

SOLITRON DEVICES INC
Form DEFC14A
June 29, 2015

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

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 o

Check the appropriate box:

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

Solitron Devices, 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.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:



July 1 , 2015

Dear Fellow Solitron Stockholder:

I cordially invite you to attend the 2015 Annual Meeting of Stockholders (the "Annual Meeting") of Solitron Devices, Inc. (the "Company"), on Tuesday, August 4, 2015 at 9:00 a.m ., Eastern Time, at the Palm Beach County Convention Center, Conference Room 1D , located at 650 Okeechobee Boulevard, West Palm Beach, Florida 33401 .

Your Board of Directors (the "Board of Directors" or the "Board") is recommending a highly qualified slate of director nominees for election to the Board of Directors at the Annual Meeting. At the Annual Meeting, we will ask you to: (1) elect two director nominees as Class II directors to serve for a term until the 2018 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified; (2) ratify the selection of Goldstein Schechter Koch, P.A. as our independent certified public accountants for the fiscal year ending February 29, 2016; and (3) consider a non-binding advisory vote on the compensation of our named executive officer.

The accompanying materials include a Notice of Annual Meeting of Stockholders and Proxy Statement. The Proxy Statement describes the business that we will conduct at the Annual Meeting. It also provides information about us that you should consider when you vote your shares.

You should have also received a WHITE proxy card and postage-paid return envelope. WHITE proxy cards are being solicited on behalf of our Board of Directors.

Your vote will be especially important at the Annual Meeting. As you may have heard, Cedar Creek Partners LLC and Eriksen Capital Management LLC and certain of their affiliates (together, "Eriksen Capital") have notified the Company that Eriksen Capital intends to nominate a slate of two nominees for election as Class II directors at the Annual Meeting in opposition to the nominees recommended by your Board of Directors (the "Eriksen Capital Nominees"). You may receive a proxy statement, Gold proxy card and other solicitation materials from Eriksen Capital. The Company is not responsible for the accuracy of any information provided by or relating to Eriksen Capital or the Eriksen Capital Nominees contained in the solicitation materials filed or disseminated by or on behalf of Eriksen Capital or any other statements that Eriksen Capital may make.

Your Board of Directors does NOT endorse either of the Eriksen Capital Nominees and unanimously recommends that you vote FOR the election of each of the nominees proposed by your Board of Directors. Your Board of Directors strongly urges you NOT to sign or return any proxy card or voting instruction form sent to you by or on behalf of Eriksen Capital. If you have previously submitted a Gold proxy card sent to you by Eriksen Capital, you can revoke that proxy and vote for your Board of Directors' nominees and on the other matters to be voted on at the Annual Meeting by using the enclosed WHITE proxy card or by submitting a proxy via the Internet or by telephone by following the instructions provided on the enclosed WHITE proxy card.

If your brokerage firm, bank, broker-dealer or other similar organization is the holder of record of your shares (i.e., your shares are held in "street name"), you will receive voting instructions from the holder of record. You must follow these instructions in order for your shares to be voted. Your broker is required to vote those shares in accordance with your instructions. We urge you to instruct your broker or other nominee, by following those instructions, to vote your shares on the WHITE proxy card.

Holders of shares as of the close of business on June 24, 2015, the record date for voting at the Annual Meeting, are urged to submit a WHITE proxy card, even if your shares were sold after such date.

Thank you for your continued support. If you have any questions please contact Regan & Associates, Inc., our proxy solicitor assisting us in connection with the Annual Meeting. Stockholders may call Regan & Associates, Inc., toll free at 1-800-737-3426.

Sincerely,

Chairman of the Board, President,
Chief Executive Officer and Chief Financial Officer

SOLITRON DEVICES, INC.
3301 Electronics Way
West Palm Beach, Florida 33407

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held on August 4, 2015

To our Stockholders:

The Annual Meeting of Stockholders (the "Annual Meeting") of Solitron Devices, Inc. ("Solitron" or the "Company") will be held on Tuesday, August 4, 2015 at 9:00 a.m., Eastern Time, at the Palm Beach County Convention Center, Conference Room 1D, located at 650 Okeechobee Boulevard, West Palm Beach, Florida, 33401 for the following purposes:

- (1) The election of two (2) director nominees as Class II directors to serve for a term until the 2018 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified;
- (2) The ratification of the selection of Goldstein Schechter Koch, P.A. as the Company's independent certified public accountants for the fiscal year ending February 29, 2016;
- (3) A non-binding advisory vote on the compensation of the named executive officer of the Company ("Say on Pay");
- (4) To act upon a stockholder proposal that the Board of Directors take all necessary steps (other than steps that must be taken by stockholders) to eliminate the classification of the Board and to require that all directors be elected on an annual basis; and
- (5) To act upon a stockholder proposal to repeal any provisions or amendments to the By-laws adopted by the Board after April 22, 2013, which is the date of the last publicly available amendment to the By-laws, without the approval of stockholders.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. We refer to Proposals 4 and 5 as the "Eriksen Capital Proposals."

The Board of Directors has fixed the close of business on June 24, 2015 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting.

As you may be aware, Cedar Creek Partners LLC and Eriksen Capital Management LLC and certain of their affiliates (together, "Eriksen Capital") notified the Company that they intend to nominate a slate of two nominees for election as Class II directors at the meeting (the "Eriksen Capital Nominees") in opposition to the nominees recommended by your Board of Directors. You may receive solicitation materials from Eriksen Capital seeking your proxy to vote for the Eriksen Capital Nominees. **THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE BOARD'S NOMINEES ON THE ENCLOSED WHITE PROXY CARD AND URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD OR VOTING INSTRUCTION FORM SENT TO YOU BY OR ON BEHALF OF ERIKSEN CAPITAL. THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" PROPOSALS 2 AND 3. THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "AGAINST" THE ERICKSON CAPITAL PROPOSALS (PROPOSALS 4 AND 5).** If you have already submitted a proxy using a Gold proxy card sent to you by Eriksen Capital, you can REVOKE it by signing and dating the enclosed WHITE proxy card and returning it in the postage-paid envelope provided or by submitting a proxy via the Internet or by telephone by following the instructions provided on the enclosed WHITE proxy card. Only your last-dated proxy

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will count, and any proxy may be revoked at any time prior to its exercise at the Annual Meeting as described in the accompanying Proxy Statement.

The enclosed proxy statement contains information pertaining to the matters to be voted on at the Annual Meeting. A copy of the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2015 is being mailed with this proxy statement.

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor: Regan & Associates, Inc., toll free at 1-800-737-3426.

By order of the Board of Directors,

Shevach Saraf
Chairman of the Board, President,
Chief Executive Officer and Chief
Financial Officer

West Palm Beach, Florida
July 1 , 2015

**IMPORTANT NOTICE
REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON AUGUST 4, 2015**

The accompanying proxy statement and the 2015 Annual Report on Form 10-K are available online at:

<https://www.iproxydirect.com/SODI>

**YOUR VOTE IS VERY IMPORTANT. EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING, WE
REQUEST THAT YOU READ THE PROXY STATEMENT AND SUBMIT A PROXY TO VOTE YOUR
SHARES BY SIGNING AND DATING THE ENCLOSED WHITE PROXY CARD AND RETURNING IT IN THE
POSTAGE-PAID ENVELOPE PROVIDED OR BY SUBMITTING A PROXY VIA THE INTERNET OR BY
TELEPHONE BY FOLLOWING THE INSTRUCTIONS PROVIDED ON THE ENCLOSED WHITE PROXY
CARD.**

IMPORTANT

Your vote at this year's Annual Meeting is especially important, no matter how many or how few shares you own. Please sign and date the enclosed WHITE proxy card and return it in the enclosed postage-paid envelope promptly or submit a proxy via the Internet or by telephone by following the instructions provided on the enclosed WHITE proxy card.

THE BOARD STRONGLY URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD OR VOTING INSTRUCTION FORM THAT YOU MAY RECEIVE FROM ERIKSEN CAPITAL OR ON ERIKSEN CAPITAL'S BEHALF, EVEN TO VOTE AGAINST OR WITHHOLD WITH RESPECT TO ERIKSEN CAPITAL'S NOMINEES OR TO VOTE AGAINST THE ERIKSEN CAPITAL PROPOSALS. Any proxy you sign and return from Eriksen Capital for any reason could invalidate previous WHITE proxy cards sent by you to vote "FOR" the election of the nominees proposed by Solitron's Board of Directors.

Only your latest dated, signed proxy card or voting instruction form will be counted at the Annual Meeting. Any proxy may be revoked at any time prior to its exercise at the 2015 Annual Meeting as described in this proxy statement.

IMPORTANT!

PLEASE SUBMIT A PROXY USING THE WHITE PROXY CARD TODAY!

**WE URGE YOU NOT TO SIGN ANY PROXY CARD OR VOTING INSTRUCTION FORM
SENT TO YOU BY OR ON BEHALF OF ERIKSEN CAPITAL**

Remember, you can submit a proxy to vote your shares by telephone or via the Internet. Please follow the easy instructions on the enclosed WHITE proxy card.

If you have any questions or need any assistance in voting your shares, please contact our proxy solicitor:

Regan & Associates, Inc.
505 Eighth Avenue, Suite 800
New York, NY 10018
Artie Regan
Call Toll-Free: 1-800-737-3426
Email: aregan@reganproxy.com

SOLITRON DEVICES, INC.

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SOLITRON DEVICES, INC.
3301 Electronics Way
West Palm Beach, Florida 33407

PROXY STATEMENT
Annual Meeting of Stockholders
To be held on August 4, 2015

General

We are providing these proxy materials in connection with the solicitation by your Board of Directors of Solitron Devices, Inc. of proxies to be voted at our 2015 Annual Meeting of Stockholders and at any and all postponements or adjournments thereof. Our Annual Meeting will be held on Tuesday, August 4, 2015, at 9:00 a.m., Eastern Time, at the Palm Beach County Convention Center, Conference Room 1D, located at 650 Okeechobee Boulevard, West Palm Beach, Florida 33401. If you plan to attend the Annual Meeting, you can obtain directions to the Palm Beach County Convention Center at http://www.pbconventioncenter.com/aboutpbccc/map_and_directions. This proxy statement and the enclosed form of proxy are first being sent to stockholders on or about July 1, 2015. In this proxy statement, Solitron Devices, Inc. is referred to as the "Company," "Solitron," "we," "our" or "us."

Purposes of the Meeting

At the Annual Meeting, our stockholders will consider and vote upon the following matters:

- (1) The election of two (2) director nominees as Class II directors to serve for a term until the 2018 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified;
- (2) The ratification of the selection of Goldstein Schechter Koch, P.A. as the Company's independent certified public accountants for the fiscal year ending February 29, 2016;
- (3) A non-binding advisory vote on the compensation of the named executive officer of the Company ("Say on Pay");
- (4) To act upon a stockholder proposal that the Board of Directors take all necessary steps (other than steps that must be taken by stockholders) to eliminate the classification of the Board and to require that all directors be elected on an annual basis; and
- (5) To act upon a stockholder proposal to repeal any provisions or amendments to the By-laws adopted by the Board after April 22, 2013, which is the date of the last publicly available amendment to the By-laws, without the approval of stockholders.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE BOARD'S NOMINEES ON THE ENCLOSED WHITE PROXY CARD AND URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD OR VOTING INSTRUCTION FORM SENT TO YOU BY OR ON BEHALF OF ERIKSEN CAPITAL. THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" PROPOSALS 2 AND 3. THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "AGAINST" THE ERICKSON CAPITAL PROPOSALS (PROPOSALS 4 AND 5).

GENERAL INFORMATION

Will there be a proxy contest at the Annual Meeting?

Eriksen Capital has filed a preliminary proxy statement, as amended, expressing its intention to nominate two (2) nominees for election as directors in opposition to the two (2) highly qualified director nominees your Board of Directors has nominated, as well as submit to a vote of the stockholders a proposal regarding a declassified board structure and a proposal to repeal any provisions or amendments to the Company's By-laws adopted without stockholder approval after April 22, 2013 through the date of the Annual Meeting. Your Board of Directors does not endorse the election of any of the Eriksen Capital Nominees as a director. Your Board of Directors is also not endorsing either of the Eriksen Capital Proposals. Specifically, in respect of the declassification proposal, your Board of Directors believes that the Company's current classified board structure promotes stability, continuity of leadership, continuity of institutional knowledge amongst the directors of our Company and the complex military and aerospace markets it operates in, and enhances the Board's ability to respond to certain types of takeover bids by making it more difficult for an unsolicited bidder to gain control of the Company. With respect to the proposal relating to the repeal of certain By-law amendments, although the Company has not adopted any By-law amendments since April 22, 2013 and does not currently expect to adopt any amendments to the By-laws prior to the Annual Meeting, the Board is opposed to the proposal as the Board could determine prior to the Annual Meeting that an amendment to the By-laws is advisable and in the best interests of the stockholders in response to, among other things, future events not yet known to the Company. You may receive proxy solicitation materials from Eriksen Capital, including an opposition proxy statement or proxy card. Please be advised that we are not responsible for the accuracy of any information provided by or relating to Eriksen Capital contained in any proxy solicitation materials filed or disseminated by Eriksen Capital or any other statements that they may otherwise make.

In selecting the director nominees that we are proposing for election in this proxy statement, your Board of Directors has focused on selecting highly qualified board candidates with relevant industry and operational experience who will work together constructively with a focus on enhancing our commitment to operational excellence, financial strength and stockholder value. Your Board of Directors is pleased to nominate for election as directors the two (2) persons named in this proxy statement and on the enclosed WHITE proxy card. We believe our two (2) director nominees, Sidney H. Kopperl and Douglas Reif, have the breadth of relevant and diverse experience, integrity and commitment necessary to navigate the Company through the complex and challenging business environment and military defense spending environment in which we operate in order to deliver superior value to our stockholders.

What do I do if I receive a proxy card from Eriksen Capital?

Your Board of Directors strongly urges you not to sign or return any proxy card or voting instruction form that you may receive from Eriksen Capital or on Eriksen Capital's behalf, even to vote against or withhold with respect to Eriksen Capital's Nominees or to vote against the Eriksen Capital Proposals. Voting against or withholding votes with respect to the Eriksen Capital Nominees on a proxy card provided by or on behalf of Eriksen Capital will not be counted as a vote for the Company nominees and could result in the revocation of any previous vote you may have cast for such Company nominees on a WHITE proxy card.

If you previously signed a proxy card or submitted voting instructions sent to you by or on behalf of Eriksen Capital, you can change or revoke that proxy and submit a proxy to vote for your Board of Directors' nominees by (i) visiting the website noted on the WHITE proxy card to submit your proxy via the Internet, (ii) using the telephone number on the WHITE proxy card to submit your proxy telephonically, (iii) signing, dating and returning the WHITE proxy card in the enclosed envelope to submit your proxy by mail, or (iv) attending the Annual Meeting to vote in person. Only your latest dated proxy or vote will be counted at the Annual Meeting.

If you need assistance changing or revoking your vote, please call the Company's proxy solicitor, Regan & Associates, Inc., toll free at (800) 737-3426.

Who is entitled to vote at the Annual Meeting?

Your Board of Directors has set the close of business on June 24, 2015 as the record date for determining those stockholders entitled to notice of, and to vote on, all matters that may properly come before the Annual Meeting. As of the record date, the Company had 2,298,004 outstanding shares of common stock entitled to notice of, and to vote at, the Annual Meeting. No other securities are entitled to vote at the Annual Meeting. Only stockholders of record on such date are entitled to notice of, and to vote at, the Annual Meeting.

What are the voting rights of stockholders?

Each stockholder of record is entitled to one vote for each share of the Company's common stock that is owned as of the close of business on the record date on all matters to come before the Annual Meeting.

How many votes must be present to constitute a quorum at the Annual Meeting?

To conduct business at the Annual Meeting, a quorum must be present. The attendance, in person or by proxy, of the holders of a majority of the voting power of the issued and outstanding shares of our common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum. For purposes of determining whether a quorum exists, we count proxies marked "withhold authority" as to any director nominee or "abstain" as to a particular proposal as being present at the meeting. Shares represented by a proxy as to which there is a "broker non-vote" (that is, where a bank, broker or other nominee holding of record the shares you hold in "street" or "nominee" name does not vote on a particular proposal because you have not provided instructions as to how to vote your shares and the bank, broker or other nominee does not have discretionary authority to vote your shares due to the contested nature of the solicitation), will not be counted as a vote cast and will not be considered as present and entitled to vote at the Annual Meeting for purposes of determining whether a quorum exists.

How do I vote my shares?

In addition to voting in person at the Annual Meeting, you may submit a proxy by mail, Internet or telephone.

Submit a Proxy via the Internet. Use the Internet to submit a proxy to vote your shares 24 hours a day, 7 days a week no later than 11:59 p.m., Eastern Time, on August 3, 2015. Follow the instructions on the WHITE proxy card you receive with this proxy statement. You will be prompted to enter your control number(s), located on your WHITE proxy card, and then follow the directions to submit a proxy to vote your shares.

Submit a Proxy by Telephone. Use any touch-tone telephone to submit a proxy to vote your shares 24 hours a day, 7 days a week no later than 11:59 p.m., Eastern Time, on August 3, 2015. Follow the instructions on the WHITE proxy card you receive with this proxy statement. You will be prompted to enter your control number(s), located on your WHITE proxy card, and then follow the directions to submit a proxy to vote your shares.

If you submit a proxy via the Internet or by telephone, you do not need to sign and return your WHITE proxy card.

Submit a Proxy by Mail. To submit a proxy by mail, please sign, date and return to the Company as soon as possible the enclosed WHITE proxy card. An envelope with postage paid, if mailed in the United States, is provided for this purpose. Properly executed proxies that are received in time prior to the Annual Meeting and not subsequently revoked will be voted as instructed on the proxies. If you submit a proxy via the Internet or by telephone as described above, you need not also submit a proxy by mail.

If you need assistance voting your shares or changing your vote, please call the Company's proxy solicitor, Regan & Associates, Inc., toll free at (800) 737-3426.

Voting at the Annual Meeting. You may vote by ballot in person at the Annual Meeting. If you want to vote by ballot, and you hold your shares in street name (that is, through a bank, broker or other nominee), you must obtain a legal proxy from that organization and bring it to the Annual Meeting. Even if you plan to attend the Annual Meeting, you are encouraged to submit a WHITE proxy card or submit a proxy via the Internet or by telephone to ensure that your vote is counted at the Annual Meeting. If you vote in person at the Annual Meeting, you will revoke any prior proxy you may have submitted.

A list of the stockholders entitled to vote at the Annual Meeting will be available at the Company's executive office, located at 3301 Electronics Way, West Palm Beach, Florida 33407, for a period of ten (10) days prior to the Annual Meeting and will be available at the Annual Meeting for examination by any stockholder.

Will my shares be voted if I do not provide instructions to my bank, broker or other nominee?

No. If you hold shares in street name through an account with a bank, broker or other nominee, the voting of such shares by the bank, broker or other nominee when you do not provide voting instructions is governed by the rules of the New York Stock Exchange (the "NYSE"). In uncontested solicitations, these rules allow banks, brokers and other nominees to vote shares in their discretion on "routine" matters for which you do not provide voting instructions. On matters considered "non routine," banks, brokers and other nominees may not vote yours shares without your instruction. Shares that banks, brokers and other nominees are not authorized to vote are referred to as "broker non-votes."

When a matter to be voted on at a stockholders meeting is the subject of a contested solicitation, under applicable rules of the NYSE, banks, brokers and other nominees do not have discretion to vote the shares that you hold in street name. Because Eriksen Capital has submitted a notice of its intent to nominate directors and has filed a preliminary proxy statement regarding the same, the Annual Meeting is expected to be the subject of a contested solicitation and therefore if you hold your shares in street name (or “nominee name”) and you do not provide your bank, broker or other nominee who holds such shares of record with specific instructions regarding how to vote on any proposal to be voted on at the Annual Meeting, your broker will not be permitted to vote your shares on that proposal.

Please note that if you want your vote to be counted on any of the proposals to be considered at the Annual Meeting, including the election of directors, you must instruct your bank, broker or other nominee how to vote your shares. If you do not provide voting instructions, no votes will be cast on your behalf with respect to those proposals.

What vote is required for the election of directors?

In April 2013, your Board of Directors adopted an amendment to its By-Laws in order to provide for majority voting for the election of directors in uncontested elections. This action was taken to enhance our corporate governance practices and strengthen the functioning of your Board of Directors and its ability to serve the long-term interests of stockholders. Specifically, our By-Laws now provide that, in an uncontested election, a nominee for director is elected only if such nominee receives the affirmative vote of a majority of the total votes cast with respect to such director's election. The majority voting standard does not apply in contested elections, which means an election in which, as of the tenth day preceding the date that the Company first mails notice of the meeting at which an election is to be held, there are more nominees for director than available seats on the Board.

We expect the election of directors at the Annual Meeting to be a contested election. As such, nominees for director will be elected by a plurality of the votes cast for the election of directors at the Annual Meeting. The directors elected will be the two (2) nominees who receive the highest number of “FOR” votes cast at the Annual Meeting by stockholders present in person or by proxy, and entitled to vote on the election of directors. Proxies submitted using the WHITE proxy card that are unmarked will be voted FOR the Board of Director's two (2) highly qualified nominees (Sidney H. Kopperl and Douglas Reif). Please note that banks, brokers and other nominees do not have the authority to vote on the election of directors in the absence of voting instructions. If you hold your shares in street name, you are encouraged to provide voting instructions to your bank, broker or other nominee. Votes that are not returned, withheld or broker non-votes will not be counted in determining the total number of votes cast for each nominee and will have no effect on the outcome of the election. If any nominee is unable to act as a director because of an unexpected occurrence, the proxy holders may vote the proxies for another person recommended by the Nominating Committee and nominated by the Board of Directors or the Board of Directors may reduce the number of directors to be elected at the Annual Meeting.

What vote is required for the other proposals to be submitted to the stockholders at the Annual Meeting?

For each of the other proposals covered by this proxy statement to be approved, the affirmative vote of a majority of the voting power of the issued and outstanding common stock of the Company entitled to vote thereon, present in person or represented by proxy at the Annual Meeting must vote in favor of each of the other proposals. Because the Annual Meeting is the subject of a contested solicitation, broker non-votes will not be counted as votes cast on any of the proposals to be submitted to the stockholders at the Annual Meeting. As such, in tabulating the votes for any particular proposal, broker non-votes are not counted as votes “FOR” or “AGAINST” any particular proposal. Unlike broker non-votes, abstentions do count as shares voted on the proposals to be submitted to the stockholders at the Annual Meeting and abstentions will have the same effect as a vote “AGAINST” any proposal submitted to the stockholders (other than the election of directors).

It is important to note that approval of the stockholder proposal relating to the declassification of the Board would not result in the immediate declassification of the Board of Directors. Declassifying the Board would require an amendment to the Company's Certificate of Incorporation. The Certificate of Incorporation includes a super-majority provision to remove the classified board structure. Accordingly, elimination of the classified board structure would require the affirmative vote of the holders of at least eighty percent (80%) of our Company's outstanding shares of common stock.

How will my shares be voted if I submit a proxy without giving specific voting instructions?

If a stockholder submits a proxy with specific voting instructions as to each proposal, his or her shares will be voted as instructed. If a stockholder submits a properly executed WHITE proxy card without giving specific voting instructions, the stockholder's shares will be voted "FOR" your Board of Directors' two (2) nominees for director and "FOR" Proposals 2 and 3 and "AGAINST" Proposals 4 and 5, as recommended by your Board of Directors.

How will my shares be voted on any other matters that may properly come before the meeting or any postponement or adjournment of the meeting?

The enclosed proxy card confers discretionary authority to the person named on the proxy card to vote the shares in accordance with their judgment with respect to any other matters that may properly come before the meeting or any postponement or adjournment thereof, which are not known to the Company a reasonable time before the solicitation relating to the meeting.

How does the Board of Directors recommend that I vote?

Your Board unanimously recommends that you vote as follows:

“FOR” each of the following two (2) nominees for election to the Board to serve until the 2018 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified: Sidney H. Kopperl and Douglas Reif;

“FOR” approval of the ratification of the selection of Goldstein Schechter Koch, P.A. as the Company's independent certified public accountants for the fiscal year ending February 29, 2016;

“FOR” the approval of a non-binding advisory vote on the compensation of the named executive officer of the Company;

“AGAINST” the stockholder proposal that the Board of Directors take all necessary steps (other than steps that must be taken by stockholders) to eliminate the classification of the Board and to require that all directors be elected on an annual basis; and

“AGAINST” the stockholder proposal to repeal any provisions or amendments to the By-laws adopted by the Board after April 22, 2013, which is the date of the last publicly available amendment to the By-laws, without the approval of stockholders.

How will my shares be voted if I mark “Abstain” on my proxy card?

We will count a properly executed WHITE proxy card marked “Abstain” as present for purposes of determining whether a quorum is present. While abstentions will not have any effect on the election of directors, abstentions will have the same effect as a vote “AGAINST” the other proposals to be submitted to the stockholders at the Annual Meeting.

What does it mean if I receive more than one WHITE proxy card or voting instruction form?

If you hold your shares in more than one account, you will receive a WHITE proxy card or voting instruction form for each account. To ensure that all of your shares are voted, please submit a proxy using each WHITE proxy card or voting instruction form you receive or, if you submit a proxy via the Internet or by telephone, by entering each of your Control Numbers. Remember, you may submit a proxy by telephone, via the Internet or by signing, dating and returning the WHITE proxy card in the postage-paid envelope provided.

As previously noted, Eriksen Capital has filed a preliminary proxy statement indicating that it intends to nominate an opposition slate of two (2) nominees for election as directors in opposition to the two (2) highly-qualified director candidates nominated by your Board of Directors as well as submit two (2) additional proposals for approval, at the Annual Meeting. As a result, you may receive proxy cards from both the Company and Eriksen Capital. To ensure that stockholders have the Company's latest proxy information and materials to vote, the Board of Directors may conduct multiple mailings prior to the date of the Annual Meeting, each of which will include a WHITE proxy card. The Board of Directors encourages you to submit a proxy using each WHITE proxy card you receive to ensure that your vote is counted.

THE BOARD STRONGLY URGES YOU TO REVOKE ANY PROXY CARD OR VOTING INSTRUCTIONS YOU MAY HAVE RETURNED WHICH YOU RECEIVED FROM ERIKSEN CAPITAL OR ON ERIKSEN CAPITAL'S BEHALF. A “WITHHOLD” vote or a vote "AGAINST" with respect to the Eriksen Capital Nominees on

their proxy card will not be counted as a vote for the Company nominees and will cancel any proxy previously submitted using the WHITE proxy card.

THE BOARD STRONGLY URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD OR VOTING INSTRUCTION FORM THAT YOU MAY RECEIVE FROM ERIKSEN CAPITAL OR ON ERIKSEN CAPITAL'S BEHALF, EVEN TO VOTE AGAINST OR WITHHOLD WITH RESPECT TO THE ERIKSEN CAPITAL'S NOMINEES OR TO VOTE AGAINST THE ERIKSEN CAPITAL PROPOSALS.

