



ALTIGEN COMMUNICATIONS, INC.

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**Notice of Annual Meeting of Stockholders  
To Be Held on October 22, 2015**

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Stockholders (the "Annual Meeting") of AltiGen Communications, Inc. ("AltiGen"), a Delaware corporation, will be held on Thursday, October 22, 2015 at 10:00 a.m., local time, at our principal executive offices, located at 679 River Oaks Parkway, San Jose, California 95134, for the following purposes:

1. To elect one Class III director to serve for a three-year term expiring at the 2018 Annual Meeting of Stockholders.
2. To ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2015.
3. To transact such other business as may properly come before the Annual Meeting or at any and all adjournments or postponements thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

**Only holders of record of AltiGen common stock on the close of business on August 28, 2015 are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.**

You are cordially invited to attend the Annual Meeting in person. To assure your representation at the Annual Meeting, you are urged to complete, sign, date and return the enclosed proxy card as promptly as possible in the self-addressed, postage-prepaid envelope enclosed for that purpose. Your shares will be voted in accordance with the instructions you give on the proxy. **You can attend the Annual Meeting and vote in person even if you have returned a proxy. Please note, however, that if your shares are held in street name by a broker, bank or other nominee and you wish to attend the Annual Meeting and vote in person, you must obtain a proxy issued in your name from the holder of record.**

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Philip M. McDermott".

Philip M. McDermott  
Chief Financial Officer and Director

San Jose, California  
September 10, 2015

**YOUR VOTE IS IMPORTANT**

To assure your representation at the Annual Meeting, you are requested to complete, sign and date the enclosed proxy card as promptly as possible and return it in the self-addressed, enclosed envelope, which requires no postage if mailed in the United States.



ALTIGEN COMMUNICATIONS, INC.

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**PROXY STATEMENT**

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**Important Notice Regarding the Internet Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on October 22, 2015. The Proxy Statement and Annual Report to Stockholders are available at [www.proxyvote.com](http://www.proxyvote.com).**

**Introduction**

The enclosed proxy is solicited on behalf of the Board of Directors of AltiGen Communications, Inc. (“AltiGen,” the “Company,” “we,” “us” or “our”) for use at the 2015 Annual Meeting of Stockholders to be held on Thursday, October 22, 2015 at 10:00 a.m., local time (the “Annual Meeting”), or at any and all adjournments or postponements thereof, for the purposes set forth in this proxy statement and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at our principal executive offices located at 679 River Oaks Parkway, San Jose, California 95134. Our telephone number is (408) 597-9000.

These proxy solicitation materials were mailed on or about September 10, 2015 to all stockholders of record entitled to vote at the Annual Meeting.

**Purposes of the Annual Meeting**

The purpose of the Annual Meeting is: (1) elect one Class III director to serve for a three-year term expiring at the 2018 Annual Meeting of Stockholders (Proposal One); (2) ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2015 (Proposal Two); and (3) transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof. The Board of Directors knows of no other matters to be brought before the Annual Meeting.

**Record Date and Voting Securities**

Only stockholders of record on the close of business on August 28, 2015 (the “Record Date”) are entitled to notice of and to vote at the Annual Meeting. As of the close of business on the Record Date, 22,798,683 shares of our common stock were issued and outstanding. No shares of our preferred stock were outstanding as of the Record Date. A list of those stockholders will be available for inspection by any stockholder for any purpose germane to the Annual Meeting for ten (10) days before the Annual Meeting, during ordinary business hours, at our headquarters located at 679 River Oaks Parkway, San Jose, California 95134.

**How to Vote**

If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those shares, and the proxy materials are being sent directly to you by us. You may authorize your proxy by filling out the proxy card included with the proxy materials and returning it in the self-addressed, enclosed envelope, which requires no postage if mailed in the United States.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, trust or other similar organization, then you are the beneficial owner of shares held in “street name,” and the proxy materials were forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. You should instruct your broker, trustee or nominee how to vote your shares by following the voting instructions provided by your broker or nominee.

In addition, you may vote in person at the Annual Meeting as described below under the heading “Attending and Voting at the Annual Meeting.”

### **Attending and Voting at the Annual Meeting**

Only stockholders as of the Record Date, or their duly appointed proxies, may attend the Annual Meeting. Stockholders may be asked to present valid picture identification such as a driver’s license or passport and proof of stock ownership as of the Record Date. If you are not a stockholder of record but hold shares through a broker, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership on the Record Date, such as your most recent account statement, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership. The use of cell phones, smartphones, pagers, recording and photographic equipment and/or computers is not permitted in the meeting rooms at the Annual Meeting.

Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. If you are not a stockholder of record but hold shares through a broker, trustee or nominee (i.e., in street name), you may vote your shares in person only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares authorizing you to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also authorize your proxy or submit voting instructions prior to the Annual Meeting as described herein so that your vote will be counted if you later decide not to attend the Annual Meeting.

### **Revocability of Proxies**

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use:

- by delivering to our Secretary a written notice of revocation of the proxy;
- by delivering to our Secretary a duly executed proxy bearing a later date; or
- by attending the Annual Meeting and voting in person.

Attendance at the Annual Meeting will not, in and of itself, revoke a duly executed proxy.

### **Voting and Discretionary Voting**

Properly executed proxies received prior to the Annual Meeting, and not subsequently revoked in the manner described above, will be voted in accordance with the instructions on such proxies. Where no instructions are given, proxies will be voted “**FOR**” the director nominee Keith A. Midkiff, “**FOR**” the ratification of Moss Adams LLP as our independent registered public account firm for fiscal year ending September 30, 2015, and with respect to any other matter that may properly be brought before the Annual Meeting, in accordance with the judgment of the proxy holders.

You are entitled to one vote for each share of common stock held on all matters presented at the Annual Meeting. You do not have the right to cumulate votes in the election of directors. Voting instructions are included on the proxy or voting instruction card.

### **Solicitation**

This solicitation of proxies is made by the Board of Directors, and all costs associated with soliciting proxies will be borne by AltiGen. In addition, we will reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation material to such beneficial owners. Proxies may be solicited by certain of our directors, officers and regular employees, without additional compensation, personally or by telephone, facsimile, email or other electronic transmission.

### **Quorum**

The required quorum for the transaction of business at the Annual Meeting is a majority of the shares of common stock issued and outstanding and entitled to vote at the Annual Meeting as of the Record Date. All shares represented at the meeting, whether in person or by proxy, will be counted for the purpose of establishing a quorum. Abstentions and broker non-votes count as present for purposes of determining a quorum. A broker non-vote occurs

when a broker returns a proxy card but does not vote on one or more matters because the broker does not have the authority to do so without instructions from the beneficial owner. Shares represented by proxies that are marked “Withhold” with respect to the election of our Class III director will be counted as present in determining whether there is a quorum.

### **Required Vote**

Election of Directors. With respect to Proposal One (election of directors), you may vote “FOR” or “WITHHOLD” with respect to the director nominee. A properly executed proxy marked “WITHHOLD” with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. Members of the Board of Directors are elected by a plurality of votes cast. This means that the director nominees who receive the greatest number of “FOR” votes cast will be elected. Cumulative voting is not permitted. Neither broker non-votes nor votes marked “WITHHOLD” will have an effect with respect to the election of any nominee.

Ratification of Auditors and Other Matters. You may vote “FOR,” “AGAINST” or “ABSTAIN” on Proposal Two (ratification of the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2015) or any other matter properly brought before the Annual Meeting. To be approved, Proposal Two or any other matter properly brought before the Annual Meeting must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal. Abstentions will have the effect of voting against these proposals. Broker non-votes will have no effect on the outcome of these proposals.

### **Board Recommendations**

The Board of Directors recommends that you vote as follows:

- “FOR” the director nominee set forth in Proposal One; and
- “FOR” Proposal Two, relating to the ratification of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2015.

Any proxy as to which no instructions are given will be voted in accordance with the foregoing recommendations.

### **Stockholder Nominations and Proposals**

Our Bylaws provide that nominations for the election of directors and business proposed to be brought before any stockholder meeting may be made by the Board of Directors or proxy committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of directors generally if such nomination or proposed business is properly brought before the meeting. Any stockholder may nominate one or more persons for election to the Board of Directors at a meeting or propose business to be brought before a meeting of the stockholders, or both, only if such stockholder has given timely notice in proper written form of its intent to make such nomination or nominations or to propose such business. To be timely, a stockholder’s notice must be delivered to or mailed and received at our principal executive offices not less than one hundred twenty (120) calendar days prior to the anniversary of the date our proxy statement for the previous year’s annual meeting was first mailed to stockholders; *provided, however*, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year’s proxy statement, notice by the stockholder to be timely must be so received a reasonable time before the solicitation is made. The notice must also contain the information set forth in Section 2.13 of our Bylaws. A stockholder who would like to have a proposal considered at the 2016 Annual Meeting of Stockholders must submit the proposal so that it is received by us no later than May 13, 2016, unless the date of our 2016 Annual Meeting of Stockholders is more than 30 days before or after October 22, 2016, in which case the proposal must be received a reasonable time before the solicitation for the meeting is made.

Stockholders will be able to obtain copies of the annual meeting materials, including the proxy statement, notice of annual meeting, form of proxy and annual report to stockholders for future annual stockholder meetings by visiting <http://www.altigen.com> or sending an e-mail to [ir@altigen.com](mailto:ir@altigen.com).

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## PROPOSAL ONE

### ELECTION OF DIRECTORS

#### Nominee

Pursuant to our Bylaws, our Board of Directors is divided into three (3) classes. The directors are elected to serve staggered three-year terms, such that the term of one class of directors expires each year. We currently have five (5) directors divided among the three classes as follows: Class I – Joseph A. Antellocy, Class II—Jeremiah J. Fleming and Philip M. McDermott, and Class III—Michael Robbins and Gilbert Hu. The current term of the Class III directors expires at the Annual Meeting. One Class III director will be elected at the Annual Meeting for a three-year term ending at the 2018 Annual Meeting of Stockholders and when his successor is duly elected and qualified. After thorough consideration of various factors, including the current needs of the Company, the Nominating and Corporate Governance Committee recommended, and the Board of Directors voted, not to nominate Mr. Hu for re-election as a director when his term expires at the Annual Meeting. In addition, Mr. Robbins, a director since 2013, has decided not to stand for re-election at the Annual Meeting. Following the election of one director at the Annual Meeting, there will be one vacancy on the Board of Directors. The Board of Directors plans to fill the vacancy in due course following the search for, and selection of, a suitable candidate.

Unless otherwise instructed, the proxy holders will vote the proxies received by them “FOR” the one (1) Class III nominee: Keith A. Midkiff. Mr. Midkiff has been recommended by our Nominating and Corporate Governance Committee and his nomination has been approved by the Board of Directors.

In the event that any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for a nominee who shall be designated by the remaining members of the Board of Directors to fill the vacancy. Each person nominated below has consented to be named in this Proxy Statement and the Board of Directors is not aware of any nominees who are unable or unwilling to serve as a director.

#### Vote Required

Directors are elected by a plurality. The Class III nominee receiving the highest number of affirmative votes of the shares entitled to be voted shall be elected to the Board of Directors.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” THE NOMINEE LISTED BELOW.**

#### Class III Director Nominee

Listed below is the name, age and certain information relating to the director nominee.

<u>Name of Nominee</u>	<u>Age</u>	<u>Position With the Company</u>	<u>Term Expires</u>
Keith A. Midkiff.....	53	N/A	2018 (if elected)

**Keith A. Midkiff** is Partner and Chief Financial Officer of Pacific Rim Constructors (PRC), a company helping to construct and maintain infrastructure at remotely located oil, natural gas, and precious mineral projects and installations in challenging environments around the world, including sites in Africa, Asia, and Central America. Mr. Midkiff has worked with PRC since 2008. Mr. Midkiff previously served as Chief Financial Officer from 2003 until 2008 at Angie’s List, a solutions company helping to connect home owners with trustworthy home service providers, where he was instrumental in successfully placing multiple debt and equity offerings totaling over \$50 million. Prior to Angie’s List, he held a number of senior financial positions at Interactive Intelligence, Inc., where he served as Controller, Vice President of Finance, and finally as Chief Financial Officer. Mr. Midkiff helped guide Interactive Intelligence, a firm providing local and cloud-based telephony and other communications solutions to businesses, through its initial public offering (IPO) on NASDAQ in 1999. Mr. Midkiff also previously worked as Controller for Software Artistry Inc., a customer relationship management company that also successfully executed an IPO on NASDAQ during Mr. Midkiff’s tenure. Mr. Midkiff received a Bachelor of Science degree in accounting and finance from Ohio State University and an MBA degree with concentrations in entrepreneurship and finance from Indiana University.

## Continuing Directors

Listed below are the names, ages and certain information relating to our continuing directors whose terms expire at future annual meetings of stockholders.

<u>Name of Nominee</u>	<u>Age</u>	<u>Position With the Company</u>	<u>Director Since</u>	<u>Term Expires</u>
<i>Class I:</i>				
Joseph A. Antellocy (1)(2)(3).....	56	Director	2014	2016
<i>Class II:</i>				
Jeremiah J. Fleming.....	57	Chief Executive Officer, President and Chairman of the Board	2007	2017
Philip M. McDermott .....	69	Chief Financial Officer and Director	2014	2017

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Nominating and Corporate Governance Committee.

### *Class I Director*

**Joseph A. Antellocy** is currently a Senior Partner at Affinity Insurances and CEO of Trevconn Enterprises. Mr. Antellocy was SVP of Alliance Management for Fiserv's Credit Union Division from January 2009 to December 2012. From February 2002 to December 2008, Mr. Antellocy served as President of AFTECH, a Fiserv Business unit, where he was instrumental in the development and distribution of AltiGen's IVR financial application. Mr. Antellocy held the positions of Senior Vice President of Sales and Marketing for three years and Senior Vice President of Operations for two years at CUSA Technologies, Inc. Mr. Antellocy was National Sales & Product Manager for VERSYSS for three years. Mr. Antellocy received a Bachelor of Arts degree in Marketing and Data Processing from Bloomsburg University, Bloomsburg, PA.

### *Class II Directors*

**Jeremiah J. Fleming** is currently Chief Executive Officer, President and Chairman of the Board of Directors of AltiGen. Mr. Fleming has been a member of the Board of Directors since July 2007 and has served as our President and Chief Operating Officer from April 2007 to September 2010. From March 1997 to March 2007, Mr. Fleming served as a member of the executive management team of Interactive Intelligence, Inc. When Interactive Intelligence launched its Vonexus subsidiary in 2004 to focus on Microsoft-based IP communications solutions, Mr. Fleming was appointed President of Vonexus. In that role, he was responsible for corporate strategy, management, business development and overall financial performance. Mr. Fleming originally joined Interactive Intelligence, Inc. as Vice President of Sales in 1997 to drive the inaugural launch of the company's enterprise communications software. Following Interactive Intelligence's IPO in 1999, Mr. Fleming was promoted to Executive Vice President of Sales for the Americas, Europe, Middle East and Africa. Previously, he spent five years at Software Artistry Inc. in various management positions, including Vice President, Domestic Sales from January 1995 to February 1997. Mr. Fleming holds a B.A. and an M.B.A. from the University of Missouri.

**Philip M. McDermott** is currently Chief Financial Officer of AltiGen and has been a member of the Board of Directors since 2014. Mr. McDermott has served as Chief Financial Officer of AltiGen since 1999. His long time experience in the communications industry includes positions at 3Com Corporation where he served as Director of Finance America Sales from 1995 to June 1999. Mr. McDermott has also held the position of Vice President of Finance, Operations, and Administration for Chipcom Corporation. Prior to Chipcom, Mr. McDermott served as Chief Financial Officer for four years at David Systems Inc. and has also held executive positions with Prentice Corporation and Northern Telecom. Mr. McDermott received certified Management Account accreditation from the Society of Management Accounting in Montreal, Canada.

There are no family relationships among any of our directors or executive officers.

## **Director Independence**

The Board of Directors has determined that Joseph A. Antellocy is independent under the NASDAQ listing rules. If Keith A. Midkiff is elected to the Board of Directors, the Board of Directors has determined that Mr. Midkiff is independent under the NASDAQ listing rules. Further, the Board has determined that Messrs. Fleming and McDermott are not independent under the NASDAQ listing rules due to their employment with AltiGen as executive officers.

## **Director Nomination**

*Criteria for Board Membership.* The Nominating and Corporate Governance Committee has the responsibility to nominate director candidates to serve on our Board of Directors. In selecting candidates for appointment or re-election to the Board of Directors, the Nominating and Corporate Governance Committee considers the appropriate balance of experience, skills and characteristics required of the Board of Directors and seeks to ensure that directors meet certain minimum financial literacy requirements. Nominees for director are selected on the basis of their depth and breadth of experience, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties. Although we do not have a separate policy regarding consideration of diversity in identifying director nominees, the Nominating and Corporate Governance Committee strives to nominate directors with a variety of complementary skills and backgrounds so that, as a group, the Board of Directors will possess a broad perspective and the appropriate talent, skills and expertise to oversee our business.

*Process for Identifying and Evaluating Nominees.* In the ordinary course, absent special circumstances or a material change in the criteria for Board membership, the Nominating and Corporate Governance Committee will renominate incumbent directors who continue to qualify for Board service and remain willing to serve as directors. If an incumbent director chooses not to stand for re-election, or if a vacancy on the Board occurs between annual stockholder meetings, the Nominating and Corporate Governance Committee will seek out potential candidates for Board appointment who meet the criteria for selection as a nominee. Director candidates will be selected based on input from members of the Board of Directors, senior management and, if the committee deems it appropriate, a third-party search firm. The Nominating and Corporate Governance Committee will evaluate each candidate's qualifications and check relevant references. In addition, such candidates will be interviewed by at least one member of the Nominating and Corporate Governance Committee. Candidates meriting serious consideration will meet with all members of the Board of Directors. Based on this input, the Nominating and Corporation Governance Committee will evaluate which of the prospective candidates is qualified to serve as a director and whether the committee should recommend to the Board of Directors that this candidate be appointed to fill a current vacancy on the Board of Directors, or presented for the approval of the stockholders, as appropriate. We have not paid any fees to any third party to assist in identifying or evaluating director candidates. The Nominating and Corporate Governance Committee evaluates nominees recommended by stockholders in the same manner.

## **Board Meetings and Committees**

The Board of Directors held a total of four regular meetings during fiscal year 2014. The committees of the Board of Directors include the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. During 2014, each member of the Board attended or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board (held during the period for which such person has been a director) and (ii) the total number of meetings held by all committees of the Board on which such person served (during the periods that such person served). The independent directors of the Board of Directors periodically meet separately in executive sessions (i.e., without any members of management present) to discuss corporate business and governance. The independent directors of the Board did not hold any executive sessions in fiscal year 2014. While members of the Board of Directors are not required to attend our annual meeting of stockholders, they are encouraged to attend. Last year, Jeremiah J. Fleming and Philip McDermott attended our annual meeting.

We have written charters for the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee, copies of each are available on our website, free of charge, at [www.altigen.com](http://www.altigen.com). You can also obtain copies of the charters, free of charge, by writing to us at AltiGen Communications, Inc., 679 River Oaks Parkway, San Jose, CA 95134.

The Audit Committee is currently composed of two independent directors: Joseph A. Antellocy and Michael Robbins. The Board of Directors has determined that each member of the Audit Committee is an independent director and meets the requirements for financial literacy under the NASDAQ listing rules. Mr. Robbins has decided not to stand for re-election at this year's Annual Meeting. Following the Annual Meeting, the Board of Directors expects to appoint Keith A.

Midkiff to the Audit Committee. The Board of Directors has determined that Mr. Midkiff is an independent director and meets the requirements for financial literacy under the NASDAQ listing rules. The Audit Committee is responsible for retaining our independent auditors, pre-approving all audit and non-audit services provided by AltiGen's auditors, reviewing and discussing with management the results and scope of audit and other services provided by the independent auditors and reviewing the accounting principles and auditing practices and procedures to be used in our financial statements. The Audit Committee held a total of four meetings during fiscal year 2014.

The Compensation Committee is currently composed of two independent directors: Joseph A. Antellocy and Michael Robbins. The Board of Directors has determined that each member of the Compensation Committee is an independent director under the NASDAQ listing rules. Mr. Robbins has decided not to stand for re-election at this year's Annual Meeting. Following the Annual Meeting, the Board of Directors expects to appoint Keith A. Midkiff to the Compensation Committee. The Board of Directors has determined that Mr. Midkiff qualifies as an independent director for purposes of the NASDAQ listing rules. The Compensation Committee reviews and makes recommendations concerning salaries of executive officers and other managerial employees to the Board of Directors. The Compensation Committee also administers the Company's equity plans. The Compensation Committee held one meeting in fiscal year 2014.

The Nominating and Corporate Governance Committee currently consists of Joseph A. Antellocy and Michael Robbins. The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is an independent director under the NASDAQ listing rules. Mr. Robbins has decided not to stand for re-election at this year's Annual Meeting. Following the Annual Meeting, the Board of Directors expects to appoint Keith A. Midkiff to the Nominating and Corporate Governance Committee. The Board of Directors has determined that Mr. Midkiff qualifies as an independent director for purposes of the NASDAQ listing rules. The Nominating and Corporate Governance Committee assists the Board of Directors in identifying qualified individuals to become directors, monitors the process to assess Board effectiveness and helps develop and implement the Company's corporate governance guidelines. The Nominating and Corporate Governance Committee also considers nominees proposed by stockholders. The Nominating and Corporate Governance Committee held one meetings during fiscal year 2014.

#### Communication between Stockholders and Directors

Stockholders or other interested parties may communicate with any director or committee of the Board of Directors by writing to them c/o Investor Relations, AltiGen Communications, Inc., 679 River Oaks Parkway, San Jose, CA 95134 or by sending an e-mail to [ir@altigen.com](mailto:ir@altigen.com) or by calling the Investor Relations department at (408) 597-9000 ext. 413. Comments or questions regarding the Company's accounting, internal controls or auditing matters will be referred to members of the Audit Committee. Comments or questions regarding the nomination of directors will be referred to members of the Nominating and Corporate Governance Committee. All appropriate communications will be compiled by our Secretary and submitted to the Board of Directors as a whole or an individual director, as appropriate, on a periodic basis.

#### Director Compensation

The table below summarizes compensation earned by or paid or awarded to each of our directors during the fiscal year ended September 30, 2014.

Name	Fees Earned or Paid in		Option Awards (\$) (2)	Total (\$)
	Cash (\$) (1)			
Jeremiah J. Fleming .....	4,000	—	—	4,000
Philip M. McDermott (3) .....	—	—	—	—
Joseph A. Antellocy (3).....	—	—	—	—
Michael Robbins .....	22,500	—	—	22,500

- (1) Each non-management director receives an annual retainer of \$22,500 (\$5,625 per quarter). The Audit Committee members receive an additional annual retainer of \$4,000 (\$1,000 per quarter). Each management director receives an annual retainer of \$4,000 (\$1,000 per quarter).
- (2) Option awards are reported at grant date fair value in the year granted, as determined under applicable accounting standards. Our directors did not receive option awards in fiscal year 2014.
- (3) Both Mr. McDermott and Mr. Antellocy joined the Company's Board of Directors in September 2014.

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## PROPOSAL TWO

### RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Moss Adams LLP as the Company's independent registered public accounting firm and as auditors of the Company's financial statements for fiscal year 2015. Moss Adams LLP has served as the Company's independent registered public accounting firm since its appointment in July 2006.

At the Annual Meeting, the stockholders are being asked to ratify the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for fiscal year 2015. In the event of a negative vote on such ratification, the Audit Committee will reconsider its selection. Representatives of Moss Adams LLP will be present at the Annual Meeting and will have the opportunity to respond to appropriate questions and to make a statement if they so desire.

#### Vote Required

The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on the proposal, assuming that a quorum has been established, will be required to ratify the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for fiscal year 2015.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR"  
RATIFICATION OF THE APPOINTMENT OF MOSS ADAMS LLP AS THE COMPANY'S INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2015.**

#### Audit and Non-Audit Fees

The following table presents fees for professional audit services rendered by Moss Adams LLP for the audit of our annual financial statements for the fiscal years ended September 30, 2014 and 2013 and fees billed for other services rendered by Moss Adams LLP during those periods. All services provided by Moss Adams LLP in fiscal years ended September 30, 2014 and 2013 were pre-approved by the Audit Committee.

	Fiscal Year Ended	
	September 30,	
	2014	2013
	(In thousands)	
Audit Fees(1).....	\$ 92	\$ 100
Audit-Related Fees(2).....	—	20
Tax Fees(3).....	26	24
Total.....	<u>\$ 118</u>	<u>\$ 144</u>

- (1) Audit Fees consist of fees related to professional services rendered in connection with the audit of our consolidated annual financial statements, quarterly review of the interim consolidated financial statements, and audit services provided in connection with other statutory and regulatory filings.
- (2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees." These services include consultations concerning financial accounting and reporting standards.
- (3) Tax Fees consist of fees related to professional services rendered for tax compliance and tax planning (domestic and international). These services include assistance regarding federal, state and international tax compliance and tax planning.

## **Pre-Approval Policy**

The Audit Committee pre-approves all audit and other services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent auditors. Under the policy, pre-approval generally is provided for up to one (1) year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. For each proposed service, the independent auditor is required to provide detailed back-up documentation at the time of approval. The Audit Committee may delegate pre-approval authority to one or more of its members. Such member must report any decisions to the Audit Committee at the next scheduled meeting. All services provided by Moss Adams LLP in fiscal years ended September 30, 2014 and 2013 were pre-approved by the Audit Committee pursuant to this policy.

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## EXECUTIVE OFFICERS

The following table sets forth certain information with regard to our executive officers and their ages as of September 30, 2014:

Name	Age	Position
Jeremiah Fleming.....	57	Chief Executive Officer, President and Chairman of the Board
Philip M. McDermott.....	69	Chief Financial Officer and Director

Please see “Proposal One - Election of Directors” starting on page 5 for information regarding the biographies of Mr. Fleming and Mr. McDermott.

## COMPENSATION DISCUSSION AND ANALYSIS

### Overview

The Compensation Committee acts on behalf of the Board of Directors to establish, implement and continually monitor adherence with the Company’s compensation philosophy. The Compensation Committee ensures that the total compensation paid to the Company’s executive officers is competitive and consistent with the Company’s compensation philosophy and the Compensation Committee’s charter, a copy of which may be obtained on the Company’s website at [www.altigen.com](http://www.altigen.com). The Compensation Committee generally relies upon management, but may also consider outside compensation consultants to provide information and recommendations to establish specific compensation packages for executives.

### Philosophy and Objectives

AltiGen’s executive compensation policies are designed to attract and retain qualified executives who will contribute to its long-term success, to reward executives for achieving AltiGen’s financial goals, and to align executive compensation and stockholder interests through equity-based plans. The Compensation Committee believes that strong financial performance, on a sustained basis, is the most certain avenue through which AltiGen can positively affect long-term stockholder return. Furthermore, the Compensation Committee believes that, in order to attract and retain the most qualified executives in the industry, AltiGen’s compensation policies must be competitive with other companies of comparable size and in similar industries and must reinforce strategic performance objectives through the use of incentive compensation programs. In order to provide incentives to executive officers, a portion of their annual compensation is paid as a bonus. The amount of the bonus for each person is determined on the basis of several indicators of corporate performance as outlined below.

### Role of Executive Officers in Compensation Decisions

The Compensation Committee makes all compensation decisions for its executive officers and approves recommendations regarding equity awards to all employees.

The Chief Executive Officer annually reviews the performance of each other executive officer and makes recommendations to the Compensation Committee regarding salary adjustments, annual bonus targets and amounts and annual stock option grants. The Compensation Committee reviews the performance of the Chief Executive Officer. The Compensation Committee decisions are based in part, on these annual performance reviews, including with respect to salary adjustments, annual bonus amounts and annual stock option grants. The Compensation Committee can exercise its discretion to modify any recommendations of the Chief Executive Officer.

## **Setting Executive Compensation**

Based on the foregoing goals, the Compensation Committee has structured the Company's overall executive compensation in order to make the Company competitive from a compensation standpoint when compared to its peers and to reward strong performance. In order to aid the Compensation Committee in obtaining its objectives, the Compensation Committee relies upon management and may engage an outside compensation consulting firm to provide it with information and recommendations with respect to compensation matters. The Compensation Committee did not engage an outside compensation consulting firm to review or advise on the Company's compensation plans or arrangements during the last fiscal year. The Compensation Committee also considers the Company's overall performance as well as the individual performance of its executive officers when determining cash bonuses and salary adjustments.

In making compensation decisions, the Compensation Committee gathers and analyzes data and suggestions, including data on the compensation peer group of publicly-traded and privately-held technology companies. This peer group consists of companies against which the Compensation Committee believes the Company must compete for talent and for stockholder investment.

While AltiGen typically competes with many larger companies for executive talent, the Compensation Committee maintains total compensation at levels appropriate for a company of its size. The Compensation Committee believes that the potential for increase in the value of the equity underlying the Company's stock option grants creates a powerful incentive for its employees when compared to the awards issued by larger companies.

### **2014 and 2013 Executive Compensation Components**

For the fiscal years ended September 30, 2014 and September 30, 2013, the principal components of compensation for executive officers were:

- Base salary;
- Cash bonus;
- Stock option grants; and
- Retirement and other benefits.

#### *Base Salary*

The Compensation Committee reviews each executive officer's base salary annually. The Compensation Committee believes that executive salaries must be sufficiently competitive to attract and retain key executives. Base pay and annual increases are determined (A) primarily through an analysis of each individual's salary and total target compensation relative to salaries for similar positions within AltiGen and peer companies and (B) to a lesser extent, through a subjective analysis of each individual's contributions to AltiGen's success.

Salary levels are typically considered annually as part of AltiGen's performance review process. Stock price performance has not been a factor in determining annual base salary compensation because the price of the Company's common stock is subject to a variety of factors outside our control. The Compensation Committee did not increase the base salary of any of the Company's executive officers between the fiscal years ended September 30, 2013 and 2014.

#### *Cash Bonus*

AltiGen's executive bonus plan provides for incentive compensation to some but not all of its executive officers and other key employees and will be determined by a percentage of AltiGen's revenue or accounts receivable collected. Individual performance is measured based on goals related to each person's function within the organization. Bonuses generally are awarded to executives if AltiGen meets or exceeds prescribed revenue objectives. If AltiGen fails to meet these objectives, awards may be significantly reduced or even eliminated if minimum thresholds are not achieved.

Conversely, if AltiGen overachieves these objectives, awards may be significantly increased above target thresholds. In the fiscal years ended September 30, 2014 and September 30, 2013, the Compensation Committee established a total target incentive bonus amount (“Target Bonus”) for two of AltiGen’s executive officers (including the Chief Executive Officer) in each year. The Target Bonus ranged from 0.44% to 1.05% of annual target revenue during fiscal years 2014 and 2013. The Compensation Committee used AltiGen’s historical data to determine target bonuses and award actual bonuses. Bonus pay ranges from monthly to quarterly. Bonus targets are established at the beginning of the year.

#### *Long-Term Incentive Compensation—Stock Option Grants*

AltiGen’s option plans provide for long-term incentive compensation for employees of AltiGen, including executive officers. Grants under our equity compensation programs enable the Company to:

- Enhance the link between the creation of stockholder value and long-term executive incentive compensation;
- Provide an opportunity for increased equity ownership by executives; and
- Maintain competitive levels of total compensation, thereby helping AltiGen to attract and retain valuable executives.

AltiGen currently grants equity awards to executive officers in the form of stock options. The Compensation Committee continues to choose stock options as AltiGen’s equity compensation vehicle because stock options provide high incentives to build stockholder value. Stock options have value only if the fair market value of AltiGen’s common stock increases, thereby aligning the interests of executive officers and stockholders and providing incentives to maximize stockholder value. Further, stock options granted to executive officers generally vest over four years. This vesting schedule not only encourages the executive officers to remain with AltiGen over that period of time, but also encourages the executive officers to build value that can be sustained over time.

Stock option awards are granted at the Compensation Committees’ meetings throughout the year and are determined by the Compensation Committee in its sole discretion. Continuing executive officers generally receive annual stock option grants at the meeting in the second quarter of the year; however, when appropriate throughout the year, the Compensation Committee grants new hire options, promotion options and, if it feels it is appropriate, additional supplemental option grants. The Compensation Committee considers recommendations by management with respect to grants to newly hired or promoted executives at the first meeting following such employee’s hire or promotion, as the case may be. The Compensation Committee may make grants at other times in connection with employee retention or otherwise.

Stock options are awarded at an exercise price equal to the closing price of AltiGen’s common stock on the date of the grant. The Compensation Committee has never granted options with an exercise price that is less than the closing price of AltiGen’s common stock on the grant date. AltiGen has no program or practice to time option grants in connection with the release of material non-public information.

Options generally vest over multiple years, which provides incentives for the executive officers to remain with AltiGen. The number of options the Compensation Committee grants to each officer and each option’s vesting schedule are determined based on a variety of factors, including (1) the executive’s position at AltiGen, (2) his or her individual performance as assessed by the Chief Executive Officer in his annual review and by the Compensation Committee with respect to the Chief Executive Officer’s performance, and (3) other factors, including independent equity compensation survey data.

Vesting ceases upon termination of employment, and the vested stock options may generally be exercised for three months following the date of termination. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents. At this time, AltiGen has not adopted stock ownership guidelines with respect to the executive officers or otherwise. AltiGen has an insider trading policy that prohibits, among other things, short sales, hedging of stock ownership positions, and transactions involving derivative securities relating to AltiGen’s common stock.

The Compensation Committee did not grant any stock options or other equity awards to the Company's directors or executive officers during fiscal years ended September 30, 2014 or 2013.

#### *Retirement and Other Benefits*

All employees in the United States, including our executive officers, are eligible to participate in the our 401(k) plan, medical and dental insurance, employee stock purchase plan, as well as our life and disability insurance policy. The 401(k) plan and other generally available benefit programs allow AltiGen to remain competitive for employee talent, and we believe that the availability of such benefit programs enhances employee loyalty and productivity. The benefit programs are primarily intended to provide all eligible employees with competitive and quality healthcare and financial protection for retirement. These benefit programs typically do not factor into decisions regarding executive compensation packages.

#### *Compensation of the Chief Executive Officer*

The Compensation Committee determines the compensation of the Chief Executive Officer following criteria similar to those used to determine the compensation for our other executive officers. Our Chief Executive Officer is the person most responsible for AltiGen's overall performance and as such a greater portion of his potential compensation is tied to the financial performance of AltiGen.

#### **Summary Compensation Table**

The following table summarizes the compensation paid during the fiscal years ended September 30, 2014 and 2013 to the Company's executive officers.

<b>Name and Principal Position</b>	<b>Fiscal Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Option Awards (\$)</b>	<b>All Other Compensation (\$)(1)</b>	<b>Total (\$)</b>
Jeremiah J. Fleming Chief Executive Officer, President and Chairman of the Board	2014	170,000	99,729	—	4,000	273,729
	2013	170,000	113,543	—	4,000	287,543
Philip M. McDermott (2) Chief Financial Officer and Director	2014	170,000	50,623	—	—	220,623
	2013	170,000	57,425	—	—	227,425

(1) Consists of director fees. Each management director receives an annual retainer of \$4,000.

(2) Mr. McDermott joined the Company's Board of Directors in September 2014.

#### **Grants of Plan-Based Awards – Fiscal Years Ended September 30, 2014 and 2013**

During fiscal years ended September 30, 2014 and 2013, we did not grant any stock option awards to our executive officers.

## Outstanding Equity Awards at September 30, 2014

The following table provides information regarding outstanding equity held by the listed executive officers as of September 30, 2014.

Name	Option Awards				
	Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date
Jeremiah J. Fleming.....	09/01/2009	296,306	103,694(1)	0.860	09/01/2019
	08/31/2010	100,000	—	0.740	08/31/2020
	02/01/2011	391,667	8,333(2)	0.920	02/01/2021
Philip M. McDermott .....	09/01/2009	201,147	184,724(1)	0.860	09/01/2019
	08/31/2010	100,000	—	0.740	08/31/2020

- (1) The options will vest and become exercisable in full when our common stock price closes at or above \$2.50 per share during the term of the option.
- (2) The option will vest and become exercisable over a four-year period commencing on February 1, 2011, with 25% of the shares vesting on the one-year anniversary of the grant date, and 1/48 of the shares vesting on a monthly basis thereafter.

As of September 30, 2014, all outstanding equity awards held by each executive officer were out-of-the-money.

### Option Exercises and Value Realized on Exercise

During fiscal years ended September 30, 2014 and 2013, our executive officers did not exercise any of their vested options.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, MANAGEMENT AND MEMBERS OF THE BOARD OF DIRECTORS**

The following table sets forth information regarding the beneficial ownership of shares of our common stock as of August 28, 2015. The table shows ownership by:

- each person or entity known to us to beneficially own five percent (5%) or more of the shares of our outstanding stock;
- each of our directors;
- each of our executive officers;
- each nominee for director, if such person is not currently a director or executive officer; and
- all of our directors, executive officers and director nominees as a group.

This information is based on information received from or on behalf of the named individuals. The column entitled “Options” consists of shares of common stock subject to options exercisable or currently exercisable within 60 days of August 28, 2015, which are deemed to be outstanding for the purpose of computing the percentage ownership of the person holding the options. As of August 28, 2015, AltiGen had 22,798,683 shares outstanding.

Unless otherwise indicated, the principal address of each of the stockholders below is: c/o AltiGen Communications, Inc., 679 River Oaks Parkway, San Jose, California 95134. Except as otherwise indicated in the footnotes to this table, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of our common stock beneficially owned by them.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares Held</u>	<u>Options</u>	<u>Total Number of Shares Beneficially Owned</u>	<u>Percentage of Shares Beneficially Owned</u>
<b>Directors and Executive Officers:</b>				
Jeremiah J. Fleming.....	3,433,409	524,084	3,957,493	17.0%
Philip M. McDermott.....	380,273	280,298	660,571	2.9%
Gilbert Hu.....	405,432	—	405,432	1.8%
Joseph A. Antellocy.....	—	15,000	15,000	*
Michael Robbins.....	—	15,000	15,000	*
Keith A. Midkiff.....	—	—	—	—
All directors and executive officers as a group (6 persons).....	4,219,114	834,382	5,053,496	21.7%

\* Less than 1%.



## Equity Compensation Plan Information

The following table summarizes information about our existing equity compensation plans as of September 30, 2014. All outstanding awards relate to our common stock.

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) (1)</b>
Equity compensation plans approved by security holders:	3,557,684	\$ 0.86	3,959,539
Equity compensation plans not approved by security holders .....	—	—	—
<b>Total .....</b>	<b><u>3,557,684</u></b>	<b><u>\$ 0.86</u></b>	<b><u>3,959,539</u></b>

(1) Includes 1,278,871 shares of common stock reserve for issuance under our employee stock purchase plan.

## Code of Business Conduct and Ethics

The Board of Directors adopted a Code of Conduct for all of directors, officers and employees on July 26, 2004. Our Code of Conduct is posted on our website at <http://www.altigen.com>. A copy of this Code of Conduct can be obtained free of charge through our investor relations department.

**OTHER MATTERS**

We do not know of any other matters to be submitted to the Annual Meeting. If any other matters properly come before the Annual Meeting, or at any and all adjournments or postponements thereof, it is the intention of the persons named in the enclosed proxy to vote the shares they represent as the Board of Directors may recommend.

BY ORDER OF THE BOARD OF DIRECTORS,

A handwritten signature in black ink, appearing to read 'Phil McDermott', with a long, sweeping horizontal stroke extending to the right.

Philip M. McDermott  
*Chief Financial Officer and Director*

Dated: September 10, 2015

**STOCKHOLDERS ARE REQUESTED TO MARK, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED, SELF-ADDRESSED ENVELOPE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. YOUR PROMPT RESPONSE WILL BE HELPFUL, AND YOUR COOPERATION WILL BE APPRECIATED.**