

**SPECTRA SYSTEMS CORPORATION**  
**40 Westminister Street**  
**Providence, Rhode Island 02903**  
**United States of America**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON JUNE 24, 2019**

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**Dear Spectra Systems Corporation Stockholder:**

Notice is hereby given that the Annual Meeting of Stockholders of Spectra Systems Corporation, a Delaware corporation (the “Company”), will be held at the offices of Adler Pollock & Sheehan P.C., One Citizens Plaza, 8<sup>th</sup> Floor, Providence, Rhode Island, United States of America on Monday, June 24, 2019 at 9:30 a.m. Eastern Standard Time for the following purposes:

1. To elect four directors named in the Proxy Statement to serve until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified;
2. To ratify and approve the Company’s 2019 Amended and Restated Incentive Compensation Plan;
3. To ratify the appointment of Miller Wachman LLP as the Company’s independent auditors for the fiscal year ending December 31, 2019; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Information relating to the above matters is set forth in the attached Proxy Statement. You can also access the Company’s latest Annual Report on the Company’s investor relations website at *ir.spsy.com*.

If you are a record holder of common stock at the close of business on April 26, 2019, the record date fixed by the Board of Directors, then you are entitled to receive notice of and vote at the Annual Meeting and any adjournments thereof.

If you plan to attend the meeting, please notify the Company or the Depositary in advance by contacting the Company or Depositary as instructed in note 2 on page 13 of the accompanying Proxy Statement. In person attendance is limited to stockholders of record as of April 26, 2019. Personal identification will be required to attend the meeting. If your shares are not registered in your own name, before entering the Annual Meeting you must also provide evidence of your stock ownership as of April 26, 2019. You can obtain this evidence from your bank or brokerage firm, typically in the form of your most recent monthly bank or brokerage statement.

**Whether or not you plan to attend the meeting, please take the time to vote by promptly submitting your proxy by completing, signing, dating and returning the**

**enclosed Form of Proxy in the enclosed postage pre-paid envelope provided for your convenience. Please return your completed Form of Proxy to Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, no later than 9:30 a.m. Eastern Standard Time (2:30 p.m. BST) on Thursday, June 20, 2019. You may also attend the Annual Meeting in person and vote at the Annual Meeting. You may revoke your proxy at any time before the vote is taken by following the instructions in the Proxy Statement.**

**Alternatively, shareholders may register the appointment of a proxy for the AGM electronically, by accessing the website [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy), using the Control Number, PIN and Shareholder Reference Number set out on their proxy card, where full details of the procedure are given. This website is operated by Computershare Investor Services PLC. The proxy appointment and any power of attorney or other authority under which the proxy appointment is made must be received by Computershare Investor Services PLC not less than 48 hours before the time for holding the AGM or adjourned meeting.**

**If you hold your shares through Depository Interests, rather than submitting a proxy, please complete, sign, date and return the enclosed Form of Instruction in the enclosed postage pre-paid envelope provided for your convenience or by voting through the CREST system.**

**To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 2:30 p.m. BST on Wednesday, June 19, 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.**

**Computershare Investor Services PLC, as Depository will then vote your shares in accordance with your instructions. Please return your completed Form of Instruction to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom no later than 2:30 p.m. BST on Wednesday, June 19, 2019. You may also attend the Annual Meeting in person and vote at the Annual Meeting. You may revoke your instructions before the vote is taken by following the instructions in the Proxy Statement.**

**As a stockholder, your vote is very important and the Company's Board of Directors strongly encourages you to exercise your right to vote.**

Your cooperation is greatly appreciated.

By Order of the Board of Directors

Brian E. McLain, Chief Financial Officer and Secretary

May 3, 2019

**SPECTRA SYSTEMS CORPORATION**  
**40 Westminster Street**  
**Providence, Rhode Island 02903**  
**United States of America**

**PROXY STATEMENT**

**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

This Proxy Statement is furnished by the Board of Directors of Spectra Systems Corporation (the "Company") in connection with the solicitation of proxies for use at the Annual Meeting of Stockholders to be held at the offices of Adler Pollock & Sheehan P.C., One Citizens Plaza, 8<sup>th</sup> Floor, Providence, Rhode Island, United States of America on Monday, June 24, 2019, at 9:30 a.m. Eastern Standard Time and at any adjournments thereof (the "Annual Meeting") for the purposes set forth below and in the Notice of Annual Meeting. This Proxy Statement and the accompanying Form of Proxy and Form of Instruction are first being mailed to stockholders on or about May 3, 2019.

Only stockholders of record at the close of business on April 26, 2019 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting. As of the close of business on such date 45,871,297 shares of the Company's common stock (Ordinary Shares) (the "Common Stock"), were outstanding and eligible to vote.

**Quorum for the Transaction of Business.**

No action may be taken on any matter to be acted upon at the meeting unless a quorum is present with respect to that matter. For each matter to be acted upon at the meeting, a quorum consists of the presence in person, or by duly executed proxy, of the holders of a majority of the outstanding shares of Common Stock entitled to vote. Abstentions and broker non-votes (described below) are counted as present for the purposes of determining a quorum.

**Voting Procedures and Proxies**

Each share of Common Stock is entitled to one vote on each matter submitted to the stockholders. We are asking each stockholder to execute the enclosed Form of Proxy to appoint our representative as your proxy in connection with voting on matters set forth in this Proxy Statement at the Annual Meeting. To be effective, a duly completed Form of Proxy must be received by Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, no later than 9:30 a.m. Eastern Standard Time (2:30 p.m.BST) on Thursday, June 20, 2019. Any stockholder giving a proxy may revoke it at any time before it is voted at the Annual Meeting by delivering to the Secretary of the Company a written notice of revocation or duly executed proxy bearing a later date or by appearing at the Annual Meeting and revoking his or her proxy and voting in person.

If your shares of Common Stock are held by a bank, broker or other holder of record, you are the beneficial owner of those shares rather than the stockholder of record. If you are a

beneficial owner, your bank, broker or other holder of record will forward the proxy materials to you. As a beneficial owner, you have the right to direct the voting of your shares by following the voting instructions provided with the proxy materials forwarded by your bank, broker or other holder of record.

Nominees of beneficial owners such as banks, brokers and other holders of record do not have discretionary authority to vote shares without instructions from beneficial owners and cannot vote those shares for the election of directors (Item 1) or for approving the Company's 2019 Amended and Restated Incentive Compensation Plan (Item 2). A broker non-vote occurs when a bank, broker or other holder of record cannot vote shares on a particular proposal because of a lack of discretionary authority and voting instruction. Banks, brokers and other holders of record do have discretionary authority to vote shares without instructions from beneficial owners in connection with certain routine proposals, such as the ratification of the appointment of the Company's independent auditors (Item 3). **All stockholders holding shares through a bank, broker or other holder of record are urged to provide voting instructions to such parties to ensure that their shares are voted at the Annual Meeting.**

**Alternatively, shareholders may register the appointment of a proxy for the AGM electronically, by accessing the website [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy), using the Control Number, PIN and Shareholder Reference Number set out on their proxy card, where full details of the procedure are given. This website is operated by Computershare Investor Services PLC. The proxy appointment and any power of attorney or other authority under which the proxy appointment is made must be received by Computershare Investor Services PLC not less than 48 hours before the time for holding the AGM or adjourned meeting.**

### **Depository Interests – Form of Instruction**

If you hold your shares of Common Stock through Depository Interests, instead of filling out and returning a Form of Proxy, please complete and return the enclosed Form of Instruction. Computershare Investor Services PLC, as Depository, will then vote your shares in accordance with your instructions. To be effective, a duly completed Form of Instruction must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, no later than 2:30 p.m. BST on Wednesday, June 19, 2019. Computershare will only vote shares in accordance with your specific instructions. You must provide specific directions as to how you wish your votes to be cast or the Form of Instruction will be rejected and your vote will not be cast. You may revoke your Form of Instruction at any time before it is voted by the Depository by delivering to the Depository a notice of revocation by mail or email using the following email address: [UKALLDITeam2@computershare.co.uk](mailto:UKALLDITeam2@computershare.co.uk); or the following mailing address: Computershare Investor Services PLC, The Pavillions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom. You can also revoke your Form of Instruction by appearing at the Annual Meeting and revoking your Form of Instruction and voting in person.

**Alternatively, you can lodge your vote through the CREST System. To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 2:30 p.m. BST on Wednesday, June 19, 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to**

**retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.**

You may also attend the Annual Meeting in person and vote at the Annual Meeting. If you plan to attend the meeting, please notify the Company or the Depositary in advance by contacting the Company or Depositary as instructed in note 2 on page 13 of the accompanying Proxy Statement.

### **Vote Required**

The election of directors (**Item 1**) shall be determined by plurality vote, which means that the nominees receiving the highest number of votes will be elected. The approval of the Company's 2019 Amended and Restated Incentive Compensation Plan (**Item 2**) and the ratification of the appointment of the Company's independent auditors for the fiscal year ending December 31, 2019 (**Item 3**) requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote, and in connection with either Item 2 or Item 3, an abstention has the effect of a vote "Against".

An automated system administered by the Company's registrar, Computershare Investor Services (Jersey) Limited, shall tabulate the votes cast.

### **(Item 1)**

#### **ELECTION OF DIRECTORS**

The Board of Directors currently consists of four directors: BJ Penn, Martin Jaskel, Donald Stanford and Dr. Nabil M. Lawandy. All of the current directors have been nominated for re-election this year to hold office until the 2020 Annual Meeting of Stockholders and until their successors are duly elected and qualified or until their earlier death, resignation or removal. The Board of Directors believes that each of these nominees will be able to serve as director if elected. Each proxy will be voted in accordance with the instructions given by the stockholder, however if no instructions are given, the proxies will be voted **FOR** all nominees named below. The election of directors shall be determined by a plurality of the votes cast. For more information about the nominees and the Board of Directors, please refer to the Corporate Governance section of the Annual Report available on the Company's website at *ir.spsy.com*.

Biographical summaries of each of the nominees are set forth below. Data with respect to the number of shares of the Common Stock beneficially owned by the nominee directors as of April 25, 2019 is specified directly below each nominee's biographical summary. All such information has been furnished to the Company by the nominees.

#### **BJ Penn Non-executive Chairman**

Mr. Penn was Acting Secretary of the US Navy from March to May 2009, having previously been Assistant Secretary of the US Navy (Installations and Environment) since 2005. He began his career as a Naval Aviator and was named EA-6B Pilot of the Year in 1972.

Throughout his distinguished career, significant leadership assignments included: Executive Officer/Commanding Officer VAQ 33, Battalion Officer at the US Naval Academy, Air Officer in USS *America*, Special Assistant to the Chief of Naval Operations, Commanding Officer of NAS North Island, CA, and Deputy Director of the Navy Office of Technology Transfer & Security Assistance. Mr. Penn left the Navy in 1995, joining Loral Corporation as Director of International Business. In 1996, Loral sold its defense electronics and system integration businesses to Lockheed Martin and Mr. Penn was assigned to Lockheed Martin's Corporate Staff. Mr. Penn returned to the US Navy in 2001 as Director of Industrial Base Assessments.

He received his BS in Industrial Technology from Purdue University and his MS in Human Resource Management & Personnel Administration from The George Washington University. He has also received certificates in Aerospace Safety from the University of Southern California and in National Security for Senior Officials from The Kennedy School, Harvard University. Mr. Penn serves as Trustee at The George Washington University and on the Board of the Naval Aviation Museum.

Number of shares of Common Stock owned as of April 25, 2019: 30,000.

**Dr. Nabil M. Lawandy**  
**President and Chief Executive Officer**

Dr. Lawandy is the founder, President and Chief Executive Officer of the Company. Dr. Lawandy started his career at the NASA Goddard Space Flight Center where he was a pioneer in the development of sub-millimeter optically pumped lasers. From 1981 to 1999, Dr. Lawandy was a tenured full professor of Engineering and Physics at Brown University where his work focused on instabilities in single and multimode lasers and a wide spectrum of non-linear optics and atom-field interaction problems. In addition to Spectra Systems Corporation, he has founded two other companies, Spectra Disc Corporation and Solaris Nanosciences, and has raised over \$80 million in investment capital.

Dr. Lawandy holds a BA in Physics, and an MSc and Ph.D. in Chemistry, all from The Johns Hopkins University. He has authored over 180 reviewed scientific papers and is an inventor on over 80 US and foreign issued patents. His entrepreneurial and scientific work has been covered in several high profile publications including the London Financial Times, The Economist, Scientific American, Science News, Wall Street Journal, Los Angeles Times, Boston Globe, Fox News and BBC Television. He has also received a Presidential Young Investigator Award, an Alfred P. Sloan Fellowship, a Cottrell Award, a Rolex Award for Enterprise and a Samuel Slater Award for Innovation.

Number of shares of Common Stock owned as of April 25, 2019: 2,184,544.

**Martin Jaskel**  
**Non-executive Director**

Mr. Jaskel, a British citizen, has over 40 years of involvement in the financial services industry. He began in the United Kingdom government bond market as a broker with leading firms, latterly as a Partner in W Greenwell & Co. In 1986, W Greenwell was sold to Midland Bank. In 1988, he was appointed Director of Global Sales and Marketing of Midland Montagu

Treasury (the treasury division of Midland Bank) after chairing a committee to redesign the distribution of Treasury products. In 1990, he was appointed Director of Global Sales at NatWest Treasury and rebuilt the franchise global distribution of treasury and capital markets products.

In 1994, he was promoted to Managing Director of Global Trade and Banking Services. He sat on the Advisory Board of ECGD, the UK export-import bank, and sat on several government and Bank of England advisory boards. In 1997, he left NatWest and founded a financial services consultancy, which included a consultancy at KPMG Corporate Finance and the corporate FX division of Travelex plc, and an interim appointment as the Managing Director of a private real estate company with a £500 million portfolio of commercial and residential property. In 2005, he joined European American Capital Limited, an FCA-authorized and regulated specialized advisory bank, as a Director. He has wide experience as a Non-executive Director of both publicly quoted and private companies.

Number of shares of Common Stock owned as of April 25, 2019: 43,829.

**Donald Stanford**  
**Non-executive Director**

Mr. Stanford, who was from 1979 until 2001 the Chief Technical Officer of GTECH Corporation, is an Adjunct Professor of Computer Science and Engineering at Brown University and is an instructor in the Program in Innovation, Management, and Entrepreneurship (PRIME). He is also on the faculty of Brown's School of Professional Studies. He is a founding member of GTECH (renamed IGT) and over the course of 30 years, he held every technical leadership position, including Vice President of Advanced Development and Chief Technology Officer. Mr. Stanford serves on several boards including YearUp Providence and the Business Innovation Factory. He is a founding board member of Times2 STEM Charter School in Providence and served on its board for 20 years. In 2008, Mr. Stanford was re-engaged by IGT as a consultant and currently serves as its Chief Innovation Officer.

Mr. Stanford is a past member of the RI Science and Technology Advisory Council. He also served on the Brown advisory councils to the President and the School of Engineering. He holds a BA in International Relations and an MS in Computer Science and Applied Mathematics, both from Brown University. In 1999, Mr. Stanford received both the Black Engineer of the Year Award for Professional Achievement and the Honorable Thurgood Marshall Award for Community Service from the NAACP. In 2002, he received the Brown Graduate School's Distinguished Graduate Award and the RI Professional Engineer's Award for Community Service.

Number of shares of Common Stock owned as of April 25, 2019: 35,670.

**Composition of the Board of Directors and Committees of the Board**

The current Board of Directors comprises one executive director, Nabil M. Lawandy, and three independent non-executive directors, BJ Penn, as Chairman, Martin Jaskel and Donald Stanford. The Board of Directors usually meets at least every three months to closely

monitor the progress of the Company towards the achievement of budgets, targets and strategic objectives.

The Board of Directors also operates four committees: the Audit Committee; the Compensation Committee; the Government Security Committee; and the Nominating Committee.

The Audit Committee comprises Martin Jaskel, as Chairman, Donald Stanford and Nabil M. Lawandy. It has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It receives and reviews reports from the Company's management and auditor relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company.

The Compensation Committee comprises Donald Stanford, as Chairman, Martin Jaskel and BJ Penn. Among other duties, the Compensation Committee reviews the performance of the Chief Executive Officer and approves his compensation level. The committee also establishes and obtains Board of Director approval of compensation, incentive compensation plans and equity-based plans for executive officers. The committee also makes recommendations to the Board of Directors on proposals for the granting of share options and other equity incentives pursuant to any share options scheme or equity incentive scheme in operation from time to time.

The Government Security Committee comprises BJ Penn, as Chairman, and Nabil M. Lawandy. It is responsible for ensuring the implementation within the Company of all procedures, organizational matters and other aspects pertaining to the security and safeguarding of information, including the exercise of appropriate oversight and monitoring of operations to ensure that protective measures are effectively maintained and implemented.

The Nominating Committee comprises Martin Jaskel, as Chairman, BJ Penn and Donald Stanford. Among other duties, it is responsible for nominating candidates for the Board of Directors.

### **Recommendation of the Board of Directors**

The Board of Directors unanimously recommends a vote **FOR** each of the nominees listed above to the Board of Directors of the Company.



(Item 2)

**APPROVAL OF 2019 AMENDED AND RESTATED  
INCENTIVE COMPENSATION PLAN**

On April 23, 2019, the Board of Directors unanimously authorized and adopted the Company's 2019 Amended and Restated Incentive Compensation Plan, a copy of which is attached hereto as **Exhibit A** (hereinafter referred to as the "**Amended and Restated Plan**"), and the Board of Directors is asking the stockholders to approve the Amended and Restated Plan at the Annual Meeting. As explained in more detail below, the Board of Directors is asking you to approve the Amended and Restated Plan for two primary purposes: (1) to reduce the number of shares of Common Stock currently available for new awards to eligible persons from 9,182,222 shares down to 7,000,000 shares and (2) to restore the ability of the Board of Directors to grant tax favorable "incentive stock options" to eligible persons.

The Amended and Restated Plan will become effective only if it is approved by the stockholders at the Annual Meeting. If the Amended and Restated Plan is approved by the stockholders at the Annual Meeting, it will replace the Company's existing 2007 Incentive Compensation Plan (the "**Original Plan**") and no further awards will be made under the Original Plan. If the Amended and Restated Plan is not approved by the stockholders at the Annual Meeting, the Original Plan will remain in effect and awards thereunder, other than new grants of incentive stock options (as explained below), may be made in the future.

**About the Original Plan.** The Original Plan: (i) specifies the number of shares of Common Stock reserved and available for awards thereunder, (ii) authorizes the award to eligible persons of various customary types of stock based awards, including options (both incentive stock options and nonqualified stock options), restricted stock, stock appreciation rights and bonus stock and (iii) provides that the persons eligible to receive awards under the Original Plan are limited to employees, directors and officers of the Company and other persons providing services to the Company. The Original Plan gives the Board of Directors (or a Committee thereof) the authority to determine the recipient, type and size of any award, and the terms and conditions thereof, including for example: (a) in the case of an award of options, the exercise price thereof and the time or times when the options vest and become exercisable (usually based upon the achievement of future service requirements and/or performance goals) and (b) in the case of an award of restricted stock, the restrictions on transfer and forfeiture conditions, and the time or times when such restrictions on transfer and forfeiture conditions will lapse (usually based upon the achievement of future service requirements and/or performance goals). In the case of options, the exercise price may not be less than the share price on the date of grant, and the term of the option may not exceed ten years. The Original Plan further provides for accelerated full vesting, and the lapse of any restrictions and forfeiture conditions, effective automatically upon a Change in Control, except where otherwise provided in the award agreement.

**About the Amended and Restated Plan.** The Amended and Restated Plan, which you are being asked to approve, is the same as the Original Plan, *except for the following differences and changes:*

- (i) If the Amended and Restated Plan is approved by you, the total number of shares of Common Stock reserved and available for delivery in connection with new awards under the Amended and Restated Plan will be equal to the sum of (A) 7,000,000 shares plus (B) a number of shares equal to such portion of the 4,297,851 shares subject to outstanding awards under the Original Plan which become available for delivery under the Amended and Restated Plan by virtue of the cancelation, expiration or forfeiture of the underlying award. By contrast, if the Amended and Restated Plan is not approved by you and the Original Plan remains in effect, the total number of shares of Common Stock reserved and available for delivery in connection with new awards under the Original Plan will be equal to the sum of (A) 9,182,222 shares plus (B) a number of shares equal to such portion of the 4,297,851 shares subject to outstanding awards under the Original Plan which become available for delivery under the Original Plan by virtue of the cancelation, expiration or forfeiture of the underlying award. This will represent a 24% reduction in the pool of shares available for awards, if the Amended and Restated Plan is approved. Regardless of whether the Amended and Restated Plan is approved, the Company will continue to comply with the ABI Guidance for Share Based Schemes.
- (ii) Except for any grandfathered performance-based compensation, the US Tax Cuts and Jobs Act enacted at the end of 2017 eliminated the so-called “performance-based compensation exception”, formerly available under the US Internal Revenue Code, to the \$1 million limitation on a corporation’s tax deduction for compensation paid by a publicly held corporation to a covered employee. To qualify under the former exception (and thereby avoid the limitation on deductibility of compensation), the Original Plan, in compliance with the US Internal Revenue Code, placed many strictures and compliance obligations on performance-based awards thereunder. Except with respect to any grandfathered awards under the Original Plan, the Amended and Restated Plan removes these strictures and compliance obligations on a go-forward basis because, as noted above, the “performance-based compensation exception” has been eliminated by the new law. Among the strictures removed is a limitation of the Original Plan which provides that, in the absence of waiver by the Board of Directors, awards to any person in a single fiscal year may not exceed a total of 200,000 shares.
- (iii) To comply with the US Internal Revenue Code, the Amended and Restated Plan adds a new provision providing that the maximum aggregate number of shares that can be issued under the Amended and Restated Plan through incentive stock options shall not exceed the total number of shares reserved and available for delivery in connection with awards thereunder.
- (iv) The Amended and Restated Plan includes a new provision to ensure, to the extent possible, that no awards made thereunder should be subject to accelerated taxation or tax penalties under section 409A of the US Internal Revenue Code.

The foregoing description of the proposed Amended and Restated Plan is merely a summary of selected key provisions thereof and is qualified in its entirety by the complete copy of the Amended and Restated Plan attached hereto as Exhibit A.

Regardless of whether the Amended and Restated Plan is approved by the stockholders at the Annual Meeting, any awards which were previously granted under the Original Plan and which have not expired and remain exercisable by their terms will continue in full force and effect in accordance with the terms and conditions of the Original Plan and the applicable award agreements. As of the date of mailing of this Proxy Statement, under the Original Plan there are outstanding unexpired and unexercised options over a total of 4,297,851 shares of the Company's Common Stock. More information about the Company's outstanding options is laid out in the Compensation Committee Report, and in the footnotes to the Company's 2018 year-end audited financial statements, included within the Company's latest Annual Report, which you can access on the Company's website.

**Reasons for Seeking Your Approval of the Amended and Restated Plan.** The Board of Directors is seeking the stockholders' approval of the Amended and Restated Plan in order to reduce the number of shares available for awards thereunder, as explained above. The Board of Directors believes that this is advisable and in the best interests of the Company and its stockholders.

The Board of Directors is also seeking the stockholders' approval of the Amended and Restated Plan in order to restore the ability of the Board of Directors to grant "incentive stock options" to eligible persons. By way of explanation, although the Original Plan remains in effect and has a pool of shares available for future awards, the Original Plan was adopted and approved by the stockholders more than ten (10) years ago and, as a result, the Board of Directors is no longer able to grant awards of "incentive stock options" to the Company's employees. Incentive stock options are a form of option and one of the customary types of awards available under the Original Plan. Incentive stock options qualify for favorable tax treatment to the employee-awardees under the US Internal Revenue Code and are a widely used form of incentive award in the US. However, under the relevant tax laws, an incentive stock option can be granted under a company's equity incentive plan only if the plan has been approved by the company's stockholders and only if the grant is made no more than ten (10) years after the date of adoption of the plan. Because more than ten (10) years have passed since the adoption of the Original Plan, incentive stock options can no longer be granted under the Original Plan. The Board of Directors deems it advisable and in the best interests of the Company and its stockholders that the Company continue to have the ability to award incentive stock options to its employees (as well as the other customary types of awards available under the Original Plan). Accordingly, the Board of Directors is asking the stockholders to approve the Amended and Restated Plan so that the Company will continue to have the ability to do so.

Each proxy will be voted in accordance with the instructions given by the stockholder, however if no instructions are given, the proxies will be voted **FOR** approval of the Amended and Restated Plan. Approval of the Amended and Restated Plan requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote, and in connection therewith, an abstention has the effect of a vote "Against".

### **Recommendation of the Board of Directors**

The Board of Directors unanimously recommends a vote **FOR** the approval of the Company's 2019 Amended and Restated Incentive Compensation Plan.

### **(Item 3)**

#### **RATIFICATION OF INDEPENDENT AUDITORS**

The Audit Committee has appointed the firm of Miller Wachman LLP to serve as the independent auditors of the Company during the fiscal year ending December 31, 2019 and is recommending that the stockholders ratify this appointment. Although stockholder ratification is not required by the Company's organizational documents, or applicable law, the Board of Directors is submitting the selection of Miller Wachman LLP for ratification by stockholders as a matter of good corporate practice. Each proxy will be voted in accordance with the instructions given by the stockholders, however if no instructions are given, the proxies will be voted **FOR** approval of ratification of the appointment of the Company's auditors as specified below.

In the event the stockholders fail to ratify the appointment, the Audit Committee will reconsider its selection. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent auditing firm at any time during the year if the Audit Committee believes that such a change would be in the best interests of the Company and the stockholders.

#### **Recommendation of the Board of Directors**

The Board of Directors unanimously recommends a vote **FOR** the ratification of Miller Wachman LLP to serve as the Company's independent auditors for the fiscal year ending December 31, 2019.

#### **Other Matters**

The stockholders are asked to consider and act upon such other business, if any, as may properly come before the Annual Meeting.

#### **Notes and Information**

- (1) The documents noted at (i), (ii) and (iii) below are available for inspection during normal business hours at the Company's registered office on any business day and will be available at the place where the Annual Meeting is being held from 15 minutes prior to and during the meeting:
- i. Copies of the directors' letters of appointment;
  - ii. Copies of the Company's Certificate of Incorporation and by-laws as currently in effect; and
  - iii. A complete list of the stockholders entitled to vote at the Annual Meeting, showing the number of shares registered in the name of each stockholder and the address of each stockholder.

(2) Stockholders intending to attend the Annual Meeting are asked to notify the Company that they will be attending the meeting at least 72 hours in advance of the Annual Meeting by emailing or writing to the Company using the email or post address below:

[info@spsy.com](mailto:info@spsy.com)

**Spectra Systems Corporation  
Attention: Annual Meeting Planning  
40 Westminster Street – 2<sup>nd</sup> Floor  
Providence, Rhode Island 02903  
United States of America**

If you hold your shares through Depository Interests, and you plan to attend the Annual Meeting, you must notify the Depository at least 72 hours in advance of the Annual Meeting by emailing or writing to the Depository using the email or post address below:

[UKALLDITeam2@computershare.co.uk](mailto:UKALLDITeam2@computershare.co.uk)

**Computershare Investor Services PLC  
The Pavillions, Bridgwater Rd.  
Bristol BS99 6ZY, United Kingdom**

(3) To be admitted to the meeting, each stockholder must bring identification and be able to confirm their name and address as it appears on the stock register.

(4) Only holders of Common Stock on the stock register at and as of the close of business on the Record Date shall be entitled to attend and/or vote at the Annual Meeting. Such stockholders can vote in respect of the number of shares registered in their names at that time, but any subsequent changes to the stock register shall be disregarded in determining rights to attend and vote. All votes will be tabulated by Computershare Investor Services (Jersey) Limited, who will separately tabulate affirmative and negative votes and abstentions. Broker non-votes and a stockholder who is present in person or by proxy and who abstains from taking any of the stockholder action described in this Proxy Statement will be included in the number of stockholders present at the Annual Meeting for the purpose of determining the presence of a quorum. Abstentions will not be counted in any of proposals because they are not considered votes cast.

(5) Any stockholder entitled to attend and vote at the Annual Meeting is entitled to appoint one or more proxies (who need not be stockholders of the Company) to attend, and vote in the place of the stockholder. Completion and return of a Form of Proxy or Form of Instruction or voting online as applicable will not preclude a stockholder from attending and voting at the meeting in person, should he or she subsequently decide to do so. A Form of Proxy or Form of Instruction, as applicable, which may be used to make such appointment and give proxy instructions is enclosed.

To be effective, a duly completed Form of Proxy or electronically voting by accessing the website [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, must

reach Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom by 9:30 a.m. Eastern Standard Time (2:30 p.m. BST) on Thursday, June 20, 2019 (or not less than 48 hours before the time fixed for any adjourned meeting).

To be effective, a duly completed Form of Instruction or vote via the CREST system, together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, must reach Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom by 2:30 p.m. BST on Wednesday, June 19, 2019.

(6) If two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

(7) A stockholder must inform the Company in writing of any termination of the authority of a proxy.

(8) Any corporation which is a stockholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a stockholder provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares.

(9) At, or as soon as practicable following the Annual Meeting, the results of the voting at the meeting and the number of abstentions, votes cast for and against and the number of votes withheld in respect of each resolution will be announced publicly and placed on the Company's website ([www.ir.spsy.com](http://www.ir.spsy.com)).

(10) A copy of this Notice of the Annual Meeting of Stockholders and Proxy Statement together with the Company's Annual Report for 2018 can be found at the Company's website ([www.ir.spsy.com](http://www.ir.spsy.com)).

(11) The Company's by-laws contain an advance notice provision which regulates a stockholder's ability to submit nominations of directors and other proposals at the Company's Annual Meetings. In addition to the other requirements set forth in the Company's by-laws, in order to be considered timely for possible inclusion at the Company's next Annual Meeting in 2020, notice of a stockholder proposal containing the information specified in the Company's by-laws must be received at the principal executive offices of the Company not later than the close of business on the 90<sup>th</sup> day nor earlier than the close of business on the 120<sup>th</sup> day prior to the first anniversary of the 2019 Annual Meeting, *provided, however*, that in the event that the date of the 2020 Annual Meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the 2019 Annual Meeting, notice by the stockholder to be timely must be delivered not earlier than the close of business on the 120<sup>th</sup> day prior to the 2020 Annual Meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to the 2020 Annual Meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of the 2020 Annual Meeting is first made. In no event shall the public announcement of an

adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above.

The submission of a stockholder proposal does not guarantee that it will be included in the Company's Proxy Statement.

The Company reserves the right to reject, rule out of order or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

EXHIBIT A

SPECTRA SYSTEMS CORPORATION  
2019 AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN

See attached



**EXHIBIT A**

**SPECTRA SYSTEMS CORPORATION  
2019 AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN**

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## SPECTRA SYSTEMS CORPORATION

### 2019 AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN

#### 1. PURPOSE

The purpose of this 2019 Amended and Restated Incentive Compensation Plan (the “Plan”) is to assist Spectra Systems Corporation, a Delaware corporation (the “Company”), and its subsidiaries in attracting, retaining and rewarding high-quality executives, employees and other persons who provide services to the Company and/or its subsidiaries, enabling such persons to acquire or increase a proprietary interest in the Company to strengthen the mutuality of interests between such persons and the Company’s shareholders, and providing such persons with annual and long-term performance incentives to expend their maximum efforts in the creation of shareholder value. Except as otherwise expressly provided in Section 9(l) hereof, the Plan amends, restates and supersedes the Original Plan.

#### 2. DEFINITIONS

For purposes of the Plan, the following terms shall be defined as set forth below:

- (a) “Award” means any Option, SAR (including Limited SAR), Restricted Stock, Stock granted as a bonus or in lieu of another award, Other Stock-Based Award, together with any other right or interest granted to a Participant under the Plan.
- (b) “Beneficiary” means the person, persons, trust or trusts which have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant’s death or to which Awards or other rights are transferred if and to the extent permitted under Section 9(b) hereof. If, upon a Participant’s death, there is no designated Beneficiary or surviving designated Beneficiary, then the term “Beneficiary” means person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.
- (c) “Beneficial Owner” shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to Rule 13d-3.
- (d) “Board” means the Company’s Board of Directors.
- (e) “Change in Control” means Change in Control as defined in Section 8(b) of the Plan.
- (f) “Change in Control Price” means the amount calculated in accordance with Section 8(c) of the Plan.
- (g) “Code” means the Internal Revenue Code of 1986, as amended from time to time, including regulations and administrative guidance promulgated thereunder, and successor provisions and regulations thereto.

- (h) “Committee” means a committee of two or more directors designated by the Board to administer the Plan; provided, however, that, unless otherwise determined by the Board, the Committee shall consist solely of two or more directors, each of whom shall be a “non-employee director” within the meaning of Rule 16b-3, unless administration of the Plan by “non-employee directors” is not then required in order for exemptions under Rule 16b-3 to apply to transactions under the Plan.
- (i) “Company” shall have the meaning set forth in Section 1.
- (j) “Effective Date” means the date set forth in Section 9(m).
- (k) “Eligible Person” means each Executive Officer and other officers and employees of the Company or of any subsidiary, and other persons who provide services to the Company or any of its subsidiaries, including directors of the Company. An employee on leave of absence may be considered as still in the employ of the Company or a subsidiary for purposes of eligibility for participation in the Plan.
- (l) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.
- (m) “Executive Officer” means an executive officer of the Company as defined under the Exchange Act.
- (n) “Fair Market Value” means the fair market value of Stock, Awards or other property as determined by the Committee or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of Stock shall be the closing price of a share of Stock, as quoted on the Nasdaq Small Cap Market, the Nasdaq NMS, the American Stock Exchange, the New York Stock Exchange, the Alternative Investment Market of the London Stock Exchange or any other stock exchange or automated quotation system on which the Company’s stock is then traded, on the date on which the determination of fair market value is being made or, if no shares of Stock were traded on such date, the last trading date prior thereto.
- (o) “Incentive Stock Option” or “ISO” means any Option intended to be and designated as an incentive stock option within the meaning of Code Section 422 or any successor provision thereto.
- (p) “Limited SAR” means a right granted to a Participant under Section 6(c) hereof.
- (q) “Option” means a right, granted to a Participant under Section 6(b) hereof, to purchase Stock or other Awards at a specified price during specified time periods.
- (r) “Original Plan” means the 2007 Incentive Compensation Plan of the Company.
- (s) “Other Stock-Based Awards” means Awards granted to a Participant under Section 6(f) hereof.

- (t) “Participant” means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.
- (u) “Person” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a “group” as defined in Section 13(d) thereof.
- (v) “Plan” shall have the meaning set forth in Section 1.
- (w) “Qualified Member” means a member of the Committee who is a “Non-Employee Director” within the meaning of Rule 16b-3(b)(3).
- (x) “Restricted Stock” means Stock granted to a Participant under Section 6(d) hereof, that is subject to certain restrictions and to a risk of forfeiture.
- (y) “Rule 16b-3” means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.
- (z) “Stock” means the Company’s Common Stock, par value \$0.01 per share, and such other securities as may be substituted (or resubstituted) for Stock pursuant to Section 9(c) hereof.
- (aa) “Stock Appreciation Right” or “SAR” means a right granted to a Participant under Section 6(c) hereof.

### 3. ADMINISTRATION

- (a) Authority of the Committee. The Plan shall be administered by the Committee except to the extent the Board elects to administer the Plan, or except to the extent applicable law limits the Board’s authority to delegate any responsibility. In either such case, references herein to the “Committee” shall be deemed to include or be references to the “Board,” as the case may be. The Committee shall have full and final authority, in each case subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan.
- (b) Manner of Exercise of Committee Authority. At any time that a member of the Committee is not a Qualified Member, any action of the Committee relating to an Award granted or to be granted to a Participant who is then subject to Section 16 of the Exchange Act in respect of the Company, may be taken either

- (i) by a subcommittee, designated by the Committee, composed solely of two or more Qualified Members, or
- (ii) by the Committee, but with each such member who is not a Qualified Member abstaining or recusing himself or herself from such action; provided, however, that, upon such abstention or recusal, the voting members group of the Committee remains composed solely of two or more Qualified Members.

Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such non-Qualified Member(s), shall be the action of the Committee for purposes of the Plan. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its subsidiaries, Participants, Beneficiaries, transferees under Section 9(b) hereof or other persons claiming rights from or through a Participant, and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. To the extent permitted under applicable law, the Committee may delegate to officers or managers of the Company or any subsidiary, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions, as the Committee may determine, to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company. The Committee may appoint agents to assist it in administering the Plan. The Committee may revoke any delegation or allocation of authority at any time, in accordance with applicable law.

- (c) Limitation of Liability. The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any executive officer, other officer or employee of the Company or a subsidiary, the Company's independent auditors, consultants or any other agents assisting in the administration of the Plan. Members of the Committee and any officer or employee of the Company or a subsidiary acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

#### **4. STOCK SUBJECT TO PLAN**

- (a) Overall Number of Shares Available for Delivery. Subject to adjustment as provided in Section 9(c) hereof, the total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan shall be:
  - (i) Seven million (7,000,000), plus

- (ii) the number of shares of Stock subject to awards under the Original Plan which become available in accordance with Section 4(c) hereof after the date on which shareholders of the Company approve the adoption of the Plan. Any shares of Stock delivered under the Plan shall consist of authorized and unissued shares or treasury shares.
- (b) Application of Limitation to Grants of Awards. No Award may be granted if the number of shares of Stock to be delivered in connection with such Award or, in the case of an Award relating to shares of Stock but settleable only in cash (such as cash-only SARs), the number of shares to which such Award relates, exceeds the number of shares of Stock remaining available under the Plan minus the number of shares of Stock issuable in settlement of or relating to then-outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award.
- (c) Availability of Shares Not Delivered under Awards. Shares of Stock subject to an Award under the Plan or award under the Original Plan that is canceled, expired, forfeited, settled in cash or otherwise terminated without a delivery of shares to the Participant, including
  - (i) the number of shares withheld in payment of any exercise or purchase price of an Award or award or taxes relating to Awards or awards, and
  - (ii) the number of shares surrendered in payment of any exercise or purchase price of an Award or award or taxes relating to any Award or award,

will again be available for Awards under the Plan, except that if any such shares could not again be available for Awards to a particular Participant under any applicable law or regulation, such shares shall be available exclusively for Awards to Participants who are not subject to such limitation.

## **5. ELIGIBILITY**

Awards may be granted under the Plan only to Eligible Persons.

## **6. SPECIFIC TERMS OF AWARDS**

- (a) General. Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 9(f)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of employment by the Participant and terms permitting a Participant to make elections relating to his or her Award. The Committee shall

retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan. Except in cases in which the Committee is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of the Delaware General Corporation Law, no consideration other than services may be required for the grant (but not the exercise) of any Award.

- (b) Options. The Committee is authorized to grant Options to Participants on the following terms and conditions:
- (i) *Exercise Price*. The exercise price per share of Stock purchasable under an Option shall be determined by the Committee, provided that such exercise price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such Option except as provided under Section 7(a) hereof.
  - (ii) *Time and Method of Exercise*. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the methods by which such exercise price may be paid or deemed to be paid, the form of such payment including, without limitation, cash, Stock, other Awards or awards granted under other plans of the Company or any subsidiary, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis), and the methods by or forms in which Stock will be delivered or deemed to be delivered to Participants. In no event may an Option remain exercisable more than ten (10) years following the date of grant. To the extent that the Committee permits the use of a “cashless exercise” to exercise any Option, the Committee may designate a securities brokerage firm or firms through which all such exercises must be effected. Notwithstanding anything contained herein to the contrary, in no event will the Plan permit a “reload feature,” in which replacement stock options are issued to any Participant in exchange for stock held by that Participant upon exercise of an Option.
  - (iii) *ISOs*. The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Code Section 422. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to ISOs (including any SAR in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify the Plan under Code Section 422. The maximum aggregate number of shares of Stock that can be issued under the Plan through ISOs shall not exceed the total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan as specified in Section 4 hereof.
- (c) Stock Appreciation Rights. The Committee is authorized to grant SARs to Participants on the following terms and conditions:



- (i) *Right to Payment.* A SAR shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of
  - (1) the Fair Market Value of one share of Stock on the date of exercise (or, in the case of a “Limited SAR,” the Fair Market Value determined by reference to the Change in Control Price, as defined under Section 8(c) hereof) over
  - (2) the grant price of the SAR as determined by the Committee, provided that such grant price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such SAR except as provided under Section 7(a) hereof.
- (ii) *Other Terms.* The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Stock will be delivered or deemed to be delivered to Participants, whether or not a SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR. Limited SARs that may only be exercised in connection with a Change in Control or other event as specified by the Committee may be granted on such terms, not inconsistent with this Section 6(c), as the Committee may determine. SARs and Limited SARs may be either freestanding or in tandem with other Awards.
- (d) Restricted Stock. The Committee is authorized to grant Restricted Stock to Participants on the following terms and conditions:
  - (i) *Grant and Restrictions.* Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award agreement relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a shareholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the restricted period applicable to the Restricted Stock, subject to Section 9(b) below, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant.

- (ii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of employment during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Company; provided that the Committee may provide, by rule or regulation or in any Award agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Restricted Stock.
- (iii) *Certificates for Stock.* Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.
- (iv) *Dividends and Splits.* As a condition to the grant of an Award of Restricted Stock, the Committee may require or permit a Participant to elect that any cash dividends paid on a share of Restricted Stock be automatically reinvested in additional shares of Restricted Stock or applied to the purchase of additional Awards under the Plan. Unless otherwise determined by the Committee, Stock distributed in connection with a Stock split or Stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Stock or other property has been distributed.
- (e) Bonus Stock and Awards in Lieu of Obligations. The Committee is authorized to grant Stock as a bonus, or to grant Stock or other Awards in lieu of obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Participants subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Stock or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Stock or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee. In the case of any grant of Stock to an officer of the Company in lieu of salary or other cash compensation, the number of shares granted in place of such compensation shall be reasonable, as determined by the Committee.
- (f) Other Stock-Based Awards. The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Stock, as deemed by the Committee to be consistent with the purposes of the Plan including, without limitation, convertible or exchangeable

debt securities, other rights convertible or exchangeable into Stock, purchase rights for Stock, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the book value of Stock or the value of securities of or the performance of specified subsidiaries. The Committee shall determine the terms and conditions of such Awards. Stock delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(f) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms including, without limitation, cash, Stock, other Awards, or other property, as the Committee shall determine. Cash awards, as an element of or supplement to any other Award under the Plan, may also be granted pursuant to this Section 6(f).

## 7. CERTAIN PROVISIONS APPLICABLE TO AWARDS

- (a) Stand-Alone, Additional, Tandem, and Substitute Awards. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any subsidiary, or any business entity to be acquired by the Company or a subsidiary, or any other right of a Participant to receive payment from the Company or any subsidiary. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any subsidiary, in which the value of Stock subject to the Award is equivalent in value to the cash compensation (for example, Restricted Stock).
- (b) Term of Awards. The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or SAR exceed a period of 10 (ten) years (or such shorter term as may be required in respect of an ISO under Code Section 422).
- (c) Form and Timing of Payment under Awards. Subject to the terms of the Plan and any applicable Award agreement, payments to be made by the Company or a subsidiary upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine including, without limitation, cash, Stock, other Awards or other property, and may be made in a single payment or transfer or in installments in accordance with applicable law. The settlement of any Award may be accelerated, and cash paid in lieu of Stock in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events (in addition to a Change in Control). Installment payments may be required by the Committee (subject to Section 9(f) of the Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award agreement) or permitted at the election of the Participant on terms and conditions established by the

Committee. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment payments or the grant or crediting of other amounts in respect of installment or deferred payments denominated in Stock.

- (d) Exemptions from Section 16(b) Liability. It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award agreement does not comply with the requirements of Rule 16b-3 as then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b).
- (e) Non-Competition Agreement. Each Participant to whom an Award is granted under the Plan, who has not already done so at the time of such grant, may be required to agree in writing as a condition to the granting of such Award not to engage in conduct in direct competition with the Company or any of its subsidiaries for one year after the termination of such Participant's employment with the Company and its subsidiaries.
- (f) Limitation on Vesting of Certain Awards and Repricing.
  - (i) *Vesting Limitations.* Restricted Stock and Other Stock-Based Awards, as described in Sections 6(d) and 6(e) of the Plan, respectively, generally will vest in accordance with the vesting schedules established by the Committee or shall be subject to a performance-based vesting schedule, except in the event of a Participant's death, disability, or retirement, or in the event of a Change in Control or other special circumstances. The foregoing notwithstanding,
    - (1) Restricted Stock and Other Stock-Based Awards as to which either the grant or vesting is based on the achievement of one or more performance conditions generally will vest in accordance with the vesting schedules established by the Committee except in the event of a Participant's death, disability, or retirement, or in the event of a Change in Control or other special circumstances, and
    - (2) up to ten percent (10%) of the shares of Stock authorized under the Plan may be granted as Restricted Stock or Other Stock-Based Awards without any minimum vesting requirements. For purposes of this Section 7(f), vesting over a multi-year period or one year period will include periodic vesting over such period if the rate of such vesting is proportional throughout such period.

- (ii) *Repricing.* Notwithstanding anything to the contrary contained in the Plan, the Committee will not, without prior approval of the Company's stockholders, permit any Option or SAR under the Plan to be cancelled, substituted for, repriced or terminated and re-granted at an exercise price lower than its initial exercise price at the date of grant, or otherwise trigger the disclosure obligations under Item 402(i) of Regulation S-K or any successor provision.

## 8. CHANGE IN CONTROL

- (a) Effect of Change in Control. In the event of a "Change in Control," the following provisions shall apply unless otherwise provided in the Award agreement:
  - (i) Any Award carrying a right to exercise that was not previously exercisable and vested shall become fully exercisable and vested as of the time of the Change in Control and shall remain exercisable and vested for the balance of the stated term of such Award without regard to any termination of employment by the Participant, subject only to applicable restrictions set forth in Section 9(a) hereof;
  - (ii) Any optionee who holds an Option shall be entitled to elect, during the 60-day period immediately following a Change in Control, in lieu of acquiring the shares of Stock covered by such Option, to receive, and the Company shall be obligated to pay, in cash the excess of the Change in Control Price over the exercise price of such Option, multiplied by the number of shares of Stock covered by such Option;
  - (iii) The restrictions, deferral of settlement, and forfeiture conditions applicable to any other Award granted under the Plan shall lapse and such Awards shall be deemed fully vested as of the time of the Change in Control, except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 9(a) hereof; and
  - (iv) With respect to any outstanding Award subject to achievement of performance goals and conditions under the Plan, such performance goals and other conditions will be deemed to be met if and to the extent so provided in the Award agreement relating to such Award.
- (b) Definition of Change in Control. A "Change in Control" shall be deemed to have occurred if:
  - (i) any Person (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company immediately prior to the occurrence with respect to which the evaluation is being made in substantially the same proportions as their ownership of the common stock of the Company) acquires securities of the Company and

immediately thereafter is the Beneficial Owner (except that a Person shall be deemed to be the Beneficial Owner of all shares that any such Person has the right to acquire pursuant to any agreement or arrangement or upon exercise of conversion rights, warrants or options or otherwise, without regard to the sixty day period referred to in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities (except that an acquisition of securities directly from the Company shall not be deemed an acquisition for purposes of this clause (i));

- (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (i), (iii), or (iv) of this paragraph) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least one-half of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved but excluding for this purpose any such new director whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, corporation, partnership, group, associate or other entity or Person other than the Board, cease for any reason to constitute at least a majority of the Board;
- (iii) the consummation of a merger or consolidation of the Company with any other entity, other than
  - (1) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than 50% of the combined voting power of the surviving or resulting entity outstanding immediately after such merger or consolidation, or
  - (2) a merger or consolidation in which no premium is intended to be paid to any shareholder participating in the merger or consolidation;
- (iv) the stockholders of the Company approve a plan or agreement for the sale or disposition of all or substantially all of the consolidated assets of the Company (other than such a sale or disposition immediately after which such assets will be owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company immediately prior to such sale or

disposition) in which case the Board shall determine the effective date of the Change in Control resulting therefrom; or

- (v) any other event occurs which the Board determines, in its discretion, would materially alter the structure of the Company or its ownership.
- (c) Definition of Change in Control Price. The “Change in Control Price” means an amount in cash equal to the higher of
- (i) the amount of cash and fair market value of property that is the highest price per share paid (including extraordinary dividends) in any transaction triggering the Change in Control or any liquidation of shares following a sale of substantially all assets of the Company, or
  - (ii) the highest Fair Market Value per share at any time during the 60-day period preceding and 60-day period following the Change in Control.

## 9. GENERAL PROVISIONS

- (a) Compliance with Legal and Other Requirements. The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Stock or payment of other benefits under any Award until completion of such registration or qualification of such Stock or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Stock or other securities of the Company are listed or quoted, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Stock or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations. The foregoing notwithstanding, in connection with a Change in Control, the Company shall take or cause to be taken no action, and shall undertake or permit to arise no legal or contractual obligation, that results or would result in any postponement of the issuance or delivery of Stock or payment of benefits under any Award or the imposition of any other conditions on such issuance, delivery or payment, to the extent that such postponement or other condition would represent a greater burden on a Participant than existed on the 90th day preceding the Change in Control.
- (b) Limits on Transferability; Beneficiaries. No Award or other right or interest of a Participant under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party (other than the Company or a subsidiary), or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or

his or her guardian or legal representative, except that Awards and other rights (other than ISOs and SARs in tandem therewith) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee pursuant to the express terms of an Award agreement (subject to any terms and conditions which the Committee may impose thereon). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

- (c) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Stock, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar transaction or event affects the Stock such that an adjustment is determined by the Committee to be appropriate under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of
- (i) the number and kind of shares of Stock which may be delivered in connection with Awards granted thereafter,
  - (ii) the number and kind of shares of Stock by which annual per-person Award limitations are measured under Section 5 hereof,
  - (iii) the number and kind of shares of Stock subject to or deliverable in respect of outstanding Awards, and
  - (iv) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award.

In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence, as well as acquisitions and dispositions of businesses and assets) affecting the Company, any subsidiary or any business unit, or the financial statements of the Company or any subsidiary, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any subsidiary or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant.



- (d) Section 409A. The Plan is intended to comply with Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance therewith. Any payments described in the Plan that are due within the “short-term deferral period” as defined in Code Section 409A shall not be treated as deferred compensation unless the Code requires otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Code Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Participant’s termination of continuous service shall instead be paid on the first payroll date after the six-month anniversary of the Participant’s separation from service (or the Participant’s death, if earlier). Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any additional tax or penalty on any Participant under Code Section 409A and neither the Company nor the Committee will have any liability to any Participant for such tax or penalty.
- (e) Taxes. The Company and any subsidiary is authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Stock, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Stock or other property and to make cash payments in respect thereof in satisfaction of a Participant’s tax obligations, either on a mandatory or elective basis in the discretion of the Committee.
- (f) Changes to the Plan and Awards. The Board may amend, alter, suspend, discontinue or terminate the Plan or the Committee’s authority to grant Awards under the Plan without the consent of shareholders or Participants, except that any amendment or alteration to the Plan shall be subject to the approval of the Company’s shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Stock may then be listed or quoted, and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to shareholders for approval; provided, however, that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award previously granted and any Award agreement relating thereto, except as otherwise provided in the Plan; provided, however, that, without the consent of an affected Participant, no such Committee action may materially and adversely affect the rights of such Participant under such Award.

- (g) Limitation on Rights Conferred under Plan. Neither the Plan nor any action taken hereunder shall be construed as
- (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a subsidiary,
  - (ii) interfering in any way with the right of the Company or a subsidiary to terminate any Eligible Person's or Participant's employment or service at any time,
  - (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and employees, or
  - (iv) conferring on a Participant any of the rights of a shareholder of the Company unless and until the Participant is duly issued or transferred shares of Stock in accordance with the terms of an Award.
- (h) Unfunded Status of Awards; Creation of Trusts. The Plan is intended to constitute an "unfunded" plan for certain incentive awards and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Stock pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company.
- (i) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.
- (j) Payments in the Event of Forfeitures; Fractional Shares. Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.
- (k) Governing Law. The validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award agreement shall be determined in accordance with the Delaware General Corporation Law, without giving effect to principles of conflicts of laws, and applicable federal law.
- (l) Awards under the Original Plan. Upon approval of the Plan by shareholders of the Company as required under Section 9(m) hereof, no further awards shall be granted under the Original Plan. Any Awards which were previously granted under the

Original Plan and which have not expired and remain exercisable by their terms will continue in full force and effect in accordance with the terms and conditions of the Original Plan and the applicable award agreements.

- (m) Plan Effective Date and Shareholder Approval. The Plan has been adopted by the Board on April 23, 2019, to be effective upon shareholder approval. [ The Plan was submitted for approval by the shareholders of the Company at the Annual Meeting of Shareholders dated June 24, 2019.]
  
- (n) Transition Period Awards for Performance Based Compensation. With respect to any portion of any unexpired Award which was previously granted under the Original Plan pursuant to a binding written contract which was in effect on November 2, 2017 and which is not modified in any material respect on or after such date , and to the extent that the Company qualifies as a “publicly held corporation” within the meaning of Code Section 162(m) as in effect immediately prior to amendment by the Tax Cuts and Jobs Act (“Former Code Section 162(m)”) and the Award was granted to a covered employee within the meaning of Former Code Section 162(m), such Award will constitute “performance-based compensation” within the meaning of Former Code Section 162(m) to the maximum extent allowed by the Code if the Committee intended the Award to so qualify as “performance based compensation” at the time the grant was made.