such annual meeting will be granted a stock option to purchase 20,000 shares of our common stock. All option grants will have an exercise price per share equal to the fair market value of our common stock on the date of grant. Each initial grant for a non-employee director will vest over a three year period, and each annual grant for a non-employee director will vest over a one year period, in each case subject to the director’s continuing service on our Board.

The following table provides information concerning compensation of our non-employee directors who were directors during the fiscal year ended December 31, 2018. The compensation reported is for services as directors for the fiscal year ended December 31, 2018.

Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Stephen Allen	32,242	-	-	-	-	-	32,242
Stephen Block (2)	60,250	-	46,011	-	-	-	106,261
Jeff Baxter (3)	50,250	-	46,011	-	-	-	96,261
Kurt Gustafson (4)	78,500	-	46,011	-	-	-	124,511
Steven Rubin (5)	44,208	-	46,011	-	-	-	90,219

Wendy Yu (6)	39,255	-	46,011	-	-	-	85,266
Tony Lau (7)	41,258	-	46,011	-	-	-	87,269

(1)
The amounts in the column titled "Option Awards" above reflect the aggregate grant date fair value of stock option awards for the fiscal year ended December 31, 2018. See Note 12 of the ChromaDex Corporation Consolidated Financial Report included in the Form 10-K for the year ended December 31, 2018, filed with the SEC on March 7, 2019, for a description of certain assumptions in the calculation of the fair value of the Company's stock options. The options have an exercise price of $3.83 and vest 100% on June 22, 2019.

(2)
On June 22, 2018, Mr. Block was awarded the option to purchase 20,000 shares of the Company's common stock.

(3)
On June 22, 2018, Mr. Baxter was awarded the option to purchase 20,000 shares of the Company's common stock.

(4)
On June 22, 2018, Mr. Gustafson was awarded the option to purchase 20,000 shares of the Company's common stock.

(5)
On June 22, 2018, Mr. Rubin was awarded the option to purchase 20,000 shares of the Company's common stock.

(6)
On June 22, 2018, Ms. Yu was awarded the option to purchase 20,000 shares of the Company's common stock.

(7)
On June 22, 2018, Mr. Lau was awarded the option to purchase 20,000 shares of the Company's common stock.

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Outstanding Equity Awards at Fiscal Year End

The following table sets forth certain information regarding stock options and restricted stock granted to our named executive officers outstanding as of December 31, 2018.

Outstanding Stock Options at 2018 Fiscal Year-End

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Robert Fried	66,667	—		—	3.30	7/30/2025
	20,000	—		—	2.605	11/16/2026
	291,667	208,333	(1)	—	2.715	3/12/2027
	175,000	125,000	(2)	—	5.85	1/21/2028
	—	744,097	(3)	—	3.83	6/22/2028
Mark Friedman	—	500,000	(4)	—	5.65	1/22/2028
Lisa Bratkovich	—	200,000	(5)	—	3.45	6/4/2028

(1) 13,889 of Mr. Fried’s options vest on 12th of every month through March 12, 2020.

(2) 8,333 of Mr. Fried’s options vest on 12th of every month through March 12, 2020.

(3) 1/3rd of Mr. Fried’s options vest on June 22, 2019 and the remaining options vest in a series of 24 equal monthly installments thereafter.

(4) 1/3rd of Mr. Friedman’s options vested on January 22, 2019 and the remaining options vest in a series of 24 equal monthly installments thereafter.

(5) 1/3rd of Ms. Bratkovich’s options vest on June 4, 2019 and the remaining options vest in a series of 24 equal monthly installments thereafter.

Outstanding Restricted Stock at 2018 Fiscal Year-End

Name	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares of Units of Stock That Have Not Vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
	—	—	—	$—

Robert Fried				
Mark Friedman	—	—	—	$—
Lisa Bratkovich	—	—	—	$—

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Equity Compensation Plan Information

The following table provides information about our equity compensation plans as of December 31, 2018:

	A	B	C
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders	8,589,379	$3.68	4,946,497
Equity compensation plans not approved by security holders	500,000	$5.65	-
Total	9,089,379	$3.79	4,946,497

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who own more than 10% of a registered class of our equity securities to file initial reports of ownership and reports of changes in ownership with the SEC and to furnish us with copies of such reports. To our knowledge, and based solely on our review of the copies of such forms furnished to us and written representations that no other reports were required, we believe that all Section 16(a) filing requirements applicable to our executive officers, directors and 10% stockholders were met during the year ended December 31, 2018 except as follows: Matthew Roberts filed a late Form 3 on December 11, 2018 after being appointed as an executive officer of the Company on November 8, 2018.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Related Persons

The following is a description of transactions since January 1, 2017 to which the Company has been a party, in which the amount involved exceeded or will exceed the lesser of $120,000 or one percent of the average of the Company's total assets at year-end for the last two completed fiscal years, and in which any of the Company's executive officers, directors or holders of more than 5% of its common stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest, other than compensation, termination and change of control arrangements, which are described under "Executive Compensation."

Asset acquisition

On March 12, 2017, the Company acquired all of the outstanding equity interests of Healthspan Research LLC ("Healthspan") from Robert Fried, Jeffrey Allen and Dr. Charles Brenner (the "Sellers"). At the time of the acquisition, Robert Fried was a member of the Board, a position he has held since July 2015.

Upon the closing of, and as consideration for, the acquisition, the Company issued an aggregate of 367,648 shares of the Company’s common stock to the Sellers. The fair value of these shares was approximately $1.0 million based on the closing price of $2.72 per share on March 12, 2017. Also on March 12, 2017, the Company appointed Robert Fried as President and Chief Strategy Officer, effective immediately. Mr. Fried continues to serve as a member of the Board, but resigned as a member of the Nominating and Corporate Governance Committee of the Board.

Healthspan was formed in August 2015 to offer and sell finished bottle product TRU NIAGEN® directly to consumers through internet-based selling platforms. TRU NIAGEN® is currently the Company's leading product. Prior to the acquisition, the Company has supplied certain amount of NIAGEN® to Healthspan as a raw material inventory in exchange for a 4% equity interest in Healthspan. An additional 5% equity interest was received for granting certain exclusive rights to resell NIAGEN® prior to the total acquisition on March 12, 2017.

In cancellation of a loan owed by Healthspan to Mr. Fried prior to the acquisition, the Company repaid $32,500 to Mr. Fried on March 13, 2017 and also repaid $100,000 on March 9, 2018. No interest was paid for the $100,000 repaid on March 9, 2018.

Sale of consumer products

During July 2017, the Company entered into an exclusivity agreement (the "Watsons Agreement") with A.S. Watson Retail (HK) Limited (“Watsons”), whereby the Company agreed to exclusively sell its TRU NIAGEN® dietary supplement product to Watsons in certain territories in Asia. During the years ended December 30, 2017 and December 31, 2018, the Company sold approximately $4.1 million and $2.9 million, respectively, of TRU NIAGEN® dietary supplement product pursuant to the Watsons Agreement. As of December 30, 2017 and December 31, 2018, the trade receivable from Watsons were approximately $1.0 million and $0.7 million, respectively.

Li Ka Shing, who beneficially owns more than 10% of the Company's common stock, beneficially owns approximately 30% of an entity that beneficially owns approximately 75% of Watsons. In accordance with the Company's Related-Person Transactions Policy, the Audit Committee ratified the terms of the Watsons Agreement.

During the year ended December 31, 2018, the Company sold approximately $0.4 million of TRU NIAGEN® dietary supplement product to Horizon Ventures, which beneficially owns more than 10% of the Company’s common stock. In accordance with the Company’s Related-Person Transactions Policy, the Audit Committee ratified the sale to Horizon Ventures.

Financings

In April 2017, the Company entered into a Securities Purchase Agreement with certain purchasers named therein, pursuant to which the Company agreed to sell and issue up to $25.0 million of its common stock at a purchase price of $2.60 per share in three tranches of approximately $3.5 million, $16.4 million and $5.1 million, respectively. The following table sets forth the number of shares of common stock purchased by holders of more than 5% of the Company’s common stock or entities affiliated with them:

Name	Shares of Common Stock
Champion River Ventures Limited	5,769,230
Pioneer Step Holdings Limited	3,846,155

In November 2017, the Company entered into a Securities Purchase Agreement with certain purchasers named therein, pursuant to which the Company agreed to sell and issue up to $23.0 million of its common stock at a purchase price of $4.10 per share. The following table sets forth the number of shares of common stock purchased by holders of more than 5% of the Company's common stock or entities affiliated with them:

Name	Shares of Common Stock
Champion River Ventures Limited	731,707
Pioneer Step Holdings Limited	487,805
Winsave Resources Limited	1,219,512

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Employment Arrangements

The Company currently maintains written employment agreements with its named executive officers, as described in "Executive Compensation."

Equity Granted to Executive Officers and Directors

The Company has granted equity to its named executive officers and directors, as more fully described in "Executive Compensation."

Indemnification Agreements

The Company has entered, and intends to continue to enter, into indemnification agreements with its directors and executive officers, in addition to the indemnification provided for in the Company's bylaws. These agreements, among other things, require the Company to indemnify directors and executive officers for certain expenses incurred by a director or executive officer in any action or proceeding arising out of their services as one of the Company's directors or executive officers.

Review, approval or ratification of transactions with related persons.

On an ongoing basis, the Audit Committee reviews all "related party transactions" (those transactions that are required to be disclosed by SEC Regulation S-K, Item 404 and under NASDAQ rules), if any, for potential conflicts of interest and all such transactions must be approved by the Audit Committee. In November 2016, the Company adopted a written Related-Person Transactions Policy that sets forth the Company's policies and procedures regarding the identification, review, consideration and approval or ratification of "related-persons transactions." For purposes of the Company's policy only, a "related-person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company and any "related person" are participants involving an amount that exceeds $120,000. Transactions involving compensation for services provided to the Company as an employee, director, consultant or similar capacity by a related person are not covered by this policy. A related person is any executive officer, director, or more than 5% stockholder of the Company, including any of their immediate family members, and any entity owned or controlled by such persons. Under the policy, where a transaction has been identified as a related-person transaction, management must present information regarding the proposed related-person transaction to the Audit Committee (or, where Audit Committee approval would be inappropriate, to another independent body of the Board of Directors) for consideration and approval or ratification.

PROPOSAL 2:
RATIFICATION OF THE APPOINTMENT
OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Marcum LLP ("Marcum"), to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2019 and our Board of Directors has further directed that management submit the selection of its independent registered public accountant firm for ratification by the stockholders at the Annual Meeting. Marcum has audited the Company's financial statements since 2013. Representatives of Marcum are not expected to be present at the Annual Meeting.

Stockholder ratification of the selection of Marcum as the Company's independent registered public accountants is not required by Delaware law, the Company's certificate of incorporation, or the Company's bylaws. However, the Audit Committee is submitting the selection of Marcum to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of different independent registered public accountants at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting will be required to ratify the selection of Marcum. Abstentions will be counted toward the tabulation of votes cast on Proposal 2 and will have the same effect as negative votes. Broker non-votes will be counted towards a quorum, but will not be counted for any purpose in determining whether Proposal 2 has been approved.

Audit Fees

The following table sets forth aggregate fees billed to us by Marcum LLP, our independent registered public accounting firm during the fiscal years ended December 31, 2018 and December 30, 2017.

	Fiscal Year Ended	
Marcum, LLP	December 31, 2018	December 30, 2017
Audit Fees (1)	$350,000	$435,000
Audit-Related Fees	$—	$—
Tax Fees	$—	$—
All Other Fees	$—	$—

(1) Audit fees consist of fees billed for professional services rendered by Marcum in connection with the audit of the Company's annual financial statements and internal control over financial reporting and quarterly review of financial statements included in the Company's Quarterly Reports on Form 10-Q, review of our registration statements and related services that are normally provided in connection with statutory and regulatory filings or engagements.

All fees described above were pre-approved by the Audit Committee. In connection with the audit of the financial statements for the fiscal year ended December 31, 2018, the Company entered into an engagement agreement with Marcum that sets forth the terms by which Marcum will perform audit services for the Company. That agreement is subject to alternative dispute resolution procedures and an exclusion of punitive damages.

Policy for Pre-Approval of Independent Auditor Services

The Audit Committee’s policy is to pre-approve all audit and permissible non-audit services provided by Marcum. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the specific service or category of service and is generally subject to a specific budget. The independent auditor and management are required to periodically communicate to the Audit Committee regarding the extent of services provided by the independent auditor in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

THE BOARD RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF MARCUM LLP AS INDEPENDENT PUBLIC ACCOUNTANT, AND PROXIES SOLICITED BY THE BOARD WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of April 22, 2019, there were approximately 55,514,322 shares of our Common Stock outstanding. The following table sets forth certain information regarding the ownership of our Common Stock as of April 22, 2019 by: each person known to us to beneficially own more than 5% of our Common Stock; each director; each of our executive officers; and all directors and executive officers as a group. We calculated beneficial ownership according to Rule 13d-3 of the Exchange Act as of that date. Shares issuable upon exercise of options or warrants that are exercisable or convertible within 60 days after April 22, 2019 are included as beneficially owned by the holder. Beneficial ownership generally includes voting and dispositive power with respect to securities. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole dispositive power with respect to all shares beneficially owned. This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13D and 13G filed with the SEC. Unless otherwise indicated, the address for the following shareholders is c/o ChromaDex Corporation, 10900 Wilshire Blvd., Suite 650, Los Angeles, CA 90024.

Name of Beneficial Owner (1)	Shares of Common Stock Beneficially Owned (2)	Aggregate Percentage Ownership
Champion River Ventures (3)	6,500,937	11.71%
Pioneer Step Holdings (4)	4,333,960	7.81%
Dr. Phillip Frost (5)	3,251,521	5.86%
Directors		
Stephen Block (6)	249,996	*
Jeff Baxter (7)	129,167	*
Kurt Gustafson (8)	46,667	*
Steven Rubin (9)	46,667	*
Wendy Yu (10)	13,333	*
Tony Lau (11)	13,333	*
Frank L. Jaksch Jr. (12)	3,264,573	5.78%
Robert Fried (13)	2,130,985	3.79%
Executive Officers		
Frank L. Jaksch Jr.	(See above)	
Robert Fried	(See above)	
Kevin Farr (14)	592,181	1.06%
Mark Friedman (15)	225,222	*
Lisa Bratkovich (16)	66,667	*
Matthew Roberts (17)	10,000	*
All directors and executive officers as a group (12 persons) (18)	6,788,790	11.60%

*
Represents less than 1%.

(1)
Addresses for the beneficial owners listed are: Champion River Ventures, 7/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong; Pioneer Step Holdings, 29th Floor, Harbour Centre, 25 Harbour

Road, Wanchai, Hong Kong; and Dr. Phillip Frost, 4400 Biscayne Blvd., Suite 1500, Miami, FL 33137.

(2)
Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or dispositive power with respect to shares beneficially owned. Unless otherwise specified, reported ownership refers to both voting and dispositive power. Shares of Common Stock issuable upon the conversion of stock options or the exercise of warrants within the next 60 days are deemed to be converted and beneficially owned by the individual or group identified in the Aggregate Percentage Ownership column.

(3)
Based on beneficial ownership reported on Schedule 13D/A filed with SEC on November 21, 2017, (i) Champion River Ventures Limited ("Champion River") beneficially owned and had sole voting and dispositive power with respect to 6,500,937 shares (the "Champion Shares"), (ii) Prime Tech Global Limited ("Prime Tech"), by virtue of being the sole shareholder of Champion River, may be deemed to beneficially own and have sole voting and dispositive power with respect to the Champion Shares, (iii) Mayspin Management Limited ("Mayspin"), by virtue of being the sole shareholder of Prime Tech, may be deemed to beneficially own and have sole voting and dispositive power with respect to the Champion Shares, and (iv) Li Ka Shing, by virtue of being the sole shareholder of Mayspin, may be deemed to beneficially own and have sole voting and dispositive power with respect to the Champion Shares. Champion River has exercised its right to designate for appointment one director to our Board of Directors and has designated, and our Board of Directors has appointed, Tony Lau to fill such seat. In addition, Mr. Li is one of 14 directors of Li Ka Shing (Overseas) Foundation ("LKSOF"), which is the sole stockholder of Winsave Resources Limited ("Winsave"), which holds 1,219,512 shares of common stock. However, Mr. Li does not report as having Section 13(d) beneficial ownership over any of the shares owned by Winsave. Investment decisions by LKSOF are made by the majority vote of a board of directors currently consisting of 14 persons, of which Li Ka Shing ("Mr. Li") is the Chairman. Investment decisions by Winsave are made by the majority vote of a board of directors currently consisting of five persons. Mr. Li is not a director or officer of Winsave. The registered office address for Champion River and Mayspin is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and the registered office address for PrimeTech is P.O. Box 901, East Asia Chambers, Road Town, Tortola, British Virgin Islands, and the correspondence address for each of Champion River, PrimeTech, and Mayspin is c/o 7/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

(4)
Based on beneficial ownership reported on Schedule 13D/A filed with SEC on November 21, 2017, (i) Pioneer Step Holdings Limited ("Pioneer Step") beneficially owned and had sole voting and dispositive power with respect to 4,333,960 shares (the "Pioneer Shares") and (ii) Chau Hoi Shuen Solina Holly, by virtue of being the sole shareholder of Pioneer Step, may be deemed to beneficially own and have sole voting and dispositive power with respect to the Pioneer Shares. Pioneer Step has exercised its right to designate for appointment one director to our Board of Directors and has designated, and our Board of Directors has appointed, Wendy Yu to fill such seat. The registered office address for Pioneer Step is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and its correspondence address is c/o 29th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The business address of Solina Chau is c/o 29th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

(5)
Based on beneficial ownership reported on form Schedule 13D/A filed with SEC on February 14, 2019. Includes 1,321,979 shares of common stock held by Frost Gamma Investments Trust of which Dr. Phillip Frost is the trustee. Frost Gamma Limited Partnership is the sole and exclusive beneficiary of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma Limited Partnership. The general partner of Frost Gamma Limited Partnership is Frost Gamma, Inc. and the sole shareholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole shareholder of Frost-Nevada Corporation. Includes 1,929,542 shares held by Phillip and Patricia Frost Philanthropic Foundation, Inc. of which Dr. Phillip Frost is President.

(6)

Includes 16,667 shares of common stock directly owned by Mr. Block. Includes 233,329 stock options exercisable within 60days of April 22, 2019.

(7)
Includes 129,167 stock options exercisable within 60 days of April 22, 2019.

(8)
Includes 46,667 stock options exercisable within 60 days of April 22, 2019.

(9)
Includes 46,667 stock options exercisable within 60 days of April 22, 2019.

(10)
Includes 13,333 stock options exercisable within 60 days of April 22, 2019.

(11)
Includes 13,333 stock options exercisable within 60 days of April 22, 2019.

(12)
Includes 2,075,052 shares owned by Black Sheep, FLP beneficially owned by Mr. Jaksch because he has shared voting power and shared dispositive power for such shares. Includes 220,501 shares directly owned by Mr. Jaksch. Includes 969,020 stock options exercisable within 60 days of April 22, 2019.

(13)
Includes 1,431,574 shares of common stock directly owned by Mr. Fried. Includes 6,744 shares held by Jeremy Fried and 6,000 shares held by Benjamin Fried, who are both sons of Robert Fried. Includes 686,667 stock options exercisable within 60 days of April 22, 2019.

(14)
Includes 36,625 shares of common stock directly owned by Mr. Farr. Includes 555,556 stock options exercisable within 60 days of April 22, 2019.

(15)
Includes 3,000 shares of common stock directly owned by Mr. Friedman. Includes 222,222 stock options exercisable within 60 days of April 22, 2019.

(16)
Includes 66,667 stock options exercisable within 60 days of April 22, 2019.

(17)
Includes 10,000 stock options exercisable within 60 days of April 22, 2019.

(18)
Includes the shares and stock options included above in footnotes (6) through (17).

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more shareholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other Annual Meeting materials addressed to those shareholders. This process, which is commonly referred to as "householding," potentially means extra convenience for shareholders and cost savings for companies.

This year, a number of brokers with account holders who are Company stockholders will be "householding" the Company's proxy materials. A single Notice of Internet Availability of Proxy Materials will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, please notify your broker or the Company. Direct your written request to ChromaDex Corporation, ATTN: Secretary, 10900 Wilshire Blvd. Suite 650, Los Angeles, CA 90024 or contact the Secretary at 310-388-6706. Stockholders who currently receive multiple copies of the Notices of Internet Availability of Proxy Materials at their addresses and would like to request "householding" of their communications should contact their brokers.

OTHER BUSINESS

As of the date of this Proxy Statement, the management of the Company has no knowledge of any business that may be presented for consideration at the Annual Meeting, other than that described above. As to other business, if any, that may properly come before the Annual Meeting, or any adjournment thereof, it is intended that the Proxy hereby solicited will be voted in respect of such business in accordance with the judgment of the Proxy holders.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Frank Jaksch
Executive Chairman of the Board

April 23, 2019