

AMERICAN APPAREL, INC  
Form DEF 14A  
April 30, 2013

Use these links to rapidly review the document

[Table of Contents](#)

[Table of Contents](#)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**American Apparel, Inc.**

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Edgar Filing: AMERICAN APPAREL, INC - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

Table of Contents

April 30, 2013

Dear Fellow Stockholder:

We are pleased to invite you to the 2013 Annual Meeting of Stockholders of American Apparel, Inc., to be held on June 25, 2013, at 11:00 a.m., Eastern Time, at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036.

The matters to be considered and voted upon at the Annual Meeting are described in the Notice of Annual Meeting of Stockholders and the Proxy Statement that accompany this letter.

Under the rules of the Securities and Exchange Commission, we are providing access to our 2013 Annual Meeting materials, which include the accompanying Proxy Statement and our 2012 Annual Report on Form 10-K, over the Internet in lieu of mailing printed copies. We will begin mailing, on or about April 30, 2013, a "Notice of Internet Availability of Proxy Materials" to our stockholders. The Notice of Internet Availability of Proxy Materials (which is different than the Notice of Annual Meeting of Stockholders that accompanies this letter) will contain instructions on how to access and review the 2013 Annual Meeting materials and vote online. The Notice of Internet Availability of Proxy Materials also will contain instructions on how you can request a printed copy of the 2013 Annual Meeting materials, including a proxy card if you are a record holder or a voting instruction form if you are a beneficial owner.

It is very important that your shares be represented and voted at the Annual Meeting. Please read the attached Proxy Statement and vote your shares as soon as possible.

Thank you for your continued support of American Apparel.

Sincerely,

/s/ DOV CHARNEY

---

Dov Charney

*Chairman of the Board*

---

Table of Contents

**AMERICAN APPAREL, INC.**

747 Warehouse Street  
Los Angeles, California 90021

---

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be held on June 25, 2013**

---

**Time and Date:** 11:00 a.m., Eastern Time, on Tuesday, June 25, 2013

**Place:** The offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036

**Items of Business:**

1. To elect Dov Charney and Marvin Igelman to the Board of Directors, each to serve for a term of three years and until his successor is duly elected and qualified, or such director's earlier death, resignation or removal.
2. To ratify the appointment of Marcum LLP as our independent auditors for the fiscal year ending December 31, 2013.
3. To approve an amendment to the Charney Purchase Agreement to (i) extend the measurement periods under the Charney Anti-Dilution Provision by one year and (ii) reduce the number of consecutive trading days for the volume-weighted average price measurements under the Charney Anti-Dilution Provision from 60 to 30 days.
4. To approve the Amended and Restated 2011 Omnibus Stock Incentive Plan, which (i) increases the number of shares available under the plan from 10,000,000 to 17,500,000 and (ii) increases the maximum number of shares that may be awarded to any one participant in a given year from 1,500,000 to 3,000,000.
5. To consider and transact such other business as may properly come before the Annual Meeting.

**Board of Directors Recommendation:** The Board of Directors recommends that you vote "**FOR**" the election of each nominee for the Board of Directors and "**FOR**" Items 2, 3 and 4.

**Adjournments and Postponements:** Any action on the items of business described above may be considered at the Annual Meeting at the time and on the date specified above or at any time and date to which the Annual Meeting may be properly adjourned or postponed.

**Record Date:** You are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof only if you were a holder of record of shares of American Apparel, Inc. common stock as of the close of business on April 26, 2013. If your shares are held in an account at a brokerage firm, bank or similar organization, that organization is considered the record holder for purposes of voting at the Annual Meeting and will provide you with instructions on how you can direct that organization to vote your shares.

**Internet Access to Proxy Materials:** Under rules adopted by the Securities and Exchange Commission, we are providing access to our 2013 Annual Meeting materials, which include the accompanying Proxy Statement and our 2012 Annual Report on Form 10-K, over the Internet in lieu of mailing printed copies. We will begin mailing, on or about April 30, 2013, a "Notice of Internet Availability of Proxy Materials" (which is different than this Notice of Annual Meeting of Stockholders) to our stockholders. The Notice of Internet Availability of Proxy Materials will contain instructions on how to access and review the 2013 Annual Meeting materials and vote online. The Notice of Internet Availability of Proxy Materials also will contain instructions on how you can request a printed copy of

---

Table of Contents

the 2013 Annual Meeting materials, including a proxy card if you are a record holder or a voting instruction form if you are beneficial owner.

**Voting:** Your vote is very important. Whether or not you plan to attend the Annual Meeting, we encourage you to read the accompanying Proxy Statement and our 2012 Annual Report on Form 10-K and vote as soon as possible. For specific instructions on how to vote your shares, please refer to the instructions in the Notice of Internet Availability of Proxy Materials and the section entitled "Questions and Answers about the Proxy Materials and Annual Meeting" beginning on page 2 of the accompanying Proxy Statement.

**Admission:** Space limitations make it necessary to limit attendance at the Annual Meeting to stockholders and one guest. If your shares are held in an account at a brokerage firm, bank or similar organization and you wish to attend the Annual Meeting, you must obtain a letter from that brokerage firm, bank or similar organization confirming your beneficial ownership of the shares as of the record date and bring it to the Annual Meeting. Admission to the Annual Meeting will be on a first-come, first-served basis. Cameras and recording devices will not be permitted at the Annual Meeting.

**The Annual Meeting will begin promptly at 11:00 a.m., Eastern Time.  
Registration will begin at 10:30 a.m., Eastern Time.**

Sincerely,

/s/ GLENN A. WEINMAN

---

Glenn A. Weinman  
*Executive Vice President, General Counsel and Secretary*

Los Angeles, California  
April 30, 2013

---

Table of Contents

**Table of Contents**

<u>Notice of Annual Meeting of Stockholders</u>	
<u>Proxy Statement</u>	<u>2</u>
<u>Proposal 1: Election of Class C Directors</u>	<u>9</u>
<u>Proposal 2: Ratification of Appointment of Independent Auditors</u>	<u>11</u>
<u>Relationship with Independent Auditors</u>	<u>12</u>
<u>Report of the Audit Committee</u>	<u>13</u>
<u>Proposal 3: Charney Purchase Agreement Amendment</u>	<u>14</u>
<u>Proposal 4: Approval of the Amended and Restated American Apparel, Inc. 2011 Omnibus Stock Incentive Plan</u>	<u>16</u>
<u>Directors and Executive Officers</u>	<u>24</u>
<u>Corporate Governance and Board Matters</u>	<u>28</u>
<u>Processes and Procedures for Determination of Executive and Director Compensation</u>	<u>36</u>
<u>Compensation of Directors</u>	<u>39</u>
<u>Director Compensation - Fiscal 2012</u>	<u>39</u>
<u>Compensation Discussion and Analysis</u>	<u>41</u>
<u>Compensation Committee Report on Executive Compensation</u>	<u>45</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>46</u>
<u>Summary Compensation Table</u>	<u>47</u>
<u>Equity Compensation Plan Information</u>	<u>49</u>
<u>Grants of Plan-Based Awards</u>	<u>50</u>
<u>Outstanding Equity Awards and Fiscal Year-End</u>	<u>51</u>
<u>Options Exercised and Stock Vested</u>	<u>52</u>
<u>Beneficial Ownership of Shares</u>	<u>55</u>
<u>Certain Relationships and Related Transactions</u>	<u>57</u>
<u>Other Matters</u>	<u>61</u>
<u>Other Business</u>	<u>61</u>
<u>Information Concerning Stockholder Proposals</u>	<u>62</u>
<u>Annex A</u>	<u>A-1</u>
Proxy Card	



Table of Contents

**AMERICAN APPAREL, INC.**

747 Warehouse Street  
Los Angeles, California 90021

---

**PROXY STATEMENT  
FOR 2013 ANNUAL MEETING OF STOCKHOLDERS**

To be held on June 25, 2013

---

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND ANNUAL MEETING**

**Q: Why am I receiving these materials?**

A: This proxy statement (this "Proxy Statement"), together with our Annual Report on Form 10-K for the year ended December 31, 2012 (our "Annual Report"), is being made available to stockholders commencing on or about April 30, 2013 in connection with the solicitation by the Board of Directors (the "Board of Directors" or the "Board") of American Apparel, Inc. (the "Company" or "American Apparel") of proxies for use at the 2013 Annual Meeting of Stockholders and any adjournments or postponements thereof (the "Annual Meeting") to be held at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036, on Tuesday, June 25, 2013, at 11:00 a.m., Eastern Time, for the purposes set forth in this Proxy Statement and in the accompanying Notice of Annual Meeting of Stockholders.

**Q: Will I be receiving printed copies of the 2013 Annual Meeting materials?**

A: You will not receive printed copies unless you request them by following the instructions in the "Notice of Internet Availability of Proxy Materials" (the "Notice") that you will receive in the mail. The Notice is different than the Notice of Annual Meeting of Stockholders that accompanies this Proxy Statement. We will begin mailing the Notice to stockholders on or about April 30, 2013.

Under rules adopted by the Securities and Exchange Commission (the "SEC"), we are providing access to our 2013 Annual Meeting materials, which include this Proxy Statement and our Annual Report, over the Internet in lieu of mailing printed copies. The Notice will contain instructions on how to access and review the 2013 Annual Meeting materials and vote online. This electronic access process is designed to expedite stockholders' receipt of materials, lower the cost of the Annual Meeting and help conserve natural resources. The Company encourages you to take advantage of the availability of the proxy materials on the Internet.

The Notice also will contain instructions on how you can request a printed copy of the 2013 Annual Meeting materials, including a proxy card if you are a record holder or a voting instruction form if you are a beneficial owner. By following the instructions in the Notice, you may request to receive, at no cost, a printed copy in paper or via e-mail of the 2013 Annual Meeting materials and materials for future proxy solicitations. Your request to receive materials in paper or via e-mail will remain in effect until you terminate it.

**Q: I share an address with another stockholder, and we received only one copy of the Notice. How may I obtain a separate copy of the Notice?**

A: The Company has adopted a procedure called "householding," which the SEC has approved. Under this procedure, the Company may deliver a single copy of the Notice to stockholders who share the same address unless the Company has received contrary instructions from one or more



Table of Contents

of the stockholders. This procedure reduces the Company's printing costs, mailing costs and fees. All stockholders have the ability to access the 2013 Annual Meeting materials on the website referred to in the Notice. If you would like to receive a separate copy of the Notice, please submit your request to:

American Apparel, Inc.  
Attn: Investor Relations  
747 Warehouse Street  
Los Angeles, California 90021  
(213) 488-0226

Similarly, if you share an address with another stockholder and received multiple copies of the Notice, you may write or call us at the above address and phone number to make arrangements to receive a single copy of the Notice at the shared address in the future.

In addition, if you share the same address with another stockholder and request a printed copy of the 2013 Annual Meeting materials, you may write or call us at the above address to request that a separate copy of the 2013 Annual Meeting materials be delivered to each stockholder at the shared address.

Stockholders who hold shares in an account at a brokerage firm, bank or similar organization may contact their brokerage firm, bank or other similar organization to request information about householding.

**Q: What does it mean if I get more than one Notice?**

A:

If your shares are registered differently and are in more than one account, you may receive more than one Notice. Please follow the instructions printed on each Notice that you receive and vote the shares represented by each Notice to ensure that all of your shares are voted. If you requested to receive a printed copy of the 2013 Annual Meeting materials, please follow the voting instructions on the proxy cards or voting instruction forms, as applicable, and vote all proxy cards or voting instruction forms, as applicable, to ensure that all of your shares are voted. We encourage you to have all accounts registered in the same name and address whenever possible. You can accomplish this by contacting our transfer agent at:

Continental Stock Transfer & Trust Company  
17 Battery Place  
New York, NY 10004  
(212) 509-4000, extension 206  
*continentalstock.com*  
cstmail@continentalstock.com

**Q: How can I get electronic access to the 2013 Annual Meeting materials?**

A:

The Notice will provide you with instructions regarding how to view the 2013 Annual Meeting materials on the Internet.

This Proxy Statement and our Annual Report are also available without charge on the Company's website at *investors.americanapparel.net* and the SEC's website at *sec.gov*. By referring to our website, we do not incorporate the website or any portion of the website by reference into this Proxy Statement.

The Notice will also contain instructions on how you can elect to receive future proxy materials electronically by e-mail. Choosing to receive future proxy materials by e-mail will save the Company the cost of printing and mailing documents to you and will reduce the impact of the

Table of Contents

Company's annual meetings on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

**Q: How may I obtain a copy of the Company's 2012 Annual Report on Form 10-K?**

Our Annual Report will be made available over the Internet as set forth in the Notice. You may also request, without charge, a paper or e-mail copy of the Annual Report by following the instructions in the Notice. In addition, you may obtain, without charge, a copy of the Annual Report from the SEC's website at *sec.gov* or the Company's website at *investors.americanapparel.net*. By referring to our website, we do not incorporate the website or any portion of the website by reference into this Proxy Statement.

**Q: What items will be voted on at the Annual Meeting?**

A:

(1) The election of each of Messrs. Charney and Igelman to the Board of Directors, each to serve for a term of three years and until his successor is duly elected and qualified, or such director's earlier death, resignation or removal. This proposal is referred to as "Proposal 1."

(2) The ratification of the appointment of Marcum LLP as our independent auditors for the fiscal year ending December 31, 2013. This proposal is referred to as "Proposal 2."

(3) The approval of an amendment to the Charney Purchase Agreement to (i) extend the measurement periods under the Charney Anti-Dilution Provision by one year and (ii) reduce the number of consecutive trading days for the volume-weighted average price measurements under the Charney Anti-Dilution Provision from 60 to 30 days. This proposal is referred to as "Proposal 3."

(4) The approval of the Amended and Restated 2011 Omnibus Stock Incentive Plan, which (i) increases the number of shares available under the plan from 10,000,000 to 17,500,000 and (ii) increases the maximum number of shares that may be awarded to any one participant in a given year from 1,500,000 to 3,000,000. This proposal is referred to as "Proposal 4."

(5) Such other business as may properly come before the Annual Meeting. This proposal is referred to as "Proposal 5."

The stockholders of the Company have no dissenters' or appraisal rights in connection with any of the proposals to be voted on at the Annual Meeting.

**Q: How does the Board recommend I vote on the proposals?**

A:

The Board recommends a vote FOR the election of each of Messrs. Charney and Igelman to the Board of Directors, each to serve for a term of three years and until his successor is duly elected and qualified, or such director's earlier death, resignation or removal.

The Board recommends a vote FOR the ratification of Marcum LLP as our independent auditors for the year ending December 31, 2013.

The Board recommends a vote FOR the approval of the amendment to the Charney Purchase Agreement.

The Board recommends a vote FOR the approval of the Amended and Restated 2011 Omnibus Stock Incentive Plan.

Table of Contents

**Q: Who is entitled to vote?**

A:

Only holders of record of common stock (the "Common Stock") of the Company as of the close of business on April 26, 2013 (the "Record Date") are entitled to vote at the Annual Meeting.

If your shares are held in an account at a brokerage firm, bank or similar organization, that organization is considered the record holder for purposes of voting at the Annual Meeting and will provide you with instructions on how to direct that organization to vote your shares. See "What if my shares are held in an account at a brokerage firm, bank or similar organization?" below.

**Q: How many shares can I vote?**

A:

As of the Record Date, 107,763,103 shares of Common Stock, the only outstanding voting securities of the Company, were issued and outstanding. Each record holder of Common Stock is entitled to one vote for each share held.

**Q: How do I vote?**

A:

There are four ways to vote:

***Voting in Person.*** To vote in person, you must attend the Annual Meeting and follow the procedures for voting announced at the Annual Meeting. If your shares are held in an account at a brokerage firm, bank or similar organization, you must present a signed proxy from that organization in order to be able to vote at the Annual Meeting.

***Voting by Internet.*** You may vote by proxy over the Internet by following the instructions provided in the Notice.

***Voting by Telephone.*** If you requested a printed copy of the 2013 Annual Meeting materials, you may vote by proxy by calling the toll free number found on the proxy card or voting instruction form, as applicable.

***Voting by Mail.*** If you requested a printed copy of the 2013 Annual Meeting materials, you may vote by proxy by mail by following the instructions on the proxy card or voting instruction form, as applicable.

**Q: Can I mark my votes on the Notice and send it back to the Company or my broker?**

A:

No. The Notice is not a ballot. You cannot use it to vote your shares. If you mark your vote on the Notice and send it back to the Company or your broker, your vote will not count.

**Q: Can I change my vote after I have voted?**

A:

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting by voting again by proxy as described above (only your latest, properly completed proxy submitted, whether by mail, telephone or the Internet, prior to the Annual Meeting will be counted) or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request in writing that your prior proxy be revoked by delivering to the Company's Secretary at 747 Warehouse Street, Los Angeles, California 90021 a written notice of revocation prior to the Annual Meeting.

**Q: What if my shares are held in an account at a brokerage firm, bank or similar organization?**

A:

Edgar Filing: AMERICAN APPAREL, INC - Form DEF 14A

If your shares are held in an account at a brokerage firm, bank or similar organization, then you are the beneficial owner of shares held in "street name," and the Notice was forwarded to you by

Table of Contents

that organization. The organization holding your account is considered the record holder for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account, and that organization will provide you with instructions on how to do so. If you requested a printed copy of the 2013 Annual Meeting materials, you will receive a voting instruction form from your brokerage firm, bank or similar organization instead of a proxy card, and you should follow the instructions on the voting instruction form.

If you do not provide the organization that holds your shares with specific voting instructions, under the rules of the NYSE MKT LLC (the "NYSE MKT") in effect as of the date of this Proxy Statement, that organization generally may vote on routine matters but cannot vote on non-routine matters. Non-routine matters include Proposals 1, 3 and 4. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of elections that it does not have the authority to vote on that matter with respect to your shares. This is generally referred to as a "broker non-vote." A broker non-vote will have the effects described under "What is a quorum?" and "What is required to approve each proposal?" below.

**Q: What is a quorum?**

A:

A quorum must have been established in order to consider any matter.

For Proposal 1, directors are elected by a plurality of votes cast. Therefore, the two candidates for director receiving the most votes will become directors of the Company. Stockholders may not cumulate their votes. Any broker non-votes and any proxies marked "Withhold" with respect to the election of one or more directors will not count as "votes cast" with respect to the director or directors indicated and therefore will be disregarded for purposes of determining the outcome of this proposal.

Proposal 2, the ratification of our independent auditors, requires the affirmative "for" vote of a majority of those shares present in person or represented by proxy and entitled to vote on this proposal at the Annual Meeting. Any abstentions with respect to this proposal will count as votes against this proposal.

Proposal 3, the approval of an amendment to the Charney Purchase Agreement to (i) extend the measurement periods under the Charney Anti-Dilution Provision by one year and (ii) reduce the number of consecutive trading days for the volume-weighted average price measurements under the Charney Anti-Dilution Provision from 60 to 30 days, requires the affirmative "for" vote of a majority of those shares present in person or represented by proxy and entitled to vote on this proposal at the Annual Meeting. Any abstentions with respect to this proposal will count as votes against this proposal. Any broker non-votes with respect to this proposal will not count as shares entitled to vote on this proposal and therefore will be disregarded for purposes of determining the outcome of the vote on this proposal.

Proposal 4, the approval of the Amended and Restated 2011 Omnibus Stock Incentive Plan, which (i) increases the number of shares available under the plan from 10,000,000 to 17,500,000 and (ii) increases the maximum number of shares that may be awarded to any one participant in a given year from 1,500,000 to 3,000,000, requires the affirmative "for" vote of a majority of those shares present in person or represented by proxy and entitled to vote on this proposal at the Annual Meeting. Any abstentions with respect to this proposal will count as votes against this proposal. Any broker non-votes with respect to this proposal will not count as shares entitled to vote on this proposal and therefore will be disregarded for purposes of determining the outcome of the vote on this proposal.

Table of Contents

Dov Charney, the beneficial owner of approximately 43% of the outstanding shares of Common Stock and voting power of the Company as of the Record Date, has informed the Company that he intends to vote in favor of the election of himself and Mr. Igelman to the Board of Directors and in favor of Proposals 2, 3 and 4. For more information on shares owned by Mr. Charney and other directors and executive officers of the Company, see "Beneficial Ownership of Shares" herein.

**Q: How will voting on any other business be conducted?**

A:

Although we do not know of any business to be considered at the Annual Meeting other than the proposals described in this Proxy Statement, if any other business is presented at the Annual Meeting, your signed proxy or your authenticated Internet or telephone proxy will give authority to each of Dov Charney, our Chairman and Chief Executive Officer, John J. Luttrell, our Executive Vice President and Chief Financial Officer, and Glenn A. Weinman, our Executive Vice President, General Counsel and Secretary, to vote on such matters at their discretion.

**Q: What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?**

A:

You may submit proposals, including director nominations, for consideration at future stockholder meetings as follows:

**Stockholder Proposals:** For a stockholder proposal to be considered for inclusion in the Company's proxy statement for the 2014 Annual Meeting of Stockholders, the written proposal must be delivered to or mailed and received by the Secretary of the Company at our principal executive offices no later than December 28, 2013. If the date of the 2014 Annual Meeting of Stockholders is moved more than 30 days before or after the anniversary date of the Annual Meeting, the deadline for inclusion of proposals in our proxy statement instead will be a reasonable time before we begin to print and mail our proxy materials. Such proposals also will need to comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

American Apparel, Inc.  
Attn: Glenn A. Weinman, Secretary  
747 Warehouse Street  
Los Angeles, California 90021  
(213) 488-0226

For a stockholder proposal that is not intended to be included in the Company's proxy statement for the 2014 Annual Meeting of Stockholders under Rule 14a-8 under the Exchange Act, written notice of the proposal, which notice must include the information required by the Company's bylaws (the "Bylaws"), must be received by the Company's Secretary:

Not earlier than the close of business on the 90<sup>th</sup> day prior to the 2014 Annual Meeting of Stockholders; and

Not later than the close of business on the 60<sup>th</sup> day prior to the 2014 Annual Meeting of Stockholders.

If less than 70 days' notice or prior public disclosure of the date of the 2014 Annual Meeting of Stockholders is given or made to stockholders, then notice of a stockholder proposal that is not intended to be included in the Company's proxy statement under Rule 14a-8 under the Exchange Act must be received no later than the close of business on the tenth day following the date on which notice of the date of the 2014 Annual Meeting of Stockholders is mailed to the stockholders

Table of Contents

or the date on which public disclosure of the date of the 2014 Annual Meeting of Stockholders is made, whichever is first.

**Nomination of Director Candidates:** You may propose director candidates for consideration by the Board's Nominating and Corporate Governance Committee or you may nominate director candidates directly at an annual meeting in accordance with the procedures set forth in the Bylaws, as summarized under the caption "Corporate Governance and Board Matters Consideration of Director Nominees Stockholder Nominees" herein.

**Copy of Bylaw Provisions:** You may contact the Company's Secretary at our principal executive offices for a copy of the relevant Bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

**Q: How is the Company soliciting proxies for the Annual Meeting?**

A: This solicitation is made via the Internet on behalf of the Board of Directors. Costs of the solicitation will be borne by the Company. Further solicitation of proxies may be made by telephone, mail, facsimile or personal interview by the directors, officers and employees of the Company and its affiliates, who will not receive additional compensation for the solicitation. The Company will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in forwarding proxy materials to stockholders.

**Q: How can I find the voting results of the Annual Meeting?**

A: We intend to announce preliminary voting results at the Annual Meeting and will publish final results in our Current Report on Form 8-K within four business days after the Annual Meeting.

**Q: How may I communicate with the Company's Board or the non-management directors on the Company's Board?**

A: You may communicate with the Board by submitting an e-mail to the Company's Board at *bod@americanapparel.net*. All directors have access to this e-mail address.

Table of Contents

**PROPOSAL 1: ELECTION OF CLASS C DIRECTORS**

Pursuant to the Company's certificate of incorporation, the Board of Directors is divided into three classes of directors serving staggered terms (Classes A, B and C). One class of directors is elected at each annual meeting of stockholders for a three-year term, and those directors will hold office until their successors have been duly elected and qualified, or until their earlier death, resignation or removal. The Bylaws authorize a Board of Directors consisting of not less than one or more than nine directors. The Board of Directors currently consists of seven members: Messrs. Dov Charney, Alberto Chehebar, David Danziger, Robert Greene, Marvin Igelman, Allan Mayer and William Mauer. We currently have two vacancies on the Board of Directors – one Class B vacancy and one Class C vacancy – which we are required to reserve for designees of Lion (as defined below) as discussed herein under "Directors and Officers." Proxies may only be voted for the Class C Nominees and may not be voted for the election of directors to the Lion board designee vacancies.

The terms of Messrs. Charney and Igelman will expire at the Annual Meeting. After careful consideration of the specific experience, qualifications, attributes and skills of each director and director nominee, the Board has nominated Dov Charney and Marvin Igelman (the "Class C Nominees") for reelection at the Annual Meeting. Mr. Igelman currently meets the criteria to qualify as an independent director according to SEC regulations and NYSE MKT listing standards.

If elected, each of the Class C Nominees will serve for a term of three years and until his successor is duly elected and qualified at the 2016 Annual Meeting of Stockholders, or such director's earlier death, resignation or removal.

Each of the Class C Nominees has consented to being named in this Proxy Statement and has agreed to serve as a member of the Board of Directors if elected. If any of the Class C Nominees is unable to serve, which is not anticipated, the persons named as proxies intend to vote for such other person or persons as the Board of Directors may designate in accordance with the Investment Agreement and the Investment Voting Agreement described below. In no event will the shares represented by the proxies be voted for more than two nominees at the Annual Meeting.

The names and certain information concerning each of the Class C Nominees, including their experience, qualifications, attributes and skills, are set forth below, and the names and certain information regarding the continuing directors whose terms expire in 2014 and 2015 are set forth under the heading "Directors and Executive Officers" herein.

**Dov Charney** has served as Chairman of the Board, Chief Executive Officer and a director of American Apparel since December 12, 2007, and served as President of American Apparel from December 2007 until October 2010. Prior thereto, Mr. Charney served as founder, director, chief executive officer and president of American Apparel's predecessor companies since their formation in Columbia, South Carolina, in 1989. Mr. Charney is a graduate of Choate Rosemary Hall and attended Tufts University. Having founded Old American Apparel (as defined under "Corporate Governance and Board Matters" below) and its predecessor companies and having served as the Chairman and Chief Executive Officer of the Company since 2007 and as President of the Company from 2007 until October 2010, Mr. Charney provides our Board with an informed perspective on the Company and the apparel industry.

Pursuant to the 2009 Investment Voting Agreement (described under "Certain Relationships and Related Transactions" herein), for so long as Lion has the right to designate any person or persons to the Board of Directors, Lion has agreed to vote its shares of Common Stock in favor of Mr. Charney each time Mr. Charney is nominated for election to the Board of Directors, provided that Lion's obligation to so vote terminates under certain circumstances as described under "Certain Relationships and Related Transactions" herein.

Table of Contents

**Marvin Igelman** was elected a director of American Apparel by the Board of Directors on June 24, 2011, and his election as a director became effective on July 1, 2011. Mr. Igelman served as a director and the Chief Strategy Officer of Poynt Corporation, a Canadian company that offers mobile location-based search services, from February 2010 to June 2011. Poynt Corporation filed for bankruptcy under Canadian law on July 5, 2012, and a receiver was appointed over that company on November 1, 2012. From May 2006 to February 2010, Mr. Igelman served as the Chief Executive Officer of Unomobi Incorporated, a mobile advertising and messaging platform he founded, which was acquired by Poynt Corporation in February 2010. From 2002 to 2006, Mr. Igelman served as a business development consultant for numerous technology companies, and established a number of other ventures, including founding Unomobi Incorporated. Mr. Igelman is a graduate of Toronto's Osgoode Hall Law School.

The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. Igelman's leadership experience attained at multiple companies and his experience in business development, combined with the leadership skills and experiences of our other Board members, provides the Company with the perspectives and judgment necessary to guide the Company's strategy and monitor its execution.

**Vote Required**

The Class C Nominees will be elected by a plurality of the votes cast at the Annual Meeting.

Dov Charney, the beneficial owner of approximately 43% of the outstanding shares of Common Stock and voting power of the Company as of the Record Date, has informed the Company that he intends to vote in favor of the election of himself and Mr. Igelman to the Board of Directors. For more information on shares owned by Mr. Charney and other directors and executive officers of the Company, see "Beneficial Ownership of Shares" herein.

Pursuant to the 2009 Investment Voting Agreement (described under "Certain Relationships and Related Transactions" herein), for so long as Lion has the right to designate any person or persons to the Board of Directors, Lion has agreed to vote its shares of Common Stock in favor of Mr. Charney each time Mr. Charney is nominated for election to the Board of Directors, provided that Lion's obligation to so vote terminates under certain circumstances as described under "Certain Relationships and Related Transactions" herein.

Any broker non-votes and any proxies marked "Withhold" with respect to the election of one or more directors will not count as "votes cast" with respect to the director or directors indicated and therefore will be disregarded for purposes of determining the outcome of the election of the Class C Nominees.

**The Board of Directors unanimously recommends a vote FOR each of the Class C Nominees.**

Table of Contents

**PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

The Audit Committee has selected the firm of Marcum LLP ("Marcum") to act as the Company's independent auditors for the fiscal year ending December 31, 2013, and recommends that the stockholders vote in favor of such appointment. Marcum has served as the Company's independent auditors since 2010.

Although stockholder ratification of the selection of Marcum as the Company's independent auditors is not required by the Company's Bylaws or otherwise, the Board of Directors believes it appropriate as a matter of policy to request that stockholders ratify the selection of the Company's independent registered public accounting firm, and the stockholders ratified the selection of Marcum in previous years. In the event the stockholders do not ratify the appointment of Marcum, the Audit Committee will reconsider its appointment. In addition, even if the stockholders ratify the appointment of Marcum, the Audit Committee may in its discretion appoint a different independent public accounting firm at any time if the Audit Committee determines that a change is in the best interests of the Company and its stockholders. Representatives of Marcum are expected to be present at the Annual Meeting to respond to appropriate questions and to make a statement if such representatives so desire.

**Vote Required**

The affirmative vote of a majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal is required to ratify the selection of Marcum as our independent auditors for the fiscal year ending December 31, 2013. **Unless instructed to the contrary in the proxy, the shares represented by the proxies will be voted FOR this Proposal 2.**

Dov Charney, the beneficial owner of approximately 43% of the outstanding shares of Common Stock and voting power of the Company as of the Record Date, has informed the Company that he intends to vote in favor of this Proposal 2. For more information on shares owned by Mr. Charney and other directors and executive officers of the Company, see "Beneficial Ownership of Shares" herein.

Any abstentions with respect to this Proposal 2 will count as votes AGAINST this Proposal 2. Any broker non-votes with respect to this Proposal 2 will not count as shares entitled to vote on this proposal and therefore will be disregarded for purposes of determining the outcome of the vote on this Proposal 2.

**The Board of Directors unanimously recommends a vote FOR this Proposal 2.**

Table of Contents**RELATIONSHIP WITH INDEPENDENT AUDITORS****Principal Accounting Firm Fees**

Aggregate fees billed to us for the fiscal years ended December 31, 2012 and 2011 by the Company's current and former independent auditors are as follows.

(in thousands)	2012	2011
<b>Marcum LLP</b>		
Audit fees(1)	\$ 1,766	\$ 2,356
Audit-related fees(2)		28
Tax fees(3)		
All other fees(4)		
	\$ 1,766	\$ 2,384

- 
- (1) "Audit fees" consist of fees for professional services rendered by the principal accountant for the audit of the Company's annual financial statements included in Form 10-Ks, the review of financial statements included in Form 10-Qs and for services that are normally provided by the auditor in connection with statutory and regulatory filings or engagements for those fiscal years.
- (2) "Audit-related fees" consist of fees for assurance and related activities by the principal accountant that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as audit fees.
- (3) "Tax fees" consist of fees for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning.
- (4) "All other fees" consist of fees for any products and services provided by the principal accountant not included in the first three categories.

In accordance with Section 10A(i) of the Exchange Act, before the Company engages its independent accountant to render audit or non-audit services, the engagement is approved by the Company's Audit Committee. All of the Company's independent auditor's fees were pre-approved by the Audit Committee in 2012. The Audit Committee utilizes a policy pursuant to which the audit, audit-related, and permissible non-audit services to be performed by the independent auditor are pre-approved prior to the engagement to perform such services. Pre-approval is generally provided annually, and any pre-approval is detailed as to the particular service or category of services and is generally limited by a maximum fee amount. The independent auditor and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditor in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee considered whether the provision of non-audit services provided by Marcum as described above was compatible with maintaining such accountant's independence, and believes that the provision of these services is consistent with maintaining such accountant's independence.

Table of Contents

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee assists the Board in fulfilling its responsibilities for general oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the Company's system of internal control over financial reporting and the qualifications, independence and performance of the Company's internal audit function and independent auditor. Management is responsible for the financial reporting process, including the Company's system of internal control over financial reporting, and for the preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles. The Company's independent auditor is responsible for performing an independent audit of the Company's financial statements and expressing an opinion as to the conformity of the Company's audited financial statements with generally accepted accounting principles.

The Audit Committee reviewed and discussed with management the Company's audited financial statements as of and for the fiscal year ended December 31, 2012. In addition, the Audit Committee discussed with Marcum the matters with respect to the audit of such financial statements required to be discussed by Statement on Auditing Standards No. 61, as amended and adopted by the Public Company Accounting Oversight Board in Rule 3200T, pertaining to communications with audit committees. The Audit Committee also received the written disclosures and the letter from Marcum required by applicable requirements of the Public Company Accounting Oversight Board regarding Marcum's communications with the Audit Committee concerning independence and discussed with Marcum its independence.

The Audit Committee met with Marcum, with and without management present, to discuss the overall scope of its audit, the results of its examinations, its evaluations, if any, of the Company's internal control over financial reporting, and the overall quality of the Company's financial reporting, in each case for fiscal year 2012.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for filing with the SEC.

By the Audit Committee,  
David Danziger, Chairman  
Marvin Igelman  
William Mauer

Table of Contents

**PROPOSAL 3: CHARNEY PURCHASE AGREEMENT AMENDMENT**

**Description of Charney Purchase Agreement and Charney Anti-Dilution Provision**

In connection with the purchase agreement entered into on April 26, 2011 (as discussed under "Certain Relationships and Related Transactions" and referred to herein as the "Investor Purchase Agreement"), the Company also entered into a purchase agreement, dated as of April 27, 2011, with Mr. Charney (the "Charney Purchase Agreement"), pursuant to which, among other things, Mr. Charney received certain anti-dilution rights (the "Charney Anti-Dilution Provision").

The Charney Anti-Dilution Provision provided Mr. Charney a right to receive from the Company, subject to the satisfaction of certain average volume weighted closing price targets, and other terms and conditions set forth in the Charney Purchase Agreement, up to 37,979,972 shares of Common Stock comprised of (i) up to approximately 12,659,994 shares of Common Stock as anti-dilution protection with respect to the issuance to the purchasers of certain shares under the Investor Purchase Agreement, and (ii) in proportion to the exercise by the purchasers of their purchase rights under the Investor Purchase Agreement, an additional up to approximately 25,300,000 shares of Common Stock as anti-dilution protection. As a result of the July 2011 exercise of purchase rights under the Investor Purchase Agreement for the purchase of a total of 8,406,163 shares of common stock, Mr. Charney has the right to receive 7,755,806 shares out of the 25,319,988 shares of common stock, subject to certain conditions. On October 23, 2011, the remaining Investor Purchase Rights, and therefore Mr. Charney's anti-dilution rights with respect to the remaining 17,500,000 shares of Common Stock issuable as anti-dilution protection in proportion thereto also expired without Mr. Charney having the right to such shares. Accordingly, Mr. Charney has the right to receive a total of 20,415,800 shares of Common Stock pursuant to the Charney Anti-Dilution Provision, issuable in three equal installments, one per each measurement period set forth below, subject to meeting the applicable VWAP closing price for 60 consecutive trading days, calculated as set forth in the Charney Purchase Agreement as follows: (i) for the measurement period from April 16, 2012 to and including April 15, 2013, if the VWAP of the Common Stock during a period of 60 consecutive trading days exceeds \$3.25 per share; (ii) for the measurement period from but not including April 16, 2013 to and including April 15, 2014, if the VWAP of the Common Stock during a period of 60 consecutive trading days exceeds \$4.25 per share; and (iii) for the measurement period from but not including April 16, 2014 to and including April 15, 2015, the VWAP of the Common Stock during a period of 60 consecutive trading days exceeds \$5.25 per share.

The foregoing description of the Investor Purchase Agreement and the Charney Purchase Agreement is qualified in its entirety by reference to the descriptions contained in the Current Reports on Forms 8-K filed by the Company with the SEC on March 28, 2011 and April 28, 2011 and the documents filed as exhibits to such Current Reports.

**Description of Amendment to Charney Purchase Agreement and Charney Anti-Dilution Provision**

An amendment to the Charney Purchase Agreement (the "Charney Purchase Agreement Amendment") was entered into on October 16, 2012 by Mr. Charney and the Company for the purpose of further incentivizing Mr. Charney in his continued service to the Company, which, subject to stockholder approval, (i) extends by one year the measurement periods under the Charney Anti-Dilution Provision and (ii) reduces the length of the corresponding stock price target periods from 60 days to 30 days. The amendment gives effect to the extensions of the measurement periods on a retroactive basis if stockholder approval is received so that Mr. Charney has the right to receive shares as described above under the following circumstances: (i) for the first measurement period from April 16, 2012 to and including April 15, 2014, if the VWAP of the Common Stock during a period of 30 consecutive trading days exceeds \$3.25 per share; (ii) for the measurement period from but not including April 16, 2014 to and including April 15, 2015, if the VWAP of the Common Stock during a

Table of Contents

period of 30 consecutive trading days exceeds \$4.25 per share; and (iii) for the measurement period from but not including April 16, 2015 to and including April 15, 2016, the VWAP of the Common Stock during a period of 30 consecutive trading days exceeds \$5.25 per share. As of the date of this proxy statement, Mr. Charney is not entitled to any shares pursuant to the Charney Anti-Dilution Provision, as amended.

The foregoing description of the Charney Purchase Agreement and Charney Purchase Agreement Amendment is qualified in its entirety by reference to the descriptions contained in the Current Reports on Forms 8-K filed by the Company with the SEC on March 28, 2011, April 28, 2011 and October 22, 2012, and the documents filed as exhibits to such Current Reports.

**Stockholder Approval**

The NYSE MKT Company Guide requires stockholder approval for the sale, issuance, or potential issuance by an issuer, other than in a public offering, of common stock (or securities convertible into common stock) equal to 20% or more of the presently outstanding stock for a price that is less than the greater of book or market value of the stock, as well as for any such issuance to a company's officers, directors, employees, or consultants, or an affiliated entity of such a person, in a private placement at a price less than the market value of the stock. The Company is subject to NYSE MKT rules because its Common Stock is listed on NYSE MKT.

The Charney Anti-Dilution Provision was previously approved by the Company's stockholders in accordance with the NYSE MKT rules. Similarly, the Company is submitting the Charney Purchase Agreement Amendment for stockholder approval.

Pursuant to the terms of the Charney Purchase Agreement Amendment, if the approval of stockholders is not obtained for this Proposal, the Charney Purchase Agreement Amendment will have no effect upon the terms or continued effectiveness of the Charney Purchase Agreement, and the Charney Purchase Agreement will remain in effect in its current form.

**Effect of Approval of this Proposal on Current Stockholders**

If the Charney Purchase Agreement Amendment is approved, the terms of the Charney Anti-Dilution Provision under the Charney Purchase Agreement would remain in effect for an additional year at the same prices as would otherwise have expired sooner and the likelihood of the VWAP targets being satisfied would be increased due to the shorter number of consecutive trading days required to satisfy the VWAP targets.

**Vote Required**

The affirmative vote of a majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on this Proposal 3 is required to approve the Charney Purchase Agreement Amendment.

Dov Charney, the beneficial owner of approximately 43% of the outstanding shares of Common Stock and voting power of the Company as of the Record Date, has informed the Company that he intends to vote in favor of this Proposal 3. For more information on shares owned by Mr. Charney and other directors and executive officers of the Company, see "Beneficial Ownership of Shares" herein.

Any abstentions with respect to this Proposal 3 will count as votes AGAINST this Proposal 3. Any broker non-votes with respect to this Proposal 3 will not count as shares entitled to vote on this proposal and therefore will be disregarded for purposes of determining the outcome of the vote on this Proposal 3.

**The Board of Directors unanimously recommends a vote FOR this Proposal 3.**

Table of Contents

**PROPOSAL 4: APPROVAL OF THE AMENDED AND RESTATED  
AMERICAN APPAREL, INC. 2011 OMNIBUS STOCK INCENTIVE PLAN**

**Background**

The Company historically has used equity-based compensation in order to provide long-term incentives to its employees, directors, independent contractors and consultants, in order to motivate such persons to faithfully and diligently perform their responsibilities, and to attract and retain competent and dedicated persons whose efforts will result in the long term growth and profitability of the Company.

On March 30, 2011, the Board adopted the American Apparel, Inc. 2011 Omnibus Stock Incentive Plan and the stockholders of the Company approved its adoption at the Company's 2011 Annual meeting. On March 21, 2013, the Board adopted, subject to approval by the Company's shareholders, the 2011 Omnibus Stock Incentive Plan, as Amended and Restated as of June 25, 2013 (referred to hereinafter as the "2011 Plan"). This amendment and restatement increases the maximum aggregate number of shares reserved for the 2011 Plan from 10,000,000 to 17,500,000 and increases the maximum aggregate number of shares awardable to any one participant in a given year from 1,500,000 to 3,000,000.

We believe that equity ownership provides an important link between the interests of long-term shareholders and ou