

PARK CITY GROUP INC
Form PRER14A
February 06, 2013

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

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- [X] Preliminary Proxy Statement
- [] Confidential, for Use of the SEC Only (as permitted by Rule 14a-6(e)(2))
- [] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to 14a-12

PARK CITY GROUP, 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):

- [X] No fee required.
- [] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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1. Amount Previously Paid:
2. Form, Schedule or Registration Statement No.:

- 3. Filing Party:
- 4. Date Filed:

PARK CITY GROUP, INC.
299 South Main Street, Suite 2370
Salt Lake City, Utah 84111
(435) 645-2000

March __, 2013

Dear Stockholders of Park City Group, Inc.:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of Park City Group, Inc., which will be held at Park City Group's corporate offices located at 299 South Main Street, Suite 2370, Salt Lake City Utah, on March 18, 2013 at 9:00 a.m., local time. Details of the business to be conducted at the 2013 Annual Meeting are given in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. In order for us to have an efficient Annual Meeting, please sign, date and return the enclosed proxy promptly in the accompanying reply envelope. If you are able to attend the Annual Meeting and wish to change your proxy vote, you may do so simply by voting in person at the Annual Meeting.

Our Board of Directors has unanimously approved the proposals set forth in the Proxy Statement and we recommend that you vote in favor of each such proposal.

We look forward to seeing you at the Annual Meeting.

Sincerely,

RANDALL K. FIELDS
Chief Executive Officer

YOUR VOTE IS IMPORTANT

All stockholders are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, you are urged to complete, sign, date and return, in the enclosed postage paid envelope, the enclosed proxy card as soon as possible. Returning your proxy will help us assure that a quorum will be present at the Annual Meeting and avoid the additional expense of duplicate proxy solicitations. Any stockholder attending the Annual Meeting may vote in person, even if he or she has returned a proxy.

PARK CITY GROUP, INC.
299 South Main Street, Suite 2370
Salt Lake City, Utah 84111
(435) 645-2000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on March 18, 2013

Dear Stockholders of Park City Group, Inc.:

We are pleased to invite you to attend the Annual Meeting of Stockholders of Park City Group, Inc., a Nevada corporation, which will be held at Park City Group's corporate offices located at 299 South Main Street, Suite 2370, Salt Lake City Utah, 84111, on March 18, 2013 at 9:00 a.m., local time, for the following purposes:

1. the election of eight directors to our Board of Directors, each to serve until the next Annual Meeting of stockholders and until his respective successor is elected and qualified;
2. approval of an amendment to and restatement of the Company's 2011 Employee Stock Purchase Plan to increase the number of authorized shares to 200,000 and to make certain other changes; and
3. approval of an amendment to and restatement of the Company's 2011 Stock Incentive Plan to increase the number of authorized shares to 550,000 and to make certain other changes;
4. approval of a proposal to authorize the issuance of shares of the Company's common stock to certain eligible officers and directors of in a private placement transaction or transactions;
5. to conduct an advisory vote to approve the compensation paid to our named executive officers;
6. to conduct an advisory vote to indicate how frequently stockholders believe we should conduct an advisory vote on the compensation of our named executive officers; and
7. ratifying the appointment of HJ & Associates, LLC as our independent auditors for the fiscal year ending June 30, 2013;
8. such other matters as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

These matters are more fully discussed in the attached Proxy Statement.

The close of business on February 1, 2013 (the "Record Date"), has been fixed as the Record Date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments or postponements thereof. Only holders of record of Common Stock, Series A Convertible Preferred Stock and Series B

Convertible Preferred Stock at the close of business on the Record Date are entitled to notice of, and to vote at, the Annual Meeting. A complete list of stockholders entitled to vote at the Annual Meeting will be available for examination by any of our stockholders for purposes pertaining to the Annual Meeting at our corporate offices, 299 South Main Street, Suite 2370, Salt Lake City, Utah, 84111, during normal business hours for a period of ten days prior to the Annual Meeting, and at the time and place of the Annual Meeting. We are providing a copy of our Annual Report on Form 10-K for the year ended June 30, 2012 with the accompanying Proxy Statement.

Whether or not you expect to attend in person, we urge you to vote your shares as promptly as possible by signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Annual Meeting. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished by the record holder.

Park City Group's Board of Directors unanimously recommends that you vote "FOR" the Annual Meeting Proposal Nos. 1, 2, 3, 4, 5 and 7, and vote "THREE YEARS" for Proposal No. 6, all of which are described in detail in the accompanying Proxy Statement.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on March 18, 2013: The Annual Report and Proxy Statement are available online at www.proxyconnect.com/parkcitygroup.

By Order of the Board of Directors,

Randall K. Fields
Chief Executive Officer, Chairman and Director

Salt Lake City, Utah
March __, 2013

PARK CITY GROUP, INC.
299 South Main Street, Suite 2370
Salt Lake City, Utah 84111
(435) 645-2000

PROXY STATEMENT

The enclosed proxy is solicited on behalf of the Board of Directors of Park City Group, Inc., a Nevada corporation (the “Company”), for use at the 2013 Annual Meeting of Stockholders to be held on March 18, 2013 at 9:00 a.m., local time, and at any adjournment or postponement thereof, at the Company’s corporate offices located at 299 South Main Street, Suite 2370, Salt Lake City, Utah 84111. These proxy solicitation materials were mailed on or about March __, 2013, to all stockholders entitled to vote at our Annual Meeting.

Voting

The specific proposals to be considered and acted upon at our Annual Meeting are summarized in the accompanying notice and are described in more detail in this Proxy Statement. On February 1, 2013, the Record Date for determination of stockholders entitled to notice of and to vote at the Annual Meeting, we had outstanding _____ shares of our Common Stock, 674,005 shares of our Series A Convertible Preferred Stock (“Series A Preferred”), and 411,927 shares of our Series B Convertible Preferred Stock (“Series B Preferred”), each of which are entitled to vote at the Annual Meeting. Each share of Series A Preferred and Series B Preferred is convertible into 3.33 and 2.5 shares of Common Stock, respectively. Each holder of Common Stock is entitled to one vote for each share of Common Stock, and each holder of Series A Preferred and Series B Preferred is entitled to 3.33 and 2.5 votes for each share of Series A Preferred and Series B Preferred held by such stockholder on February 1, 2013, respectively. As of the Record Date, the outstanding shares represented _____ votes, consisting of _____ attributable to Common Stock, 2,244,436.65 attributable to Series A Preferred and 1,029,817.5 attributable to Series B Preferred.

Quorum

In order for any business to be conducted at the Annual Meeting, the holders of more than 50% of the shares entitled to vote must be represented at the Annual Meeting, either in person or by properly executed proxy. If a quorum is not present at the scheduled time of the Annual Meeting, the stockholders who are present may adjourn the Annual Meeting until a quorum is present. The time and place of the adjourned Annual Meeting will be announced at the time the adjournment is taken, and no other notice will be given. An adjournment will have no effect on the business that may be conducted at the Annual Meeting.

Required Vote for Approval

Proposal No. 1: Election of Directors. For the seven nominees who receive the greatest number of votes cast at the Annual Meeting by the shares present in person or by proxy and entitled to vote will be elected.

Proposal No. 2: Approval of an Amendment to and Restatement of the Company’s 2011 Employee Stock Purchase Plan. The affirmative “FOR” vote of a majority of the shares present in person or by proxy and entitled to vote is necessary for approval of an amendment to and restatement of the Company’s 2011 Employee Stock Purchase Plan.

Proposal No. 3: Approval of an Amendment to and Restatement of the Company's 2011 Stock Incentive Plan. The affirmative "FOR" vote of a majority of the votes cast is necessary for approval of an amendment to and a restatement of Company's 2011 Stock Incentive Plan.

Proposal No. 4: Approval of a Proposal to Authorize the Issuance of Shares of the Company's Common Stock to Certain Eligible Officers and Directors in a Private Placement Transaction or Transactions. The affirmative "FOR" vote of a majority of the votes cast is necessary for approval of a proposal to authorize the issuance of shares of the Company's common stock, at a price not less than 15% below the market value of the shares at the time of issuance, to certain eligible directors and officers of the Company in a private placement transaction or transactions.

Proposal No. 5: Advisory Vote to Approve Executive Compensation. The advisory vote is not binding on us, our board of directors, or management. The affirmative "FOR" vote of a majority of the shares present in person or by proxy and entitled to vote is necessary for approval of the executive compensation.

Proposal No. 6: Advisory Vote to Approve the Frequency of Advisory Votes on Executive Compensation. The advisory vote to approve the frequency of the advisory votes on executive compensation is not binding on us, our board of directors, or management. A stockholder may vote to set the frequency of the "say on pay" vote to occur "EVERY YEAR", "EVERY TWO YEARS", "EVERY THREE YEARS", or the stockholder may vote to "ABSTAIN". The choice among those four choices that receives the highest number of votes will be deemed the choice of the stockholders.

Proposal No. 7: Ratification of Appointment of Auditors. The affirmative "FOR" vote of a majority of the shares present in person or by proxy and entitled to vote is necessary of approval of such proposal.

Abstentions and Broker Non Votes

All votes will be tabulated by the inspector of election appointed for the Annual meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Abstentions and votes withheld are counted only for purposes of determining whether quorum is present at the Annual Meeting and, therefore, have no effect on the outcome of voting for each proposal.

If you hold your shares in "street name" through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. If you do not give your broker or nominee specific instructions regarding such matters, your proxy will be deemed a "broker non-vote." Broker non-votes are included in the determination of the number of shares represented at the Annual Meeting for purposes of determining whether a quorum is present. For Proposal Nos. 1, 2, 3, 4, 5 and 6, broker non-votes have no effect on the outcome of the election. For the approval of Proposal No. 7, broker non-votes are counted only for purposes of determining whether a quorum is present at the meeting and therefore will have no effect on the outcome of the vote for this proposal. For the approval of any other proposed matter, broker non-votes have the practical effect of a vote against such proposal. Whether brokers have discretion to vote on other proposals and, if they do not, the effects of broker non-votes on such other proposals will depend on the nature of such other proposals.

Proxies

If the enclosed form of proxy is properly signed and returned, the shares represented thereby will be voted at the Annual Meeting in accordance with the instructions specified thereon. If you sign and return your proxy without specifying how the shares represented thereby are to be voted, the proxy will be voted (i) FOR the election of the directors proposed by our Board, (ii) FOR the approval of the amendment to and restatement of the 2011 Employee Stock Purchase Plan, (iii) FOR the approval of the amendment to and restatement of the 2011 Stock Incentive Plan,

(iv) FOR the approval of a proposal to authorize the issuance of shares of the Company's common stock in a private placement transaction or transactions to certain eligible directors and officers of the Company, (v) FOR the advisory vote to approve executive compensation, (vi) to hold advisory votes on executive compensation EVERY THREE YEARS, (vii) FOR ratification of the appointment of the independent auditors for fiscal year 2013, and (viii) at the discretion of the proxy holders on any other matter that may properly come before the Annual Meeting or any adjournment or postponement thereof.

You may revoke or change your proxy at any time before the Annual Meeting by filing with our Corporate Secretary at our principal executive offices at 299 South Main Street, Suite 2370, Salt Lake City, Utah 84111, a notice of revocation or another signed proxy with a later date. You may also revoke your proxy by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting alone will not revoke your proxy. If you are a stockholder whose shares are not registered in your own name, you will need additional documentation from your broker or record holder to vote personally at the Annual Meeting.

Solicitation

We will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement, the proxy and any additional solicitation materials furnished to the stockholders. Copies of any solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, we may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by telephone, facsimile or other means by our directors, officers or employees. No additional compensation will be paid to these individuals for any such services. Except as described above, we do not presently intend to solicit proxies other than by mail and telephone.

MATTERS TO BE CONSIDERED AT ANNUAL MEETING

PROPOSAL NO. 1

ELECTION OF DIRECTORS

General

The Company's Board of Directors currently consists of seven directors, each of whom is nominated to be elected at the Annual Meeting. Each of the nominees has confirmed that he will be able and willing to serve as a director if elected. If any of the nominees become unable or unwilling to serve, your proxy will be voted for the election of a substitute nominee recommended by the current Board of Directors. Upon recommendation of the Nominating and Corporate Governance Committee, the Board of Directors has nominated for election as directors at our Annual Meeting Randall K. Fields, Robert P. Hermanns, Robert W. Allen, James R. Gillis, William S. Kies, Jr., Richard Juliano, Austin F. Noll, Jr. and Ronald C. Hodge.

Please see disclosure captioned "Directors" on p. 17 of this Proxy Statement for more information, including background information, business experience, and the Nominating and Corporate Governance Committee's recommendation, of each nominee.

Our Certificate of Incorporation and Bylaws provide that the Board of Directors shall consist of not less than one member, and that upon any change in the number of members, any newly created directorships or eliminated directorships shall be apportioned by the remaining members of the Board of Directors or by stockholders.

Required Vote and Recommendation

The election of directors requires the affirmative vote of a plurality of the shares of Common Stock present or represented by proxy and entitled to vote at the Annual Meeting, including shares of Common Stock issuable upon conversion of our Series A Preferred and Series B Preferred. The seven nominees receiving the highest number of affirmative votes will be elected. Accordingly, under Nevada law and the Company's Certificate of Incorporation and Bylaws, abstentions and broker non-votes will not have any effect on the election of a particular director. Unless

otherwise instructed or unless authority to vote is withheld, shares represented by executed proxies will be voted "FOR" the election of the nominees.

The Board of Directors recommends that the stockholders vote "FOR" the election of Messrs. Fields, Hermanns, Allen, Gillis, Kies, Juliano, Noll and Hodge.

-3-

PROPOSAL NO. 2

APPROVAL OF AN AMENDMENT TO AND RESTATEMENT OF THE
2011 EMPLOYEE STOCK PURCHASE PLAN

The Park City Group 2011 Employee Stock Purchase Plan (the “Original ESPP Plan”) was adopted by the Board of Directors on March 1, 2011, and authorized 50,000 shares of the Company’s common stock, par value \$0.01 (the “Shares” or “Common Stock”) for issuance to every full- and part-time employee of the Company electing to participate under the Original ESPP Plan (each, a “Participating Employee”). However, as of August 1, 2012, the Company had issued all authorized Shares under the Original ESPP Plan. Accordingly, the Board of Directors approved an amendment to and restatement of the Original ESPP Plan (the “First Amended ESPP Plan”), increasing the authorized number of Shares available for issuance to 150,000.

Proposal

Our the Board of Directors approved a second amendment to and restatement of the Original ESPP Plan on January 19, 2013 (the “Second Amended ESPP Plan”), which provides for a 50,000 Share increase, bringing the aggregate number of Shares available for issuance to 200,000 shares of Common Stock. The Second Amended ESPP Plan is attached hereto as Appendix A, and is subject, in its entirety, to stockholder approval. Therefore, the Second Amended ESPP Plan will not become effective if stockholders do not approve it.

Under the terms of the Second Amended ESPP Plan, every Participating Employee will have the ability to purchase Shares at a discount from fair market value through monthly payroll deductions, or otherwise as determined by a committee established by the Compensation Committee of the Board of Directors (the “Committee”). In the discretion of the Committee, the Second Amended ESPP Plan may also provide for the issuance of Common Stock in lieu of cash compensation.

Approval of the Second Amended ESPP Plan will give employees of the Company an opportunity to acquire and expand their equity interest in the Company. The Company believes the Second Amended ESPP Plan will align the interest of Participating Employees with the interests of the Company and its stockholders, and will develop an incentive for Participating Employees, through their efforts on behalf of the Company, to increase stockholder value.

If the Second Amended ESPP Plan is approved by stockholders, an aggregate total of _____ Shares will be available for issuance as of _____, 2013, as _____ authorized Shares remain unissued under First Amended ESPP Plan.

The following summary of the Second Amended ESPP Plan does not purport to be complete and is qualified, in its entirety, by the specific language of the Second Amended ESPP Plan, as found in Appendix A.

Description of the Plan

Purpose. The purpose of the Second Amended ESPP Plan is to provide every full- and part-time employee of the Company an opportunity to acquire and expand their equity interest in the Company. By giving each Participating Employee the opportunity to purchase shares of Common Stock at a discount from fair market value, the Second Amended ESPP Plan attempts to align the interests of the Company’s employees with the interests of the Company and its stockholders.

Administration. The Second Amended ESPP Plan may be administered and interpreted by the Committee and the Board of Directors.

Stock Subject to the Plan. Under the Second Amended ESPP Plan, eligible employees may purchase shares of Common Stock through monthly payroll deductions at a discount to the fair market price of the Shares, as quoted on the NYSE's AMEX ("FMV"). Additionally, in the discretion of the Committee, the Second Amended ESPP Plan may also provide for the issuance of Common Stock in lieu of cash compensation.

-4-

As of _____, 2013, 42,855 Shares remained available for issuance under the First Amended ESPP. An additional 50,000 Shares will be available for purchase under the Second Amended ESPP Plan. The Common Stock issued under the Second Amended ESPP Plan will be from authorized but unissued shares of the Company's Common Stock.

Eligibility. Every full- and part-time employee of the Company is eligible to participate in the Second Amended ESPP Plan. The Company currently employs 50 full-time employees, and no part-time employees.

Offering Periods and Purchase Periods. Subject to stockholder approval, the Second Amended ESPP Plan will be effective on _____, 2013 (the "Effective Date"). The first payroll deduction will occur for the pay period ending _____, 2013 and will terminate the date that no Shares are available for issuance, or ten years from the Effective Date (the "Term"), whichever occurs first.

Each period the Second Amended ESPP Plan will be in effect during the Term will be from January 1 to June 30, and July 1 to December 31 (each, an "Offering Period"). The Company will deduct the amount determined by each Participating Employee during each Offering Period, which amount will not exceed 15% of the amount owed to that Participating Employee in such pay period (the "Withheld Amount"). At the end of the Offering Period (the "Issue Date"), the Company will issue shares of Common Stock in an amount equal to the total Withheld Amount divided by the lower of (i) the FMV on the first day of the Offering Period less 15%, or (ii) the last day of the Offering Period less 15% (in either case, the "Discount Value"). The Company will retain all Withheld Amounts until the Issue Date.

Termination or Amendment of the Plan. The Company's Board of Directors may, at any time and without stockholder approval, terminate or amend the Second Amended ESPP Plan, including amending the Second Amended ESPP Plan to increase the number of shares of Common Stock available for issuance.

Tax Consequences. The Second Amended ESPP Plan is a non-qualified plan for Federal income tax purposes. Withheld Amounts during the Offering Period will be considered "after-tax" deductions. At the end of the applicable Offering Period, the Discount Value will be added to the Participating Employee's taxable compensation. Each year-end Form W-2 distributed to each Participating Employee will include the Discount Value in gross income, as well as the withholding taken on the Discount Value.

New Plan Benefits

Each of the Company's employees participates in the Second Amended ESPP, contributing Withheld Amounts ranging from 3% to 15%. However, because we cannot predict the rate of employee contributions or the eventual purchase price under the Second Amended ESPP Plan, it is not possible to determine the number of shares that will be purchased or the value of benefits that may be obtained by executive officers and other employees under the Second Amended ESPP Plan for the current fiscal year. The following tables sets forth information with respect to the shares of Common Stock purchased under the Original ESPP Plan and the First Amended ESPP Plan, respectively, during the fiscal year ended June 30, 2012.

Shares of Common Stock Purchased Under the
2011 Employee Stock Purchase Plan and Amended and Restated Employee Stock Purchase Plan
During the Fiscal Year Ended June 30, 2012

Name and Position	Dollar Value (\$)(1)	Number of Shares Purchased
Randall K. Fields Chief Executive Officer, Chairman and Director	7,188	2,782
David Colbert (2) Former Chief Financial Officer	4,950	1,916
Edward L. Clissold (2) Chief Financial Officer	3,320	1,285
Executive Group	15,548	5,983
Non-Executive Director Group	-	-
Non-Executive Officer Employee Group	-	-

(1) Fair market value on the date of purchase, minus the purchase price.

(2) Mr. Colbert resigned from his position with the Company after the end of fiscal 2012, on August 2, 2012. Mr. Edward L. Clissold now serves as the Company's Chief Financial Officer.

Vote Required and Recommendation

The affirmative "FOR" vote of a majority of the shares present in person or by proxy and entitled to vote is necessary for approval of the Second Amended ESPP Plan. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this proposal has been approved. Unless otherwise instructed on the proxy or unless authority to vote is withheld, shares represented by executed proxies will be voted "FOR" the adoption of the Second Amended ESPP Plan.

The Board of Directors recommends that stockholders vote "FOR" the proposed adoption of the Second Amended ESPP Plan.

PROPOSAL NO. 3

APPROVAL OF AN AMENDMENT TO AND RESTATEMENT OF THE
2011 STOCK INCENTIVE PLAN

The Park City Group 2011 Stock Incentive Plan (the “Original SIP”) was adopted by the Board of Directors on March 1, 2011, and authorized a total of 200,000 shares of the Company’s common stock, par value \$0.01 (“Shares” or “Common Stock”) for issuance to all employees (including, without limitation, officers and directors who are also employees) of the Company or any subsidiary of the Company (each a “Subsidiary”), any non-employee director, consultants and independent contractors of the Company or any Subsidiary, and any joint venture partners (including, without limitation, officers, directors and partners thereof) of the Company or any Subsidiary (each, an “Eligible Recipient”, and collectively, the “Eligible Recipients”). However, as of August 1, 2012, the Company had issued all authorized Shares under the Original SIP. Accordingly, the Board of Directors approved an amendment to and restatement of the Original SIP Plan (the “First Amended SIP”), increasing the authorized number of Shares available for issuance to 350,000 shares of Common Stock.

Proposal

Our the Board of Directors approved a second amendment to and restatement of the Original SIP on January 19, 2013 (the “Second Amended SIP”), which provides for a 200,000 Share increase, authorizing, in aggregate, a total of 550,000 Shares. The Second Amended SIP is attached hereto as Appendix B, and is subject, in its entirety, to stockholder approval. Therefore, the Second Amended SIP will not become effective if stockholders do not approve it.

Under the terms of the Second Amended SIP Plan, the Compensation Committee of the Board of Directors will administer the Second Amended SIP (the “Committee”). The Committee will, at its discretion, issue the authorized Shares to Eligible Recipients in the form of: (i) stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “IRC”) (“Qualified Stock Options”), (ii) stock options that do not qualify as incentive stock options (“Non-Qualified Stock Options” and together with the Qualified Stock Options, the “Incentive Awards”), or (iii) awards of shares that are subject to certain restrictions specified in the Second Amended SIP (each a “Restricted Stock Award”).

Approval of the Second Amended SIP will advance the interest of the Company and its stockholders by enabling the Company and its subsidiaries to attract and retain persons of ability to perform services for the Company and its Subsidiaries by providing an incentive to such individuals through equity participation in the Company and by rewarding those individuals who contribute to the achievement by the Company of its operational and financial objectives.

If the Second Amended ESPP Plan is approved by stockholders, an aggregate total of _____ Shares will be available for issuance on _____, 2013, as _____ authorized Shares remain unissued under the First Amended SIP.

Below is a summary of the Second Amended SIP. Unless otherwise indicated, all capitalized terms shall have the same meaning as defined in the Second Amended SIP. This summary does not purport to be complete, and is qualified, in its entirety, by the specific language of the Second Amended and Restated 2011 Stock Incentive Plan, as found in Appendix B.

Description of the Plan

Purpose. The Second Amended SIP provides the Company with the ability to attract and retain highly qualified Eligible Recipients to perform services for the Company and its Subsidiaries. By providing these Eligible Recipients with equity-based Incentive Awards, the Second Amended SIP gives each Eligible Recipient an incentive to perform and increase the value of the Company, aligning the interests of these Eligible Recipients with the Company and its stockholders.

-7-

Administration. The Second Amended SIP will be administered by the Compensation Committee of the Board of Directors, consisting of Messrs. Robert W. Allen and James R. Gillis, each of whom is considered “independent” within the meaning of Section 803(A) of the NYSE Company Guide and the Securities and Exchange Commission’s rules regarding director independence. The Committee may adopt rules and regulations for carrying out the Second Amended SIP. The interpretations and decisions of the Committee are final and conclusive on all persons participating or eligible to participate in the Second Amended SIP.

Stock Subject to the Plan. Under the Second Amended SIP, the Committee may award Eligible Recipients with shares of Common Stock in the form of Incentive Awards, specifically Qualified Stock Options or Non-Qualified Stock Options, or Restricted Stock Awards. As of _____, 2013, 40,320 shares remained available for issuance under the First Amended SIP. An additional 200,000 shares of Common Stock, subject to increases authorized by the Board of Directors, will be available for purchase under the Second Amended SIP. The Common Stock issued under the Second Amended SIP will be from authorized but unissued shares of the Company’s Common Stock.

Eligibility. Eligible Recipients may be selected by the Committee