

CUMBERLAND PHARMACEUTICALS INC

Form DEFR14A

March 20, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

CUMBERLAND PHARMACEUTICALS INC.

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Explanatory Note

The purpose of this filing is to correct an inadvertent administrative error in the Company's Schedule 14A (DEF14A) filed with the SEC on March 16, 2017 relating to the record date as it was referenced therein. The record date should have been and, as corrected now, is March 3, 2017. On the record date, there were 16,013,407 shares of our common stock issued and outstanding.

Other than the change to address the item discussed above, all other statements and disclosures contained in the original Schedule 14A remain unchanged.

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March 16, 2017

DEAR FELLOW SHAREHOLDERS:

You are invited to join us for the 2017 Annual Meeting of Shareholders of Cumberland Pharmaceuticals Inc. The meeting will be held on April 25, 2017 at 9:30 a.m. Central Time, at Cumberland's Corporate Offices located at 2525 West End Avenue, Nashville, Tennessee.

The enclosed Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at this year's Annual Meeting. The Board's recommendations on these items are included with the proposals, and your support is important.

Shareholders of record can vote their shares by marking the enclosed proxy, signing and dating the proxy card and mailing it in the enclosed envelope. Shareholders can also vote using the Internet or the telephone. Instructions for using these alternative voting methods are included in the enclosed proxy card.

Sincerely,

A. J. Kazimi

Chairman and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 25, 2017

The 2017 Annual Meeting of Shareholders of Cumberland Pharmaceuticals Inc., will be held on April 25, 2017 at 9:30 a.m. Central Time, at the Cumberland Pharmaceuticals Inc., Centennial Boardroom, 2525 West End Avenue, Suite 950, Nashville, Tennessee 37203. The items of business are:

- (1) Election of four (4) Class I Directors to serve until the 2020 Annual Meeting of Shareholders, or until their successors are duly elected and qualified;
- (2) Ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for 2017;
- (3) To provide shareholders an opportunity to participate in an advisory vote on executive compensation;
- (4) To provide shareholders an opportunity to participate in an advisory vote regarding the frequency of the advisory vote on all of the compensation of the Company's named executives;
- (5) To approve extensions of the Amended and Restated 2007 Long-Term and Directors' Incentive Compensation Plan through April 19, 2020;
- (6) Any other business that may properly come before our annual meeting.

Shareholders of record at the close of business on March 3, 2017 are entitled to receive notification and vote at the Annual Meeting and any adjournments or postponements of the meeting. If you were a shareholder at the close of business on March 10, 2017, you are entitled to vote.

We are furnishing our proxy materials to you under Securities and Exchange Commission rules that allow companies to deliver proxy materials to their shareholders on the Internet. We believe this approach allows us to provide shareholders with a timely and convenient way to receive proxy materials and vote, while lowering the costs of delivery and reducing the environmental impact of our Annual Meeting. On or about March 16, 2017, we will begin mailing a Notice of Internet Availability of Proxy Materials ("Notice") to our shareholders. We have provided access to our proxy materials on the Internet. The proxy materials include our 2016 Annual Report to Shareholders, our Annual Report on Form 10-K for 2016 and the Proxy Statement and proxy card.

Whether or not you plan to attend the Annual Meeting, we ask that you carefully read through the proxy statement and the voting instructions to ensure that your shares are represented. If you attend the meeting you may withdraw any previously given proxy and vote your shares in person.

By order of the Board of Directors,

A. J. Kazimi
Chairman and Chief Executive Officer

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDERS MEETING TO BE HELD ON April 25, 2017

This Proxy Statement, our 2016 Annual Report to Shareholders and our Annual Report on Form 10-K for 2016 are available at: <http://www.cstproxy.com/cumberlandpharma/2017>. Directions to attend the Annual Meeting and vote in person are available on our website, www.cumberlandpharma.com. From the homepage, link through the “Investor Relations” page to the “Events Calendar” page.

Voting Your Shares

You may vote if you owned shares of our common stock at the close of business on March 3, 2017. You may vote in person, or submit a proxy by the Internet, telephone or mail as follows:

- Mail: Complete, sign, date and return your proxy card in the postage-paid envelope provided.
- Internet: www.cstproxyvote.com
- Telephone: 1 (866) 894-0537
- In Person: Attend our annual meeting and vote by ballot

If you submit your proxy via telephone or Internet, you do not need to return your proxy card.

CUMBERLAND PHARMACEUTICALS INC.
2525 West End Avenue, Suite 950
Nashville, Tennessee 37203
(615) 255-0068
PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD April 25, 2017

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

This Proxy Statement accompanies the Notice of Annual Meeting of Shareholders of Cumberland Pharmaceuticals Inc., a Tennessee corporation (“we,” “our,” “the Company”), in connection with the solicitation of proxies by and on behalf of our Board of Directors for use at our Annual Meeting to be held on April 25, 2017 at 9:30 a.m. Central Time, at the Cumberland Pharmaceuticals Inc. Boardroom, 2525 West End Avenue, Suite 950, Nashville, Tennessee 37203, and at any postponement or adjournment of the meeting.

We are furnishing proxy materials to our shareholders primarily via the Internet under rules adopted by the Securities and Exchange Commission, instead of mailing printed copies of those materials to each shareholder. These materials are available to stockholders via the Internet at the following website:

<http://www.cstproxy.com/cumberlandpharma/2017>. On March 16, 2017, we will begin mailing to our shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2016 Annual Report to Shareholders, our Annual Report on Form 10-K for 2016 and the Proxy Statement and proxy card. The Notice of Internet Availability of Proxy Materials also instructs you on how to access your proxy card or to vote via the Internet or by telephone.

This process is designed to expedite the shareholders receipt of proxy materials, lower the cost of the Annual Meeting and help conserve natural resources. If you receive a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials in the mail unless you request a copy. Shareholders who would prefer to continue to receive printed proxy materials should follow the instructions included in the Notice of Internet Availability of Proxy Materials.

What is the Purpose of the 2017 Annual Meeting?

At the 2017 Annual Meeting, shareholders will act upon the matters outlined in the attached Notice of Annual Meeting and described in detail in this Proxy Statement, which are: (1) to elect four (4) Class I Directors to serve until the 2020 Annual Meeting of Shareholders, or until their successors are duly elected and qualified; (2) to ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017; (3) to provide shareholders an opportunity to participate in an advisory vote on executive compensation; (4) to provide shareholders an opportunity to participate in an advisory vote regarding the frequency of the advisory vote on all of the compensation of the Company's named executives; (5) to approve extensions of the Amended and Restated 2007 Long-Term and Directors' Incentive Compensation Plan through April 18, 2020; and (6) to transact such other business as may properly come before our annual meeting or any postponement or adjournment of the meeting. In addition, our management will report on our performance during the fiscal year ended December 31, 2016 and respond to questions from shareholders.

Although the Board does not anticipate that any other matters will come before the 2017 Annual Meeting, your executed proxy gives the official proxies the right to vote your shares at their discretion on any other matter properly brought before the Annual Meeting.

Who Is Entitled to Vote at the 2017 Annual Meeting?

Only shareholders of record at the close of business on March 3, 2017, or the “record date,” will be entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement of the meeting.

What Are the Voting Rights of the Holders of Our Common Stock?

Holders of our common stock are entitled to one vote per share with respect to each of the matters to be presented at the Annual Meeting. With regard to the election of directors, holders of common stock are entitled to vote for as many individuals as there are director seats to be elected, which for the 2017 Annual Meeting include four director seats. The four nominees receiving the greatest number of votes cast will be elected provided a quorum is present. On each other matter to be presented, a matter will be approved if the votes cast in favor of the action exceed the votes cast opposing the action.

Abstentions will not be counted towards the tabulation of votes cast on matters properly presented to the shareholders (except the election of directors). In the election of directors, if more votes are withheld than votes for the election of a director, that director must tender his or her resignation to the Board of Directors; the Board of Directors will have 90 days to consider the matter and act. Any director who tenders his or her resignation due to this process cannot participate in any decision, unless the election resulted in less than two directors.

What Constitutes A Quorum?

Our Bylaws provide that the presence, in person or by proxy, of the holders of a majority of shares entitled to vote at our Annual Meeting shall constitute a quorum. On the record date there were 16,013,407 shares of our common stock (excluding restricted shares) issued and outstanding and such shares are the only shares entitled to vote at the Annual Meeting.

Your Proxy may be sent directly to the broker that holds your shares. A broker may vote your shares on your behalf without instructions for routine matters, such as the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm. However, a broker must have instructions from you to vote your shares with respect to non-routine matters, such as the election of directors.

What Are the Board’s Recommendations?

Unless you provide other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board’s recommendations are set forth together with the description of the Proposals in this Proxy Statement. In summary, the Board recommends a vote FOR election to the Board of Directors of each of the four (4) nominees for directorship named in this Proxy Statement (See Proposal I), a vote FOR the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2017 (See Proposal II), a vote FOR the resolution regarding compensation of the named executive officers (See Proposal III), a vote for EVERY THREE YEARS on the compensation of the Company’s executive officers named in the proxy statement’s summary compensation table for that year (See Proposal IV), and a vote FOR the approval of extensions of the Amended and Restated 2007 Long-Term and Directors' Incentive Compensation Plan through April 18, 2020 (See Proposal V).

The proxy holders will vote in their discretion with respect to any other matter that may properly come before the Annual Meeting.

Proxies

If the enclosed proxy card is executed, returned in time and not revoked, the shares represented thereby will be voted at the Annual Meeting and at any postponement or adjournment of the meeting in accordance with the instructions indicated on such proxy. IF NO INSTRUCTIONS ARE INDICATED ON THE PROXY CARD, THE OFFICIAL PROXIES WILL VOTE (1) "FOR" PROPOSALS I, II, III, AND V AND "EVERY THREE YEARS" FOR PROPOSAL IV DESCRIBED IN THIS PROXY STATEMENT; and (2) AS TO ANY OTHER MATTERS PROPERLY BROUGHT BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF, IN THE SOLE DISCRETION OF THE PROXY HOLDERS.

A shareholder who has returned a proxy card may revoke it at any time prior to its exercise at the Annual Meeting by (i) giving written notice of revocation to our Corporate Secretary, (ii) properly submitting to Cumberland Pharmaceuticals Inc. a duly executed proxy bearing a later date or (iii) appearing at the Annual Meeting and voting in person. All written notices of revocation of proxies should be addressed as follows: Cumberland Pharmaceuticals Inc., 2525 West End Avenue, Suite 950, Nashville, Tennessee 37203, Attention: Corporate Secretary.

PROPOSAL I ELECTION OF DIRECTORS

The Board of Directors

Effective April 25, 2017, our Board of Directors consists of nine directors, divided into three classes, serving staggered three-year terms. One of three classes is elected each year to succeed the directors whose terms are expiring. At this 2017 Annual Meeting, the term of the Class I directors expire. The individuals nominated for election as directors in Class I at this 2017 Annual Meeting would, if elected, hold office for a three-year term expiring in 2020.

Director Nominees

Mr. Jacobs and Mr. Griggs, two of the four nominees, are currently serving as directors of the Company. There are currently seven independent directors serving on our Board.

Nomination to serve as Class I directors, for term expiring in 2020

Joey A. Jacobs. Mr. Jacobs, 63, joined Cumberland's Board of Directors in 2011 and is a member of the Nominating Committee. A healthcare veteran with more than 40 years of industry experience, Mr. Jacobs is currently the Chairman and Chief Executive Officer of Acadia Healthcare, a rapidly growing, publicly-traded behavioral health company. Mr. Jacobs is the former Chairman, President and Chief Executive Officer of Nashville-based Psychiatric Solutions, Inc. (PSI), which he co-founded in 1997 and grew into a \$2 billion behavioral healthcare system before the company's sale to Universal Health Services in 2010. Prior to founding PSI, Mr. Jacobs spent 21 years at Hospital Corporation of America, or HCA, where he served in various capacities. In addition to serving as the former Chairman of the Nashville Health Care Council, he is also a past director of the Federation of American Hospitals and the National Association of Psychiatric Health Systems. He is currently a board member of the Monroe Carell, Jr. Children's Hospital at Vanderbilt, Envision Corporation, Middle Tennessee State University and Mental Health Management. Mr. Jacobs holds a B.S. degree from Middle Tennessee State University. The Board believes Mr. Jacobs' extensive hospital industry experience as well as his experience as chairman and CEO of a publicly traded healthcare company will be critical as the Company continues to develop its hospital acute care product line and navigate the responsibilities associated with being a public company.

Jonathan I. Griggs. Mr. Griggs, 82, has served as a member of our Board of Directors since 2010 and is a member of our Audit, Compensation and Governance & Nominating Committees. His career spans more than 40 years in the pharmaceutical and biotechnology industries and includes significant international experience. He spent 23 years at Warner Lambert Corporation in positions of increasing responsibility, culminating with his position as Vice President of Human Resources. During his tenure with Warner Lambert, he provided leadership for the successful integration of three pharmaceutical businesses into what became Parke Davis, the largest consolidation in the industry at that time. From 1992 to present he has been the CEO of Griggs & Associates, a management and human resources consulting firm assisting start-up companies and providing critical assistance in turnaround situations. Mr. Griggs also provided the leadership and strategic management for the formation and establishment of the AACA (Antique Auto Club of America) Museum, a leading transportation museum where he served as chairman and is currently a director. Mr. Griggs has his B.S. Degree from Penn State and attended the Wharton School of Management at the University of Pennsylvania. He has been an advisor to Cumberland Pharmaceuticals as a member of the Company's Pharmaceutical Advisory Board since it began operations in 1999. The Board believes Mr. Griggs' experience in strategic management and human resources consulting will be critical as the Company continues to build a strong, effective management team.

Caroline R. Young. Ms. Young, 43, joined the Board of Directors of Cumberland Pharmaceuticals in 2016. Ms. Young was previously the President of the Nashville Health Care Council, a position she held from 2008 to 2015. Under her leadership, the Council's membership grew to encompass 300 diverse organizations and launched the one-of-a-kind Fellows initiative designed to further the skills of business executives. Additionally, the Council's innovative Leadership Health Care program expanded to consist of 1,000 members. Ms. Young joined the Council in 2004, serving as vice president. Prior to the Council, Ms. Young was the founding Executive Director of Life Science Tennessee from 2002 to 2004. She also served in communications roles for the State of Tennessee's Department of Economic and Community Development (ECD) from 1998 to 2002. Ms. Young is currently the Executive Director of NashvilleHealth, an initiative focused on improving the health of the citizens of Nashville-Davidson County. NashvilleHealth addresses

area health equity issues and ensures Nashville continues to be a great place to live and work. Ms. Young has been recognized by the Nashville Business Journal as a “Healthcare Hero,” and the Nashville Medical News as a “Woman to Watch.” Currently, Ms. Young is on the board of the Center for Non-Profit Management, and is a member of the Advisory Board of the Washington, DC-based Women Business Leaders of the U.S. Healthcare Industry. Ms. Young holds an M.S. from the University of Tennessee and a B.A. from the University of Mississippi.

Kenneth J. Krogulski. Mr. Krogulski, 59, joins Cumberland’s Board of Directors in 2017. He has over 38 years of experience in security analysis and portfolio management and is currently the President and Chief Executive Officer of Berkshire Asset Management, LLC, as well as the company’s Chief Investment Officer. Berkshire is a 30-year-old independent SEC registered Pennsylvania based investment advisory firm with over \$1.7 billion in assets under supervision. Prior to Berkshire, Mr. Krogulski began his career in financial services in 1979 at First Eastern Bank, N.A., now PNC Financial, as an investment analyst and portfolio manager, where he advanced to Chief Investment Officer of the Trust Department. He then joined Berkshire in 1990 and later led a management buy-out acquiring the company from Legg Mason. Under his leadership Berkshire’s assets under supervision have grown from \$600 million in 2006 and are now over \$1.7 billion. Currently Mr. Krogulski serves on the board of Allied Services Rehabilitation Hospital and as Chairman of the Appleseed Foundation. Previously he served as the Director of the Wyoming Valley Health Care System, on the board of the F.M. Kirby Center for the Performing Arts, the Luzerne Foundation and on various other community boards. Mr. Krogulski earned his M.B.A. from Wilkes University and a B.S. in finance from Indiana University of Pennsylvania. In addition, he holds the Chartered Financial Analyst designation.

Class II Directors Expected to Stand For Re-Election in 2018

James R. Jones. Mr. Jones, 69, has served as a member of our Board of Directors since 2010. Mr. Jones’ 35 year career in professional accounting at KPMG LLP included the role of Managing Partner at their Nashville, Tennessee office from 1999 to 2006. He served in various capacities during his career at KPMG which also included positions at their offices in Jackson, Mississippi, Washington, D.C. and Greenville, South Carolina. During his tenure with KPMG, Mr. Jones led a team of more than 100 individuals providing accounting services for an extensive client base. Following retirement in 2006, he has served as an advisor and provided various consulting services to several companies, including acting as liaison between management and the board of directors of a long-term care facility and serving as interim CEO of a charitable organization. Mr. Jones is an adjunct faculty member at the Owen Graduate School of Business at Vanderbilt University. He is currently a board director and member of the audit committee of Argent Trust Company of Tennessee. Mr. Jones also serves as Chairman of our Audit Committee and is our Audit Committee financial expert. Mr. Jones holds a B.S. from Mississippi College and an M.B.A. from Mississippi State University. The Board believes Mr. Jones’ significant accounting background will strengthen Cumberland’s existing financial capabilities and play a key role as the Company is subject to increasingly stringent accounting and auditing regulations as a public entity.

Thomas R. Lawrence. Mr. Lawrence, 77, has served as a member of our Board of Directors since 1999. Since 2003 he has been Chairman of Aetos Technologies Inc., a corporation formed in 2003 by Auburn University to market technological breakthroughs by its faculty. Since 1998, Mr. Lawrence advises business clients on matters of marketing and corporate governance through his firm Capital Consultants. He previously served as Co-Founder and Managing Partner of Delta Capital Partners, or Delta, in Memphis from 1989 to 1998. The partnership made investments in ten early-stage companies which, by 1998, were valued at more than \$30 million. Prior to the formation of Delta, Mr. Lawrence founded several companies in the areas of commercial leasing and venture capital financing. He also worked for most of the 1980s as an Institutional Sales Representative and Commercial Leasing Specialist with the Investment Banking Group of Union Planters Bank in Memphis, where he was responsible for the structure and sale of over \$1 billion in securities. Mr. Lawrence serves as the Chairman of our Compensation Committee and as a member of our Audit Committee as well as a director for Cumberland Emerging Technologies, or CET, our majority owned subsidiary. He holds a B.A. from Mississippi State University. The Board believes Mr. Lawrence has played a significant role in guiding the Company’s strategy, and that he will continue to offer valuable services in directing Cumberland’s growth. He is currently a majority owner of the publishing company Front Porch Press, LLC.

Class III Directors Expected to Stand For Re-Election in 2019

A.J. Kazimi. Mr. Kazimi, 58, founded our company in 1999 and has served as the Chairman of our Board of Directors and Chief Executive Officer since inception. His career includes 28 years in the biopharmaceutical industry. At Cumberland he has built a portfolio of branded pharmaceutical products to help improve patient care. He has guided the FDA approval of the company's Acetadot® and Caldolor® brands, while also leading Cumberland's initial public offering and listing on the NASDAQ stock exchange. Prior to joining our company, he spent eleven years helping to build Therapeutic Antibodies Inc., an international biopharmaceutical company. As President and Chief Operating Officer, he made key contributions to that company's growth from its start-up phase through its initial public offering and listing on the London stock exchange. Mr. Kazimi oversaw operations in three countries and was personally involved with the company's product development strategies, approvals, licensing agreements and the raising of over \$100 million in equity and debt financings. Prior to that role, Mr. Kazimi worked at Brown-Forman Corporation, rising through a series of management positions and helping to launch several new products. Mr. Kazimi has served on the board of directors for the Nashville Health Care Council, an industry association representing the largest concentration of healthcare companies in the United States and Aegis Toxicology Sciences Corporation, a federally certified forensic toxicology laboratory. He also serves as Chairman and Chief Executive Officer of CET. He holds a B.S. from the University of Notre Dame and an M.B.A. from the Vanderbilt University Owen Graduate School of Management. The Board believes that Mr. Kazimi brings strategic insight, leadership and a history of successful execution to the Board along with a wealth of experience in both the biopharmaceutical industry and the development of emerging companies.

Martin E. Cearnal. Mr. Cearnal, 72, has served as a member of our Board of Directors since 2004. In 2008, he joined our management team to head commercial development for Cumberland, currently serving as Senior Vice President and Chief Commercial Officer. He is the former President and Chief Executive Officer of Physicians World, which became the largest provider of continuing medical education during his tenure from 1985 to 2000. Physicians World was acquired by Thomson Healthcare in 2000, and Mr. Cearnal served as President of Thomson Physicians World from 2000 to 2003 and Executive Vice President-Chief Strategy Officer for Thomson Medical Education from 2003 through 2005. He then became Executive Vice President-Chief Strategy Officer for Jobson Medical Information. Mr. Cearnal has 50 years of experience in the healthcare industry and has been involved with the launches of such noteworthy pharmaceutical products as Lipitor®, Actos®, Intron-A®, Straterra®, Botox® and Humira®. He spent 17 years at Revlon Healthcare in a variety of domestic and international pharmaceutical marketing roles culminating in his position as Vice President, Marketing for International Operations. He has a B.S. degree from Southeast Missouri State University. The Board believes Mr. Cearnal brings significant marketing-related knowledge to the Company, which has and will help facilitate successful product launches and marketing plans, among other contributions.

Gordon R. Bernard. Dr. Bernard, 65, served as our Medical Director from 1999 until 2010 and currently serves as an advisor to the Company as Chair of our Medical Advisory Board. He has served on our Board of Directors since 2010. Dr. Bernard is the Executive Vice President for Research at Vanderbilt University Medical Center, and also the Melinda Owen Bass Professor of Medicine and former Chief of the Division of Allergy, Pulmonary and Critical Care Medicine at Vanderbilt. In addition, he is Senior Associate Dean for Clinical Sciences and Chairman of Vanderbilt's Pharmacy and Therapeutics Committee, which is responsible for approving the Vanderbilt Medical Center Formulary of approved drugs and therapeutics. Dr. Bernard has been conducting national and international trials of pharmaceuticals since 1980 and he has been steering committee chair of the National Institutes of Health, Acute Respiratory Distress Syndrome Clinical Trials Network since its inception in 1994 through its conclusion in 2014. This network is the only federally supported ongoing system for the conduct of research in the hospital Intensive Care Unit, or ICU. He holds a B.S. from the University of Southwestern Louisiana and an M.D. from Louisiana State University. Dr. Bernard maintains an active practice as an Intensivist in the Medical ICU at Vanderbilt and is therefore in a position to observe, first hand, the pharmaceutical management issues surrounding the care of a wide variety of the most severely ill patients and identify their unmet medical needs. The Board believes Dr. Bernard's medical background is extremely valuable as the Company seeks to continue expanding its pipeline with promising products that offer advancement to patient care and are well-positioned competitively.

Please refer to the section labeled "CORPORATE GOVERNANCE" for a discussion of the various committees of our Board of Directors and the composition and duties of these committees, as well as the nomination process for

directors, and a discussion of other corporate governance and ethical considerations.

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Based on their qualifications and experience, we believe the aforementioned nominees for directorship are suitable nominees to serve on the Board and we believe the nominees will be available and able to serve as directors. In the event that a nominee is unable to serve, the proxy holders will vote the proxies for such other nominee as they may determine.

THE BOARD OF DIRECTORS STRONGLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE DIRECTOR NOMINEES LISTED ABOVE.

PROPOSAL II

PROPOSAL TO RATIFY APPOINTMENT OF

BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

As disclosed in the Company's current report on Form 8-K filed with the SEC on March 16, 2017 (the "Auditor Current Report"), on March 16, 2017 the Audit Committee of our Board of Directors dismissed KPMG LLP as the Company's independent registered public accounting firm, effective as of March 10, 2017, the date of the filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

During the Company's fiscal years ended December 31, 2015 and 2016, and the subsequent interim period through March 10, 2017, there were (i) no disagreements between the Company and KPMG LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to KPMG LLP's satisfaction, would have caused KPMG LLP to make reference to the subject matter of the disagreement in its report on the Company's consolidated financial statements for the relevant year, and (ii) no "reportable events" as that term is defined in Item 304(a)(1)(v) of Regulation S-K. The audit reports of KPMG LLP on the consolidated financial statements of the Company as of December 31, 2015 and 2016, contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

On March 16, 2017, the Company provided KPMG LLP with a copy of the Auditor Current Report and requested KPMG LLP to, as promptly as possible, furnish the Company with a letter (the "KPMG Letter") addressed to the SEC stating whether KPMG LLP agreed with the statements made by the Company in response to Item 304(a) of Regulation S-K and, if not, stating the respects in which it did not agree. A copy of the KPMG letter will be filed with the Commission by amendment to the Auditor Current Report within 2 business days after receipt from KPMG LLP.

In addition, as disclosed in the Auditor Current Report, on March 16, 2017, the Audit Committee selected BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017. During the Company's fiscal years ended December 31, 2015 and 2016, and the subsequent interim period through March 16, 2017, neither the Company, nor anyone on its behalf, consulted with BDO USA, LLP regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's consolidated financial statements; and as such, no written report or oral advice was provided, and none was an important factor considered by the Company in reaching a decision as to the accounting, auditing, or financial reporting issues; or (ii) any matter that was either the subject of a "disagreement" or a "reportable event" (within the meaning of Item 304(a)(1)(iv) and Item 304(a)(1)(v) of Regulation S-K, respectively).

The Audit Committee of our Board of Directors has appointed the firm of BDO USA, LLP as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2017, and seeks ratification of the appointment by the shareholders. We are not required to seek shareholder approval for the appointment of our independent registered public accounting firm; however, the Audit Committee and the full Board of Directors believe it to be sound corporate practice to seek such approval. If the appointment is not ratified, the Audit Committee will investigate the reasons for shareholder rejection and will re-consider the appointment. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of our Company and our shareholders.

Representatives of BDO USA, LLP will be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions. The Company does not expect that representatives of KPMG LLP will be present at the Annual Meeting.

THE BOARD OF DIRECTORS STRONGLY RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2017.

PROPOSAL III

ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, provides that our shareholders have the opportunity to cast a non-binding advisory vote regarding the approval of the compensation disclosed in this Proxy Statement of the Company's executive officers. The Company's executive officers are named in the Summary Compensation Table, and the Company has disclosed the compensation of the named executive officers pursuant to SEC rules.

The Company believes that the compensation policies for the named executive officers are designed to attract and retain talented and experienced executives; motivate and reward executives whose knowledge, skills and performance are critical to our success and align the interests of our executive officers and shareholders by motivating executive officers to increase shareholder value and rewarding them when shareholder value increases. This advisory shareholder vote, commonly referred to as a "say-on-pay vote" is currently held every three years and, gives you as a shareholder the opportunity to approve or not approve the named executive officers' compensation disclosed in this Proxy Statement by voting for or against the following resolution (or by abstaining with respect to the resolution): **RESOLVED**, that the shareholders of Cumberland Pharmaceuticals Inc. approve all of the compensation of Cumberland's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion.

Although the say on pay vote is advisory and is not binding on either the Board of Directors or the Company, the Compensation Committee will take into consideration the outcome of the shareholder vote on this proposal when considering future executive compensation decisions.

THE BOARD OF DIRECTORS STRONGLY RECOMMENDS A VOTE "FOR" THE RESOLUTION REGARDING THE COMPENSATION OF NAMED EXECUTIVE OFFICERS.

PROPOSAL IV
ADVISORY VOTE ON THE FREQUENCY OF
FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

The Dodd-Frank Act requires that the Company's shareholders have the opportunity to cast a non-binding advisory vote regarding how frequently we should seek from our shareholders a non-binding advisory vote (similar to Proposal III above) on the compensation disclosed in the Company's Proxy Statement of its named executive officers. By voting on this frequency proposal, shareholders may indicate whether they would prefer that the advisory vote on the compensation of the Company's named executive officers occur every one, two or three years. Shareholders may also abstain from voting on the proposal. Accordingly, the following resolution is submitted for an advisory shareholder vote at the annual meeting:

RESOLVED, that the highest number of votes cast by the shareholders of Cumberland Pharmaceuticals Inc. for the option set forth below shall be the preferred frequency of the Company's shareholders for holding an advisory vote on the compensation of the Company's executive officers who are named in the Summary Compensation Table of the Company's Proxy Statement:

- every year;
- every other year;
- every three years; or
- abstain.

Our Board has determined that holding a "say-on-pay" vote every three years is most appropriate for the Company and recommends that you vote to hold such advisory vote in the future every third year for the reasons set forth below.

First, we believe that providing our shareholders with an advisory vote on executive compensation every three years, or a triennial vote, will encourage a long-term approach to evaluating our executive compensation policies and practices, consistent with the Compensation Committee's long-term philosophy on executive compensation. In contrast, focusing on executive compensation over an annual or biennial period would focus on short-term results rather than long-term value creation, which is inconsistent with our compensation philosophy.

Second, a triennial vote allows for a meaningful evaluation of our performance against our compensation practices. This would also allow changes in compensation practices to be implemented and accounted for in our financial performance.

Lastly, a triennial vote would allow us adequate time to compile meaningful input from shareholders on our pay practices and respond appropriately. Both the Company and our shareholders would benefit from having more time for a thoughtful and constructive dialogue on why particular pay practices are appropriate for us.

The option receiving the greatest number of votes (every year, other year or three years) will be considered the frequency approved by shareholders. Although the vote is non-binding, the Board will take into account the outcome of the vote when making future decisions about the frequency for holding an advisory vote on executive compensation. Despite the outcome of the vote, and our decision in light of it, the Board intends to periodically reassess the frequency of the "say on pay" vote and, if it is deemed appropriate, may provide for an advisory vote on executive compensation on a more or less frequent basis.

THE BOARD STRONGLY RECOMMENDS THAT THE SHAREHOLDERS VOTE TO CONDUCT AN ADVISORY SHAREHOLDER VOTE "EVERY THREE YEARS" ON THE COMPENSATION OF THE COMPANY'S EXECUTIVE OFFICERS NAMED IN THE PROXY STATEMENT'S SUMMARY COMPENSATION TABLE FOR THAT YEAR.

PROPOSAL V

EXTENSIONS OF THE AMENDED AND RESTATED 2007 LONG-TERM AND DIRECTORS' INCENTIVE COMPENSATION PLANS THROUGH APRIL 18, 2020

NASDAQ Global Select Market standards require that any "material revision" of an equity compensation plan or arrangement affected after June 30, 2003 requires shareholder approval. A "material revision" includes a material extension of the term of a plan. Currently the Amended and Restated 2007 Long-Term and Directors' Incentive Compensation Plans expire on April 18, 2017 (the "Plans"). The Board has determined that it is advantageous to the Company to amend the Plans to provide that awards may be granted thereunder until April 18, 2020. Amendment Number 1 to the Amended and Restated 2007 Long-Term Incentive Compensation Plan and Amendment Number 1 to the Amended and Restated 2007 Directors' Incentive Plan have been filed electronically with the Securities and Exchange Commission (SEC) as Appendix A and Appendix B to this Proxy Statement and can be accessed on the SEC's website at www.sec.gov.

THE BOARD OF DIRECTORS STRONGLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE PROPOSAL TO EXTEND THE AMENDED AND RESTATED 2007 LONG-TERM AND DIRECTORS' INCENTIVE COMPENSATION PLANS THROUGH APRIL 18, 2020.

Audit Committee Report

The Board of Directors appointed the undersigned directors as members of the Audit Committee and adopted a written charter setting forth the procedures and responsibilities of the Audit Committee. Each year, the Audit Committee Chairman reviews the charter and its adequacy in light of applicable NASDAQ Global Select Market rules.

During the last year, and earlier this year in preparation for the filing with the SEC of our Annual Report on Form 10-K for the year ended December 31, 2016 or the 10-K, the Audit Committee:

• reviewed and discussed the audited financial statements with management and the Company's independent registered public accounting firm;

• reviewed the overall scope and plans for the audit and the results of the independent registered public accounting firm's examinations;

• met with management periodically during the year to consider the adequacy of the Company's internal controls and the quality of its financial reporting and discussed these matters with the Company's independent registered public accounting firm and with appropriate Company financial personnel;

• discussed with the Company's senior management, independent registered public accounting firm and appropriate Company financial personnel the process used for the Company's chief executive officer and chief financial officer to make the certifications required by the SEC and the Sarbanes-Oxley Act of 2002 in connection with the 10-K and other periodic filings with the SEC;

• demonstrated independence from management and exhibited through directives, actions and behavior, the importance of integrity and ethical values in supporting the functioning of the system of internal control and financial reporting;

• reviewed and discussed with the independent registered public accounting firm (1) their judgments as to the quality (and not just the acceptability) of the Company's accounting policies, (2) the written communication required by the Public Company Accounting Oversight Board (PCAOB) Ethics and Independence Rule 3526, "Communication with Audit Committees Concerning Independence" and the independence of the independent registered public accounting firm and (3) the matters required to be discussed with the Audit Committee under auditing standards generally accepted in the United States, including PCAOB Auditing Standard No. 16, "Communication with Audit Committees"; and

• based on these reviews and discussions, as well as private discussions with the independent registered public accounting firm and appropriate Company financial personnel, recommended to the Board of Directors the inclusion of the audited financial statements of the Company and its subsidiaries in the Annual Report on Form 10-K.

Notwithstanding the foregoing actions and the responsibilities set forth in the Audit Committee charter, the charter clarifies that it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. Management is responsible for the Company's financial reporting process including its system of internal controls, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States. The independent registered public accounting firm is responsible for expressing an opinion on those financial statements. Audit Committee members are not necessarily accountants or auditors by profession or experts in the fields of accounting or auditing. Therefore, the Audit Committee has relied, without independent verification, on (i) management's representation that the consolidated financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (ii) the representations of the independent registered public accounting firm included in their report on the Company's consolidated financial statements.