

Hunter Ridge Holdings, Inc.
Form 424B5
March 08, 2010
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-163813 and
333-163813-01 to 333-163813-30

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 8, 2010

Preliminary Prospectus Supplement

(To Prospectus dated March 8, 2010)

\$75,000,000

% Convertible Senior Notes due 2017

We are offering \$75.0 million aggregate principal amount of our % Convertible Senior Notes due 2017, or the notes. We will pay % interest per annum on the principal amount of the notes semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2010. Interest will accrue on the notes from, and including March , 2010 or from, and including, the last date in respect of which interest has been paid or provided for, as the case may be, to, but excluding, the next interest payment date or maturity date of the notes, as the case may be. The notes will mature on April 1, 2017.

Holders may convert their notes at their option prior to January 1, 2017 only under the following circumstances: (1) the notes will be convertible during any calendar quarter after the calendar quarter ending June 30, 2010 (and only during that quarter), if the closing sale price of our common stock, par value \$0.01 per share, or our Common Stock, for each of 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the conversion price of such notes, or the conversion trigger price, in effect on the last trading day of the immediately preceding calendar quarter; (2) the notes will be convertible during the five consecutive business days immediately after any five consecutive trading day period, or the note measurement period, in which the trading price per \$1,000 principal amount of such notes for each trading day of that note measurement period was equal to or less than 97% of the product of the closing sale price of shares of our Common Stock and the applicable conversion rate for such trading day; and (3) the notes will be convertible upon the occurrence of specified corporate transactions. In addition, the notes will be convertible irrespective of the foregoing circumstances from, and including, January 1, 2017 to, and including, the business day immediately preceding April 1, 2017. Upon conversion, we will have the right to deliver cash, shares of our Common Stock or a combination thereof, at our election. At any time on or prior to the 23rd business day immediately preceding the maturity date, we may irrevocably elect to (x) deliver solely shares of our Common Stock in respect of our conversion obligation or (y) pay cash up to the aggregate principal amount of the notes to be converted and deliver shares of our Common Stock, cash or a combination thereof in respect of the remainder, if any, of our conversion obligation. The initial conversion rate will be shares of our Common Stock per \$1,000 principal amount of notes (which represents an initial conversion price of approximately \$ per share of our Common Stock). The conversion rate, and thus the conversion price, will be subject to adjustment as described in this prospectus supplement. A holder that surrenders notes for conversion in connection with a make-whole fundamental change that occurs before the maturity date may in certain circumstances be entitled to an increased conversion rate.

We may not redeem the notes prior to their maturity date. Holders may require us to repurchase for cash all or a portion of their notes upon a fundamental change, as described in this prospectus supplement, at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The notes will be our senior unsecured obligations and will be guaranteed on a senior unsecured basis by all of our existing and future domestic subsidiaries that are material subsidiaries or that guarantee our new asset-based loan facility, or ABL Loan Facility, on a senior basis. The notes and the guarantees will rank equally with all of our and our guarantors' existing and future senior unsecured indebtedness, including our 10.25% Senior Notes due 2014, or the Existing Senior

Edgar Filing: Hunter Ridge Holdings, Inc. - Form 424B5

Notes, and 9.00% Convertible Senior Notes due 2012, or the Existing Convertible Notes, and rank senior to all of our and our guarantors' indebtedness, if any, that is expressly subordinated to the notes and the guarantees. However, the notes will be effectively subordinated to all of our and our guarantors' existing and future secured indebtedness, including our % Senior Secured Second-Priority Notes due 2018, or the Senior Notes, which are being offered concurrently with the notes, and our ABL Loan Facility, to the extent of the value of the assets securing such indebtedness, and to all liabilities of our subsidiaries that are not guarantors.

The notes are a new issue of securities, and there is currently no established trading market for the notes. An active or liquid market may not develop for the notes or, if developed, be maintained. Our Common Stock is listed on the New York Stock Exchange under the symbol ICO. The last reported sale price of our Common Stock on March 5, 2010 was \$4.73 per share. We do not intend to apply for listing of the notes on any securities exchange or to arrange for their quotation on any interdealer quotation system.

Concurrently with this offering, we are offering 21.2 million shares of our Common Stock at a public offering price of \$ (or a total of 24.38 million shares of our Common Stock if the underwriters exercise their over-allotment option in full) and \$200.0 million aggregate principal amount of our Senior Notes, which we refer to together as the Concurrent Offerings. Our Common Stock and the Senior Notes are each being offered by means of a separate prospectus supplement and not by means of this prospectus supplement. Neither of the Concurrent Offerings is contingent upon the completion of this offering or the other Concurrent Offering, and this offering is not contingent upon the completion of either of the Concurrent Offerings. See Concurrent Offerings.

Investing in the notes involves significant risks. See Risk Factors beginning on page S-12 of this prospectus supplement to read about factors you should consider before you make your investment decision.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public offering price(1)	%	\$
Underwriting discounts and commissions	%	\$
Proceeds, before expenses, to us	%	\$

(1) Plus accrued interest, if any, from March , 2010.

We have granted the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an additional \$11.25 million aggregate principal amount of notes solely to cover over-allotments, if any.

We expect that the notes will be ready for delivery in book-entry-only form through The Depository Trust Company on or about March , 2010.

Joint Book-Running Managers

UBS Investment Bank

The date of this prospectus supplement is

Morgan Stanley

, 2010.

Table of Contents**TABLE OF CONTENTS****Prospectus Supplement**

	Page
<u>About This Prospectus Supplement</u>	S-ii
<u>Cautionary Note Regarding Forward-Looking Statements</u>	S-ii
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-12
<u>Use of Proceeds</u>	S-24
<u>Ratio of Earnings to Fixed Charges</u>	S-25
<u>Price Range of Common Stock</u>	S-26
<u>Dividend Policy</u>	S-26
<u>Capitalization</u>	S-27
<u>Description of Notes</u>	S-29
<u>Concurrent Offerings</u>	S-59
<u>Concurrent Tender Offers and Consent Solicitation</u>	S-60
<u>ABL Loan Facility</u>	S-61
<u>Certain U.S. Federal Income Tax Considerations</u>	S-63
<u>Underwriting</u>	S-71
<u>Notice to Investors</u>	S-74
<u>Legal Matters</u>	S-77
<u>Experts</u>	S-77
<u>Incorporation By Reference: Where You Can Find More Information</u>	S-77

Prospectus

<u>About This Prospectus</u>	1
<u>Incorporation By Reference: Where You Can Find More Information</u>	1
<u>Cautionary Note Regarding Forward-Looking Statements</u>	2
<u>The Company</u>	5
<u>Use of Proceeds</u>	6
<u>Ratio of Earnings to Fixed Charges</u>	6
<u>Description of Capital Stock</u>	7
<u>Description of Debt Securities</u>	13
<u>Plan of Distribution</u>	22
<u>Legal Matters</u>	23
<u>Experts</u>	23

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any free writing prospectus filed by us with the Securities and Exchange Commission, or SEC. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus is accurate as of any date other than their respective dates.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. However, if any statement in either of these documents is inconsistent with a statement in another document having a later date—for example, a document incorporated by reference—the statement in the document having the later date modifies or supersedes the earlier statement.

You should read both this prospectus supplement and the accompanying prospectus together with the additional information described in this prospectus supplement under **Incorporation By Reference; Where You Can Find More Information**.

As used in this prospectus supplement, the terms **we**, **us**, **our**, **ICG**, **ICG, LLC**, **International Coal** and the **Company** refer to International Group, Inc. and its subsidiaries on a consolidated basis, unless the context indicates another meaning.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this prospectus supplement and the accompanying prospectus that are not historical facts are forward-looking statements within the safe harbor provision of the Private Securities Litigation Reform Act of 1995 and may involve a number of risks and uncertainties. We have used the words **anticipate**, **believe**, **could**, **estimate**, **expect**, **intend**, **may**, **plan**, **predict**, **project** and similar terms and phrases, in addition to assumptions, to identify forward-looking statements. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to various risks, uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements. The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

our ability to successfully refinance our outstanding indebtedness and reduce our leverage through this offering and through the other transactions described under **Concurrent Offerings** and **Concurrent Tender Offers and Consent Solicitation** ;

market demand for coal, electricity and steel;

availability of qualified workers;

future economic or capital market conditions;

weather conditions or catastrophic weather-related damage;

our production capabilities;

consummation of financing, acquisition or disposition transactions and the effect thereof on our business;

Edgar Filing: Hunter Ridge Holdings, Inc. - Form 424B5

a significant number of conversions of our Existing Convertible Notes prior to maturity;

our plans and objectives for future operations and expansion or consolidation;

our relationships with, and other conditions affecting, our customers;

S-ii

Table of Contents

availability and costs of key supplies or commodities such as diesel fuel, steel, explosives and tires;

availability and costs of capital equipment;

prices of fuels which compete with or impact coal usage, such as oil and natural gas;

timing of reductions or increases in customer coal inventories;

long-term coal supply arrangements;

reductions and/or deferrals of purchases by major customers;

risks in or related to coal mining operations, including risks related to third-party suppliers and carriers operating at our mines or complexes;

unexpected maintenance and equipment failure;

environmental, safety and other laws and regulations, including those directly affecting our coal mining and production, and those affecting our customers' coal usage;

ability to obtain and maintain all necessary governmental permits and authorizations;

competition among coal and other energy producers in the United States and internationally;

railroad, barge, trucking and other transportation availability, performance and costs;

employee benefits costs and labor relations issues;

replacement of our reserves;

our assumptions concerning economically recoverable coal reserve estimates;

availability and costs of credit, surety bonds and letters of credit;

Edgar Filing: Hunter Ridge Holdings, Inc. - Form 424B5

title defects or loss of leasehold interests in our properties which could result in unanticipated costs or inability to mine these properties;

future legislation and changes in regulations or governmental policies or changes in interpretations or enforcement thereof, including with respect to safety enhancements and environmental initiatives relating to global warming or climate change;

impairment of the value of our long-lived and deferred tax assets;

our liquidity, including our ability to adhere to financial covenants related to our borrowing arrangements;

adequacy and sufficiency of our internal controls; and

legal and administrative proceedings, settlements, investigations and claims and the availability of related insurance coverage.

You should keep in mind that any forward-looking statements made by us in this prospectus supplement or elsewhere speak only as of the date on which the statements were made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us or our anticipated results. In light of these risks and uncertainties, you should keep in mind that any of these forward-looking statements might not occur. When considering these forward-looking statements, you should keep in mind the cautionary statements in this prospectus supplement and in our other SEC filings, including the more detailed discussion of these factors, as well as other factors that could affect our results, contained under **Risk Factors** elsewhere in this prospectus supplement.

S-iii

Table of Contents

SUMMARY

This summary highlights selected information about us and this offering. This summary is not complete and may not contain all of the information that is important to you. We encourage you to read this prospectus supplement and the accompanying prospectus, including any information incorporated by reference into this prospectus supplement and the accompanying prospectus, in their entirety.

Our Company

We are a leading coal mining company in Northern and Central Appalachia producing a broad range of mid- to high-Btu, low- to medium-sulfur, steam and metallurgical coal. We operate 12 mining complexes in West Virginia, Kentucky, Virginia and Maryland; we also operate an additional mining complex in the Illinois Basin producing mid- to high-sulfur steam coal. We market our coal to a diverse customer base of largely investment grade electric utilities, as well as domestic and international industrial customers. The quality of our coal and the availability of multiple transportation options, including rail, truck and barge, throughout the Appalachian region, enable us to participate in both the domestic and international coal markets.

As of December 31, 2009, management estimates that we own or control approximately 325 million tons of metallurgical coal reserves and approximately 765 million tons of steam coal reserves. Management's estimates were developed considering an initial evaluation, as well as subsequent acquisitions, dispositions, depleted reserves, changes in available geological or mining data and other factors. Of our 1.1 billion tons of total coal reserves, we own 724 million tons and lease 366 million tons from third-party mineral holders. We also own or control approximately 431 million tons of non-reserve coal deposits. We have approximately 2,600 employees; all of our mining complexes are union free.

For the year ended December 31, 2009, we sold 16.8 million tons of coal, of which approximately 16.0 million tons were produced and approximately 0.8 million tons were purchased through brokered coal contracts (coal purchased from third parties for resale). Of the tons sold, 15.8 million tons were steam coal and 1.0 million tons were metallurgical coal. Our steam coal sales volume in 2009 consisted of mid- to high-quality, high Btu (greater than 12,000 Btu/lb.), low- to medium-sulfur (1.5% or less) coal, which typically sells at a premium to lower quality, steam coal. In response to weakened demand for coal in 2009 due to the overall economic environment, we idled significant production capacity. As market conditions improve, we believe we are advantageously positioned to increase our production level relatively quickly to 20 million tons. Our three largest customers for the year ended December 31, 2009 were Progress Energy, Georgia Power and Santee Cooper; we derived approximately 36% of our revenues from sales to our five largest customers. No single customer accounted for more than 10% of our revenues in 2009. During 2009, we generated coal revenues of \$1.0 billion, Adjusted EBITDA of \$201.7 million and net income of \$21.5 million. We define and reconcile Adjusted EBITDA in footnote 1 under Summary Historical Consolidated Financial and Operating Data.

Our Competitive Strengths

Developed but idled capacity to increase production levels quickly if market conditions warrant. Over the last five years, we have invested over \$350.0 million to increase our total production infrastructure capacity by over five million tons. While our 2009 production was scaled down to 16.3 million tons due to reduced demand, we believe that our existing infrastructure base supports a production level of up to 20 million tons and we could reach this production level with modest equipment investment in a relatively short time frame. We would not undertake reactivation of such idled capacity to significantly increase our current production unless market conditions warrant it and it would provide acceptable margins.

Table of Contents

Large base of owned reserves providing significant production flexibility and internal development opportunities. As of December 31, 2009, we controlled approximately 1.1 billion tons of coal reserves comprised of 724 million tons of owned reserves and an additional 366 million tons of reserves under long-term leases. We also own or control approximately 431 million tons of non-reserve coal deposits. We believe our undeveloped reserves and non-reserve coal deposits give us the flexibility to grow even without pursuing acquisition opportunities that might be available to us. Further, we believe our high proportion of owned reserves provides a competitive cost advantage because production from owned reserves does not require a royalty payment to third parties.

Diversity of production, reserves and non-reserve coal deposits. Our production, reserves and non-reserve coal deposits are located in three of the four major coal regions in the United States and provide important geographical diversity in terms of markets, transportation and labor. We also operate 13 mining complexes, giving us substantial operational flexibility and making us less reliant on any single mine for a significant portion of our total production. We believe the diversity of our operations and reserves provides us with a significant advantage over those competitors with operations located primarily in a single coal producing region, as it allows us to source coal from multiple operations to meet the needs of our customers and to reduce transportation costs.

Minimal level of legacy liabilities. Compared to other publicly traded U.S. coal producers, we believe we have among the lowest legacy liabilities. As of December 31, 2009, we had total legacy liabilities of only \$143.0 million (including accrued workers compensation liabilities, liabilities under the Coal Industry Retiree Health Benefit Act of 1992, post-retirement employee obligations, black lung liabilities and reclamation liabilities). Approximately 53% of our total legacy liabilities relates to reclamation liabilities, which we consider a normal-course-of-business liability. In addition, our entire workforce is union free, which minimizes employee-related liabilities commonly associated with union-represented mines.

Skilled management team. The members of our senior management team have, on average, 25 years of industry experience in a variety of mining methods, including longwall mining. We have substantial Appalachian mining experience with a history of increasing productivity, reducing costs, enhancing work safety practices, and maintaining strong customer relationships. In addition, the majority of our senior management team has extensive mine development and expansion experience.

Our Strategy

Continued focus on increasing the percentage of production from underground operations. In 2004, 36% of our production was from underground mining. By 2009, we had increased our proportion of underground mining to 47% of total production. Over the next several years, we intend to focus on selectively shifting more of our production to underground mining, which we believe is more favorably positioned in the current regulatory environment. In Appalachia, underground mining permits typically encounter fewer regulatory hurdles and third party activist challenges, and are therefore less subject to developmental risk than surface mining permits. One key component in this strategy is developing our Tygart #1 mine complex, which we expect to produce 3.5 million tons per year at full output through underground mining.

Pursue selected internal growth projects, including our flagship Tygart property. Our Tygart property is a large undeveloped reserve in Northern Appalachia which contains approximately 186 million tons of high Btu, low- to medium-sulfur steam and metallurgical quality coal. The first mining development planned for the Tygart property is the Tygart #1 Mine complex, which is an underground mining operation in the northeastern corner that is designed to extract approximately 38 million tons using longwall mining and room-and-pillar operations. The Tygart #1 mine is currently scheduled to begin development production in late 2012 and is expected to produce up to 3.5 million

Table of Contents

tons per year of high quality coal (split approximately 50% steam and 50% metallurgical) at full capacity. We believe that at full production Tygart will be one of our highest margin operations due to its low cost structure and high quality coal. One near-term project we are currently developing is a new low volatile metallurgical coal mine at our Vindex complex that is expected to produce approximately 200,000 annual tons, with initial production projected for the third quarter of 2010. In addition, we anticipate developing projects utilizing the substantial reserve position that we own in the Illinois Basin in order to capitalize on the expected increase in demand for high-sulfur coal to serve the scrubbed utility market and the coal-to-gas and coal-to-liquid conversion markets.

Continue to position our business to take advantage of favorable long-term trends for global coal consumption. We produce the majority of our coal in Northern and Central Appalachia, which is geographically well-positioned to serve a global customer base. We expect that international demand for our products will increase in the future, driven by favorable projected global growth trends and the high quality of our coal compared to other producing regions around the world. During periods of strong global demand for coal and limited supply, the Eastern United States has increased its exports significantly to serve a global customer base. For example, the U.S. Energy Information Administration, or EIA, reported that export demand for steam and metallurgical coal increased 44% and 32% from 2007 to 2008, respectively. We believe that the high quality of our coal makes it attractive to customers around the world and that shifting supply trends will provide a unique opportunity for Appalachian producers to increasingly service a global customer base. In 2010, we expect that our sales of metallurgical coal will double to approximately 2.4 million tons, allowing us to take advantage of this market which has shown encouraging signs of strength recently.

Maintain our strong relationships with high credit quality customers. Since our formation in 2004, we have significantly strengthened our customer relationships through attentive customer service and timely delivery of our coal products. We have built strong relationships with a broad group of customers, including large, geographically diverse utilities that are primarily of investment-grade credit quality. We will continue focusing our customer service efforts which we expect to position us to secure favorable contracts for our expected production increases in the future.

Outlook

The Company is confirming that Adjusted EBITDA is expected to be in the range of \$170.0 million to \$200.0 million in 2010. In addition, the Company expects that Adjusted EBITDA for the first quarter of 2010 will be in the range of \$36.0 million to \$42.0 million. First quarter earnings will be impacted by certain nonrecurring expenses related to the private exchanges of our Existing Convertible Notes in January 2010 and extinguishment of debt as a result of the Concurrent Tender Offers. See Concurrent Tender Offers and Consent Solicitation. Consistent with our past practice, we do not currently intend to provide quarterly guidance in the future.

New ABL Loan Facility

On February 22, 2010, we entered into the ABL Loan Facility, which refinanced our prior senior secured credit facility. The ABL Loan Facility is a \$125.0 million senior secured facility with a four year term available for loans and the issuance of letters of credit. Subject to certain conditions, at any time prior to maturity, we will be able to elect to increase the size of the ABL Loan Facility up to a maximum of \$200.0 million. Availability under the ABL Loan Facility is calculated using a borrowing base test. The ABL Loan Facility is guaranteed by all of our current and future wholly-owned subsidiaries and secured by a first priority security interest on all of our and each of our guarantors' existing and after-acquired real and personal property, including all outstanding equity interests of our wholly-owned subsidiaries. See ABL Loan Facility.

Table of Contents

Concurrent Offerings

The Concurrent Offerings consist of:

21.2 million shares of our Common Stock at a public offering price of \$ (or a total of 24.38 million shares of our Common Stock if the underwriters exercise their over-allotment option in full); and

\$200.0 million aggregate principal amount of our Senior Notes.

The Common Stock and the Senior Notes are each being offered by means of a separate prospectus supplement and not by means of this prospectus supplement. Neither of the Concurrent Offerings is contingent upon the completion of this offering or the other Concurrent Offering, and this offering is not contingent upon the completion of either of the Concurrent Offerings. We cannot assure you that we will complete the Concurrent Offerings. See Concurrent Offerings.

Concurrent Tender Offers and Consent Solicitation

Concurrently with this offering, we commenced an offer to purchase our Existing Convertible Notes and an offer to purchase and consent solicitation related to our Existing Senior Notes. We refer to both tender offers together as the Tender Offers. See Concurrent Tender Offers and Consent Solicitation. We intend to use the net proceeds of this offering and the Common Stock offering, together with cash on hand, if necessary, to fund the purchase of the Existing Convertible Notes and for general corporate purposes. See Use of Proceeds.

Our Corporate Information

We are incorporated under the laws of the State of Delaware. Our principal executive offices are located at 300 Corporate Centre Drive, Scott Depot, West Virginia 25560. Our telephone number is (304) 760-2400. Our website is www.intlcoal.com. Information contained in our website is not incorporated by reference into and does not constitute part of this prospectus supplement or the accompanying prospectus.

Table of Contents

The Offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all of the information that may be important to you. For a more complete understanding of the notes, you should read the section of this prospectus supplement entitled Description of Notes.

Issuer	International Coal Group, Inc.
Notes	\$75.0 million aggregate principal amount of % Convertible Senior Notes due 2017. We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an additional \$11.25 million aggregate principal amount of notes solely to cover over-allotments, if any.
Maturity	The notes will mature on April 1, 2017, unless earlier repurchased or converted.
Interest payment dates	We will pay % interest per annum on the principal amount of the notes payable semi-annually in arrears on April 1 and October 1 of each year, starting on October 1, 2010, to holders of record at the close of business on the preceding March 15 and September 15, respectively. Interest will accrue on the notes from and including March , 2010 or from, and including, the last date in respect of which interest has been paid or provided for, as the case may be, to, but excluding, the next interest payment date or maturity date of the notes, as the case may be.
Ranking and guarantees	The notes will be our senior unsecured obligations and will be guaranteed on a senior unsecured basis by each of our existing and future domestic subsidiaries that (1) would be a significant subsidiary, as defined in Article 1, Rule 1-02 of Regulation S-X promulgated pursuant to the Securities Act of 1933, as amended (except that all references to 10 percent in such definition shall be replaced with 5 percent) or (2) guarantee indebtedness under the ABL Loan Facility. The notes and the guarantees will rank equally with all of our and our guarantors existing and future senior unsecured indebtedness, including our Existing Senior Notes and Existing Convertible Notes, and rank senior to all of our and our guarantors indebtedness, if any, that is expressly subordinated to the notes and the guarantees. However, the notes will be effectively subordinated to all of our and our guarantors existing and future secured indebtedness, including our Senior Notes, which are being offered concurrently with the notes, and ABL Loan Facility, to the extent of the value of the assets securing such indebtedness, and to all liabilities of our subsidiaries that are not guarantors. As of December 31, 2009, we and the guarantors had approximately \$386.5 million, net of debt discount of \$9.5 million, of total consolidated outstanding indebtedness.

Table of Contents

Conversion rights

Holders may convert their notes at their option prior to January 1, 2017 only under the following circumstances:

the notes will be convertible during any calendar quarter after the calendar quarter ending June 30, 2010, and only during such calendar quarter, if the closing sale price of our Common Stock for each of 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds the conversion trigger price in effect on the last trading day of the immediately preceding calendar quarter;

the notes will be convertible during any note measurement period in which the trading price per \$1,000 principal amount of notes for each trading day of that note measurement period was equal to or less than 97% of the product of the closing sale price of shares of our Common Stock and the applicable conversion rate for such trading day; and

the notes will be convertible if we make certain distributions on shares of our Common Stock or engage in certain corporate transactions.

In addition, the notes will be convertible irrespective of the foregoing circumstances from, and including, January 1, 2017 to, and including, the business day immediately preceding April 1, 2017.

The initial conversion rate, subject to adjustment, will be _____ shares of Common Stock per \$1,000 principal amount of notes (which represents an initial conversion price of approximately \$ _____ per share of Common Stock). The conversion rate, and thus the conversion price, will be subject to adjustment as described in this prospectus supplement. See Description of Notes Conversion Rights.

Upon conversion, we will have the right to deliver cash, shares of our Common Stock or a combination thereof to satisfy our conversion obligation, in each case as described under Description of Notes Conversion Rights Settlement Upon Conversion. At any time on or prior to the 23rd business day immediately preceding the maturity date, we may make an irrevocable election to satisfy our conversion obligation by (x) delivering solely shares of our Common Stock or (y) paying cash up to the aggregate principal amount of the notes to be converted and delivering shares of our Common Stock, cash or a combination thereof in respect of the remainder, if any, of our conversion obligation. See Description of Notes Conversion Rights Irrevocable Election of Full Physical Settlement and Description of Notes Conversion Rights Irrevocable Election of Net Share Settlement. Upon any conversion, subject to certain exceptions, you will not receive any cash payment representing accrued and unpaid interest. See Description of Notes Conversion Rights.

Table of Contents

A holder that surrenders notes for conversion in connection with a make-whole fundamental change that occurs before the maturity date may in certain circumstances be entitled to an increased conversion rate. See Description of Notes Conversion Rights Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change.

Sinking fund	None.
Optional redemption	We may not redeem the notes prior to their maturity date.
Right of holder to require us to repurchase notes if a fundamental change occurs	If a fundamental change, as described in this prospectus supplement, occurs, holders may require us to repurchase for cash all or a portion of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date. See Description of Notes Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change.
Events of default	If an event of default on the notes has occurred and is continuing, the principal amount of the notes, plus any accrued and unpaid interest, may become immediately due and payable. These amounts automatically become due and payable upon certain events of default. See Description of Notes Events of Default.
Certain income tax considerations	For a discussion of certain income tax considerations relating to the purchase, ownership and disposition of the notes and any shares of Common Stock into which the notes may be convertible. See Certain U.S. Federal Income Tax Considerations.
Use of proceeds	We intend to use the net proceeds of this offering and the Common Stock offering, together with cash on hand, if necessary, to fund the purchase of the Existing Convertible Notes and for general corporate purposes. See Use of Proceeds.
DTC eligibility	The notes will be issued in book-entry-only form and will be represented by one or more global certificates, without interest coupons, deposited with, or on behalf of, DTC and registered in the name of DTC or a nominee of DTC. Beneficial interests in the notes will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants. Except in limited circumstances, holders may not exchange interests in their notes for certificated securities. See Description of Notes Book-Entry, Delivery and Form.
Listing and trading	The notes are a new issue of securities, and there is currently no established trading market for the notes. An active or liquid market may not develop for the notes or, if developed, be maintained. We

Table of Contents

have not applied, and do not intend to apply, for the listing of the notes on any securities exchange. Our Common Stock is listed on the New York Stock Exchange under the symbol ICO.

Risk factors

Before deciding whether to invest in the notes, you should carefully consider the risks described under Risk Factors beginning on page S-12 of this prospectus supplement, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, including our financial statements and the notes thereto.

Concurrent offerings

The Concurrent Offerings consist of 21.2 million shares of our Common Stock at a public offering price of \$ (or a total of 24.38 million shares of our Common Stock if the underwriters exercise their over-allotment option in full) and \$200.0 million aggregate principal amount of our Senior Notes. The Common Stock and Senior Notes are each being offered by means of a separate prospectus supplement and not by means of this prospectus supplement. Neither of the Concurrent Offerings is contingent upon the completion of this offering or the other Concurrent Offering, and this offering is not contingent upon the completion of either of the Concurrent Offerings. See Concurrent Offerings.

For a more complete description of the terms of the notes, see Description of Notes. For a more complete description of our Common Stock, see Description of Capital Stock in the accompanying prospectus.

Table of Contents**Summary Historical Consolidated Financial and Operating Data**

The following table presents summary historical consolidated financial and operating data for the most recent three years. The summary historical consolidated financial data as of, and for the years ended, December 31, 2009, 2008 and 2007 have been derived from our audited consolidated financial statements. Our audited consolidated financial statements are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, filed with the SEC on January 29, 2010 and incorporated by reference into this prospectus supplement. Our summary historical consolidated financial and operating data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and incorporated by reference into this prospectus supplement.

The results of operations for the historical periods included in the following table are not necessarily indicative of the results to be expected for future periods. In addition, see Risk Factors for a discussion of risk factors that could impact our future financial condition and results of operations.

	Year ended December 31,		
	2009	2008	2007
(in thousands, except share and per ton data)			
Statement of Operations Data:			
Revenues:			
Coal sales revenues	\$ 1,006,606	\$ 998,245	\$ 770,663
Freight and handling revenues	26,279	45,231	29,594
Other revenues	92,464	53,260	48,898
Total revenues	1,125,349	1,096,736	849,155
Cost and Expenses:			
Cost of coal sales	832,214	882,983	732,112
Freight and handling costs	26,279	45,231	29,594
Cost of other revenues	36,089	35,672	34,046
Depreciation, depletion and amortization	106,084	96,047	86,517
Selling, general and administrative	32,749	38,147	33,325
Gain on sale of assets	(3,659)	(32,518)	(38,656)
Impairment losses		37,428	170,402
Total costs and expenses	1,029,756	1,102,990	1,047,340
Income (loss) from operations	95,593	(6,254)	(198,185)
Interest and Other Income (Expense):			
Loss on extinguishment of debt	(13,293)		
Interest expense net	(53,044)	(43,643)	(35,989)
Other, net			319
			All other information relating to such nominee that is required to be disclosed pursuant to Regulation 14A under the Exchange Act (including such person's written

consent to be named in the proxy statement as a nominee and to serving as a director if elected).

Nominations by stockholders for director candidates must be addressed to:
Metrotek Technologies, Inc.
1609 Heritage Commerce Court
Wake Forest, North Carolina 27587
Attn: Corporate Secretary

Communications with the Board of Directors

Any stockholder who wishes to communicate directly with the board of directors, any committee of the board or any specific director may do so by directing a written request addressed to such director or directors in care of our Corporate

Table of Contents

Secretary at our principal executive offices. Communications directed to members of the board will be forwarded to the intended board members, unless such communication is deemed unduly hostile, threatening, illegal or otherwise unnecessary or inappropriate to forward, in which case our Corporate Secretary has the authority to discard the communication or to take appropriate action regarding such communication.

Codes of Ethics

We have adopted two codes of ethics, each designed to encourage our directors, officers and employees to act with the highest level of integrity. These codes are available on our website at www.metrotek.com under Investor Info Corporate Governance.

We have adopted the Metrotek Technologies, Inc. Code of Ethics for Principal Executive Officer and Senior Financial Officers, which is a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and other senior finance organization employees. The purpose of this Code of Ethics is to deter wrongdoing and to promote, among other things, honest and ethical conduct and to ensure to the greatest possible extent that our business is conducted in a consistently legal and ethical manner

We have also adopted the Metrotek Technologies, Inc. Code of Business Conduct and Ethics, which is a code of conduct that applies to all of our directors, officers and employees. Under the Code of Business Conduct and Ethics, each officer, director and employee is required to maintain a commitment to high standards of business conduct and ethics. The Code of Business Conduct and Ethics covers many areas of professional conduct, including conflicts of interest, protection of confidential information, and strict adherence to laws and regulations applicable to the conduct of our business. Directors, officers and employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Business Conduct and Ethics.

If we make any amendment to, or grant any waiver from a provision of, either code of conduct with respect to any director, executive officer or senior financial officer, we will disclose the nature of such amendment or waiver on our website, in a Current Report on Form 8-K or both.

We also have adopted procedures to receive, retain and treat complaints regarding accounting practices, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees customers, suppliers, stockholders and other interested persons of concerns regarding those matters.

Availability of Corporate Governance Documents

Our Corporate Governance Guidelines, board committee charters and codes of ethics are available on our website at www.metrotek.com under Investor Info Corporate Governance. In addition, we will provide a copy of any of these corporate governance documents without charge upon written request addressed to us at Metrotek Technologies, Inc., 1609 Heritage Commerce Court, Wake Forest, North Carolina 27587, attention: Corporate Secretary.

Compensation Committee Interlocks and Insider Participation

All members of the Compensation Committee are independent directors. No member of the Compensation Committee is or has ever been an officer or employee of us or of any of our subsidiaries, and no member has any relationship required to be disclosed pursuant to Item 404 of Regulation S-K. None of our executive officers serves as a member of the board of directors or of the compensation committee of any other entity that has one or more executive officers serving as a member of our board of directors or of the Compensation Committee.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview of Compensation Committee

The Compensation Committee of our board of directors is responsible for establishing and administering the compensation program and policies for our executive officers as well as developing and monitoring our compensation program and philosophy for our employees generally. The Compensation Committee approves all compensation paid to our executive officers, establishes our compensation policies for our executive officers, reviews and approves our general compensation policies for our non-executive employees and also oversees the administration by the board of directors of our stock plan under which grants of stock options and restricted stock may be made to our executive officers and employees.

Executive Compensation Philosophy and Objectives

Our executive compensation philosophy is based on the belief that an effective compensation program is essential to attract, retain, motivate and reward highly qualified and industrious executives and ultimately to improve stockholder value. We believe we have developed an effective compensation program that entices outstanding talent to join our company, encourages professional growth in our officers and employees, rewards outstanding individual and corporate performance and creates a path towards corporate excellence. Our executive compensation program is intended to accomplish the following objectives:

to attract and retain highly talented and productive executive officers,

to provide incentives and rewards for our executive officers to be strong leaders and managers and to create superior performance and the achievement of important financial and strategic goals, and

to align the interests of our executive officers with the interests of our stockholders.

To achieve these objectives, the Compensation Committee has designed an executive compensation program that consists of four basic components:

base salary,

short-term incentive compensation in the form of annual cash bonuses,

long-term incentive compensation in the form of stock options and restricted stock, and

perquisites and general benefit programs.

Our compensation program is designed to be performance-driven, which we believe is in the best interests of our stockholders, as well as in the best interests of our executives, employees and customers. We seek to design our compensation program with a goal of maximizing corporate performance and enhancing stockholder value.

Compensation Committee Processes and Procedures; Role of Executives and Compensation Consultants

The Compensation Committee makes all compensation decisions relating to our named executive officers. Annually, it reviews the base salaries, establishes the annual bonus and incentive compensation goals and arrangements and evaluates the long-term incentives compensation levels of our named executive officers. The Compensation Committee generally makes these critical annual compensation decisions in March of each year, to coincide with the reporting of, and to allow the Compensation Committee to have available the results of, the prior year's annual consolidated financial results.

During its annual review, the Compensation Committee considers the value of the overall role and contribution of each named executive officer, including the impact that the named executive officer has had on the achievement of our corporate performance and on our strategic, financial and operating goals. The Compensation Committee considers recommendations from our executive officers, especially our Chief Executive Officer, regarding the compensation of other executives. The Compensation Committee also seeks the recommendations of the president of each of our subsidiaries regarding the bonus arrangements for employees of that subsidiary. In considering such recommendations regarding

Table of Contents

compensation arrangements, the Compensation Committee exercises its discretion and authority in approving or modifying these recommendations. Our Chief Executive Officer is not present for any portions of meetings relating to his compensation, but from time to time he is present in meetings discussing the compensation of other executive officers. After considering these recommendations and making its own evaluation, the Compensation Committee establishes the base salary, annual bonus and incentive programs and targets and long-term compensation for the named executive officers.

In setting the compensation for the named executive officers for fiscal 2007, the Compensation Committee reviewed tally sheets showing the executive's current compensation, including equity and non-equity based compensation. In the past, the Compensation Committee has not utilized benchmarking or any peer company comparisons to establish executive compensation levels, although from time to time it has informally considered data regarding pay practices at other companies in assessing the reasonableness of compensation and ensuring that compensation levels remain competitive. It has been the belief of the Compensation Committee that due to the diversification, market niches and size of our company, it would be difficult to establish a meaningful peer group, and even if such were possible, the uniqueness of our business and our compensation incentive arrangements would not permit helpful comparisons. However, as discussed below, the Compensation Committee has retained a compensation consultant to provide advice on executive compensation matters in making future compensation decisions, and is considering utilizing peer company comparisons in those decisions. The Compensation Committee has not adopted a policy regarding the ratio of total compensation of the chief executive officer to that of our other executive officers, although compensation levels are reviewed and compared to ensure that appropriate pay equity exists in the opinion of the Compensation Committee.

Until recently, the Compensation Committee had never engaged an outside consultant to advise it on executive compensation, because it has been the belief of the Compensation Committee that its members, with the assistance and recommendations of management, were best situated to make compensation decisions in light of our size, the service and experience of the members of the Compensation Committee and the executive officers and the nature of our business that did not provide for meaningful comparisons with other companies. However, in 2007, the Compensation Committee retained the Stanton Group, a nationally recognized executive compensation consulting firm, to provide its expertise to the Compensation Committee in reviewing Mr. Hinton's current compensation and providing any recommendations on the appropriate compensation package for Mr. Hinton in his new role and with his new duties as our President and Chief Executive Officer. As of the date of this proxy statement, the Stanton Group had not made any recommendations and the Compensation Committee had not authorized any changes to Mr. Hinton's compensation, although such recommendations and changes could be made in the future. The Compensation Committee is considering also utilizing the Stanton Group to perform a comprehensive review, including benchmarking and peer company comparison, of our entire executive compensation program, including base salaries, bonus and incentive compensation plans and arrangements and equity granting practices, for use by the Compensation Committee in evaluating and establishing executive compensation in 2008. However, the Compensation Committee did not engage the services of the Stanton Group for, and did not seek its expertise regarding any other executive compensation arrangements for, any named executive officer in setting 2007 compensation.

The Compensation Committee does not generally delegate any of its authority to other persons, although it has the power to delegate authority to subcommittees. The Compensation Committee relies upon our executive officers and other management employees in order to assist the Compensation Committee in performing its duties. The Compensation Committee has authority under its charter to retain, approve fees for and terminate independent experts, consultants and advisors as it deems necessary to assist in the fulfillment of its responsibilities.

Components of Executive Compensation

Our Compensation Committee reviews our executive compensation program through the application of the subjective business judgment of each of its members and based upon the recommendations of our executive officers, especially our Chief Executive Officer, as well as from time to time through informal surveys of the executive compensation of other companies. The philosophy of our Compensation Committee is that the compensation and equity incentives of each officer should be significantly influenced by the executive officer's individual performance, and accordingly a significant percentage of the total compensation and equity incentive package of each executive

officer is contingent upon individual performance. Our Compensation Committee does not generally use a quantitative method or mathematical formula to set the elements of compensation for a particular executive officer, except for certain year-end cash incentive compensation awards. Our Compensation Committee uses discretion and considers all elements of an executive's compensation package when setting each portion of compensation, based upon corporate performance and individual initiatives and performance.

Our Compensation Committee does not set fixed percentages for allocating compensation between cash and non-cash components, but rather applies subjective discretion to the components for each individual. In addition, as our bonus

Table of Contents

programs are currently structured, all annual incentive compensation is payable in cash, and all long-term incentive compensation is payable in equity. In 2006, because there were no awards of stock or stock options to any named executive officers, nearly all of the compensation actually received by the named executive officers was in cash, although under SEC rules the Summary Compensation Table includes the value of stock option awards granted prior to 2006 that were treated as compensation expense during fiscal 2006, in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123(R), Share-Based Payment. For 2006, base salary accounted for approximately 35.8% of the total compensation of the named executive officers, while cash bonuses and cash incentive compensation accounted for approximately 57.9% of the total compensation of the named executive officers. Accordingly, cash accounted for approximately 93.7% of the total compensation of the named executive officers for 2006, as computed in accordance with the Summary Compensation Table.

The principal factors that our Compensation Committee considered with respect to each named executive officer's compensation package are summarized below. Our Compensation Committee may, however, in its discretion apply entirely different factors with respect to executive compensation for future years.

Base Salary

We establish base salaries for the named executive officers that are intended to provide them with sufficient, regularly-paid income to compensate them for their services rendered to us during the fiscal year. The base salary is intended to provide financial stability to executives in order to attract and retain qualified and experienced individuals. Base salaries are also used in measuring other compensatory opportunities, such as bonuses and incentive compensation arrangements, which are sometimes set at a percentage of base salary, and severance, which is often based in part upon a multiple of base salary.

The base salary for each of our named executive officers is subjectively determined primarily on the basis of the following factors: experience, personal performance, contribution to our corporate performance, level of responsibility, duties and functions, breadth of knowledge, salary levels in effect for comparable positions within and without our industry and internal base salary comparability considerations. These base salaries are reviewed annually and may be adjusted in the discretion of the Compensation Committee, based upon the factors discussed in the previous sentence, as well as changes in the duties, responsibilities and functions of the executive officer, general changes in executive compensation, and our financial performance generally. The relative weight given to each of these factors differs from individual to individual, as the Compensation Committee deems appropriate.

For 2006, the Compensation Committee authorized an increase in the base salaries of each of our named executive officers by an average increase of 17.3% over 2005 levels, reflecting a combination of superior individual performance by the named executive officers as well as our excellent corporate performance resulting in our highest net income in our history to that point. In 2007, our Compensation Committee also authorized an increase in the base salaries of each of our named executive officers, reflecting our outstanding corporate performance and record net income in 2006 and the excellent individual performances of each of the named executive officers that were critical factors in that high level of corporate performance. The average increase in base salaries for our named executive officers for 2007 was 16.7% over 2006, with the biggest increase being in Mr. Hinton's base salary, reflecting the significant growth and profitability of PowerSecure over the prior year and the substantial increase in the scope, scale and complexity of PowerSecure's operations over that period and the Compensation Committee's assessment that Mr. Hinton should be paid at the same level as our Chief Executive Officer, to which office he was appointed on April 16, 2007. The average increase in the base salaries of the other named executive officers was 11.2% in 2007 over 2006, reflecting their contribution to our success in 2006 and their expected contributions in 2007. The Compensation Committee believes these increases in base salaries are a proper reflection of our excellent corporate performance during both 2005 and 2006 and the superior individual performance of the named executive officers during those years, as well as the expected continued high performance of our company and of the named executive officers during 2007.

Annual Cash Bonuses and Incentives

Overview. We grant bonuses to our named executive officers, sometimes based on performance metrics determined at the beginning of the fiscal year and sometimes based on discretionary measures of performance determined after the end of the fiscal year, depending on the nature of the executive's position, role and duties. For executives in a position

to significantly enhance our corporate performance, we give them the opportunity to earn annual incentive bonuses that are performance-driven in order to encourage them to focus on generating superior annual financial and operating results. For fiscal 2006, 57.9% of the total compensation, and 61.8% of the cash compensation, of our named executive officers was paid

Table of Contents

in the form of bonuses and annual incentive arrangements, meaning that a significant portion of their compensation for the year was at risk and tied to corporate performance.

For fiscal 2006, we granted cash bonuses and annual incentive awards to all of our named executive officers. Depending on the named executive officer, these bonuses were paid either under established plans and arrangements relating to some metrics of our financial performance or on a discretionary basis as determined by the Compensation Committee, or were based upon some combination thereof. Factors considered by the Compensation Committee in determining discretionary annual cash bonuses are personal performance, corporate performance, level of responsibility and our achievement of corporate goals, as well as many of the same factors considered by the Compensation Committee and discussed above when it reviews and sets base salaries, except with a greater focus on the prior fiscal year.

2006 Management Incentive Plan. In March 2005, the board of directors, upon the recommendation of the Compensation Committee, adopted a management incentive compensation plan, which was designed as a performance-based plan to provide incentives for our executives to lead us to meet selected corporate performance goals each year, and to reward those executives for the achievement of those performance goals. The management incentive plan provides for annual cash bonuses to such officers and key employees, and in such target amounts and based on such factors, such as individual performance and corporate performance goals, as are annually selected and fixed by the Compensation Committee. In the beginning of each year, the Compensation Committee determines the appropriate corporate objectives, the executives eligible for awards and the threshold and target awards and other formula for awards based upon the achievement of those corporate objectives. Under the management incentive plan, the maximum award for any fiscal year is 200% of an executive's base salary.

For fiscal 2006, the Compensation Committee established threshold and target levels for awards based upon our net income from continuing operations, as adjusted to exclude the effect of cash awards under the management incentive plan. For purposes of this discussion, we refer to that performance criteria as our adjusted operating income. Under the management incentive plan for 2006 as approved by the Compensation Committee, no payment was to be made unless our adjusted operating income achieved a minimum threshold level. At the threshold level of our adjusted operating income, which was approximately two times our fiscal 2005 adjusted operating income, Messrs. Marcum and Gabbard were to be paid a cash award equal to 40% of their base salary. If our adjusted operating income for 2006 exceeded the threshold level, the awards to Messrs. Marcum and Gabbard would be increased, by a corresponding percentage of their base salaries, until the target level of our adjusted operating income were achieved. At the target level of our adjusted operating income, which corresponded to \$10 million net income from continuing operations, which was more than four times greater than our fiscal 2005 adjusted operating income, Messrs. Marcum and Gabbard would be entitled to receive an award equal to 125% of their base salaries. To the extent our adjusted operating income exceeded the target level, a bonus pool would be created in an amount equal to 15% of our adjusted operating income above that target level, and the Compensation Committee would have the discretion to allocate payments out of that bonus pool to such officers and key employees as the Compensation Committee deemed appropriate as compensation for services in 2006. It was the Compensation Committee's intention in established the 2006 plan to allocate most of any bonus pool to Messrs. Marcum and Gabbard in addition to the target amount payable to them.

Because our adjusted operating income for fiscal 2006 exceeded the target level, each of Messrs. Marcum and Gabbard received his target award in an amount equal to 125% of his base salary, and a bonus pool was created. From the bonus pool, the Compensation Committee awarded additional payments to Messrs. Marcum and Gabbard, as well as payments to other executive officers. Under the 2006 management incentive plan, the total amount paid, including target bonuses and bonuses allocated from the bonus pool, to Mr. Marcum was \$647,995 and to Mr. Gabbard was \$452,905. The cash awards paid to Messrs. Marcum and Gabbard under the management incentive plan for performance in 2006 are reflected under the column entitled "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table. The cash awards paid to other named executive officers from the bonus pool, as determined in the sole discretion of the Compensation Committee, are described below.

Other 2006 Bonuses and Incentive Awards. Our other named executive officers also received cash bonuses for fiscal 2006. Sidney Hinton, who served as the President and Chief Executive Officer of PowerSecure in 2006, received a bonus established under his employment agreement in an amount equal to 7% of PowerSecure's adjusted

net cash flow. Mr. Hinton's award is reflected under the column entitled "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table. John D. Bernard, President and Chief Executive Officer of Southern Flow, received a bonus in an amount that was set in the discretion of the Compensation Committee based on the factors described above for bonuses generally, from the Southern Flow bonus pool for all employees, which bonus pool is fixed in an amount equal to five percent of Southern Flow's net income, plus an allocation from the 2006 management incentive plan bonus pool. Daniel J.

Table of Contents

Packard, President and Chief Executive Officer of Marcum Gas Transmission, which we refer to as MGT, received a bonus set in the discretion of the Compensation Committee based in part on the recommendation of the principals of Marcum Midstream 1995-2 Business Trust, which is managed by MGT. The bonuses paid to Messrs. Bernard and Packard are reflected under the column entitled Bonus in the Summary Compensation Table.

2007 Bonuses and Incentive Awards. For 2007, we have not established incentive award arrangements under the management incentive plan, and do not intend to do so, due to the recent retirements of Messrs. Marcum and Gabbard. However, we may establish incentive award arrangements under the management incentive plan in future years. Mr. Hinton's employment agreement provides for a bonus equal to 7% of PowerSecure's adjusted net cash flow. Mr. Bernard will be entitled to receive a portion of the Southern Flow bonus plan, which is established at 5% of Southern Flow's net income, as determined by the Compensation Committee. No other annual bonus or incentive award arrangements have been established for the named executive officers, as of the date of this proxy statement, but the Compensation Committee expects to consider awarding discretionary bonuses after the end of the year, based on the factors discussed above.

Long-Term Incentive Compensation

We provide long-term incentives to our executive officers primarily through grants of stock options, and occasionally through grants of restricted stock, under our 1998 Stock Incentive Plan. These grants are designed and intended to align the interests of our executive officers with those of our stockholders, by linking long-term incentive compensation with the creation of stockholder value, to provide an opportunity for increased equity ownership by executives, and to maintain competitive levels of executive compensation, thus providing executives with a significant incentive to manage us from the perspective of an owner with an equity stake in our company. Because of the direct relationship between the value of a stock option and the market price of our common stock, we believe that granting stock options is one of the best methods of motivating our executive officers to manage our company in a manner that is consistent with the interests of our stockholders. We also regard our stock option program as a key retention tool, and the Compensation Committee considers retention as an important factor in setting the vesting schedule for stock options.

During fiscal 2006, we did not grant any options to purchase shares of common stock or restricted stock awards to the named executive officers, in light of their stock and option holdings, recent grants to them, and the remainder of their compensation packages. In the future, the Compensation Committee intends to review and consider the best methods for utilizing equity incentives to provide long-term equity compensation to our named executive officers, and expects to continue to grant stock options and restricted stock to the named executive officers, as well as potentially other equity-based forms of compensation, consistent with our compensation program and the factors discussed in this analysis. However, the Compensation Committee does not currently have any policy or guidelines on how to allocate the mix of stock options and restricted stock.

Each stock option grant allows the executive officer to acquire shares of common stock at an exercise price per share equal to the closing sale price of the common stock on the date of grant, as reported on the American Stock Exchange, although in certain circumstances, the Compensation Committee may set an exercise price in excess of the closing sale price on the date of grant. All past stock option grants have been, and all future stock option grants will be, with an exercise price equal to or in excess of the closing sale price of our common stock on the date of grant. Each stock option expires after a fixed period from the date of grant, typically ten years. Each stock option becomes exercisable, either fully immediately upon grant or in installments over a period of years, historically two to four years, contingent upon the executive officer's continued employment with us. Accordingly, the stock option grant will provide a return to the executive officer only if the executive officer remains employed by us during the vesting period, and then only if the market price of the underlying common stock appreciates. The Compensation Committee is considering changing the terms of future stock option awards to its executive officers to provide for a longer vesting period of three to five years, to provide for vesting in part on the basis of performance rather than solely on the basis of continued employment, or to provide for a shorter exercise period, but the Compensation Committee has not adopted any policy or made any final determination as to future awards.

The number of shares of common stock that we award in each stock option grant is subjectively determined by the Compensation Committee primarily related to the executive officer's anticipated contributions to our future success,

the level intended to create a meaningful opportunity for stock ownership based on the executive officer's current position with us, the individual's potential for increased responsibility and promotion over the option term and the individual's personal performance in recent periods. The Compensation Committee also considers the number of unvested stock options held by the executive officer in order to maintain an appropriate level of equity incentive for that individual. However, the Compensation Committee does not adhere to any specific guidelines as to the relative stock option holdings of our executive officers.

Table of Contents*Practices Regarding the Grant of Stock Options and Other Equity-Based Awards*

We have adopted a policy relating to grants of equity awards, which generally formalizes our prior practices and procedures. That policy provides that all grants of stock options must have an exercise price that is no less than the fair value of our common stock on the date of grant, determined by reference to the closing sale price of our common stock on the date of grant as reported on the American Stock Exchange. We do not have any program, plan or practice of awarding options and setting the exercise price based on the price of the common stock on a date other than the grant date, or of determining the exercise price of option grants by using average prices or the lowest prices of our common stock in a period preceding, surrounding or following the grant date.

In general, under our policy, we intend to grant awards of stock options to executives once a year, in March after we file our Annual Report on Form 10-K that includes our audited consolidated financial statements for the previous year, and we intend to grant awards of stock options to other employees twice a year, at the same time in March as grants to executives are made, and also in November after we file our third quarter Form 10-Q containing our unaudited financial statements through September 30, except in special cases. These timeframes were designed to ensure that stock grants would be made at regular, predetermined intervals and at a time when we have publicly disclosed all material information. We do not have any program, plan or practice to time the grant of stock options in anticipation of or in coordination with major announcements regarding earnings, guidance or other material non-public information. The 1998 Stock Incentive Plan prohibits the repricing of stock options. We also make grants to newly hired employees at other times, provided the grant occurs on or after the date they commence their employment with us. Under our policy, all grants of stock options must be made at meetings of the board of directors, which may be in person or telephonic, but not by written consent, and the grant date of the award is the date of the meeting.

Perquisites and Other General Benefits

We do not provide significant perquisites or personal benefits to our executive officers that are not otherwise available to all of our employees. We only provide our executive officers with personal benefits that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior executives. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to the named executive officers. While the Compensation Committee considers these benefits and perquisites in making compensation decisions, they do not have a material influence on these decisions because they are a relatively insignificant portion of the total compensation of the executives.

Some of our named executive officers are provided with the use of company automobiles intended primarily for business use, and we pay for their parking. In addition, we paid for country club memberships for some of our named executive officers for all or part of 2006, and may but have no policy to do so in the future for other named executive officers, because we believe club memberships provide an opportunity to build business and community relationships while promoting a healthy lifestyle. We do not own, lease, maintain or otherwise use any corporate aircraft, and our executives exclusively use commercial airlines for all air travel. We do not provide pension arrangements, post-retirement health coverage, or similar benefits to either our executives or our other employees. Our executive officers are also eligible to participate in medical plans, life insurance, disability and 401(k) benefit plans and programs generally available to employees on the same terms as all our employees. Periodically, our named executive officers attend company-related activities, such as sporting events or out-of town business meetings, in which we incur travel and other event-related expenses.

The incremental cost of providing perquisites to our named executive officers is set forth in a separate table that is included in a footnote to the column entitled *All Other Compensation* in the Summary Compensation Table.

Retirement Benefits

Other than the severance and change in control arrangements set forth in specific written employment agreements with some of our named executive officers and the participation and matching contributions under our 401(k) plan, our named executive officers do not receive any deferred compensation or other retirement benefits from us, and we do not maintain any retirement or pension plans. Information regarding these severance and change in control arrangements for the named executive officers are discussed below under *Employment Agreements, Post-Employment Compensation and Potential Payments Upon Termination or a Change in Control*.

Table of Contents***Management Transition and Agreements with Named Executive Officers***

On April 16, 2007, W. Phillip Marcum retired from his employment with us and resigned from his positions as our President and Chief Executive Officer, and A. Bradley Gabbard retired from his employment with us and resigned from his positions as our Executive Vice President and Chief Financial Officer. Until the annual meeting, Mr. Marcum will remain on the board of directors and serve as its Chairman and Mr. Gabbard will remain on the board of directors. We had previously entered into employment agreements with Messrs. Marcum and Gabbard, and in connection with their retirement and termination of employment, we entered into separation agreements and releases with them, which generally conformed to and were consistent with the provisions addressing their post-employment compensation arrangements in their employment agreements.

Also on April 16, 2007, the board of directors appointed Sidney Hinton, who has served as the President and Chief Executive Officer of PowerSecure since it was incorporated, to the additional positions of our President and Chief Executive Officer. On that date, the board also appointed Gary J. Zuiderveen, who had previously served as our Vice President, Controller and Principal Accounting Officer, to the additional position of our Chief Financial Officer. In connection with those appointments, we entered into an employment agreement with Mr. Zuiderveen. We also entered into an amended and restated employment agreement with John D. Bernard, the President and Chief Executive Officer of Southern Flow.

The employment agreements include change in control agreements and provisions providing for compensation after the termination of employment, but we have not entered into separate change in control agreements with any of our executives. Other than as specified in this section, we have not entered into any other employment or change in control agreements with any other named executive officers. Each of these employment agreements provides for certain payments and other benefits if the executive's employment terminates under certain circumstances, including in the event of a change in control. The Compensation Committee believes that these severance and change in control arrangements are an important part of overall compensation for our named executive officers because they help to secure the continued employment and dedication of our executives, despite any concern that they might have regarding their own continued employment prior to or following a change in control. The Compensation Committee also believes that these arrangements are important as a recruitment and retention device, as most of the companies with which we compete for executive talent have similar agreements in place for their senior employees.

A summary and discussion of these separation agreements and employment agreements is contained under Employment Agreements, Post-Employment Compensation and Potential Payments Upon Termination or a Change in Control.

Limitations on Tax Deductibility of Executive Compensation Under Section 162(m)

From time to time we review and consider the tax and accounting laws, rules and regulations that may affect our compensation programs. However, the tax and accounting treatment of compensation has not been a significant factor in determining the amounts and types of compensation for our executive officers.

Section 162(m) of the Internal Revenue Code of 1986 generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid to a company's chief executive officer and the four other most highly compensated executive officers. However, qualified performance-based compensation will not be subject to the deduction limit if certain requirements are met. The compensation payable under the management incentive plan, and certain other compensation that the Compensation Committee may approve from time to time, may not meet the requirements of Section 162(m) and, therefore, amounts in excess of \$1 million paid under that plan may not be deductible by us.

The Compensation Committee intends to structure long-term incentive compensation granted to our executive officers through grants of stock options and restricted stock under our stock plans in a manner that is intended to avoid disallowance of deductions under Section 162(m).

In the event that the Compensation Committee considers approving salary or bonus compensation in the future that could exceed the \$1 million deductibility threshold, it will consider what actions, if any, should be taken to make such compensation deductible. The board of directors and the Compensation Committee reserve the authority to award non-deductible compensation in such circumstances as they deem appropriate.

The \$1 million threshold was exceeded in 2006 with respect to Messrs. Marcum and Hinton, principally as a result of their performance-based awards under the management incentive plan for 2006 for Mr. Marcum and the PowerSecure

Table of Contents

cash flow bonus for Mr. Hinton, but we do not believe this will have any material adverse effect on us for federal income tax purposes.

The \$1 million threshold will be exceeded in 2007 with respect to the post-employment compensation payable to Messrs. Marcum and Gabbard. We are evaluating the tax consequences of these payments and our ability to treat them as deductible compensation under Section 162(m), but our current position is that all or most of that compensation will be deductible for federal tax purposes.

Recovery of Incentive Compensation in the Event of Financial Restatement

Our Compensation Committee has not considered whether it would adjust or attempt to recover incentive compensation paid to any or all of our executive officers if the performance objectives upon which such compensation were based were to be restated or otherwise adjusted in a manner that would have the effect of reducing the amounts of compensation payable or paid. However, the Compensation Committee would consider any such event when making future compensation decisions for executive officers who continued to be employed by us. In addition, in accordance with Section 304 of the Sarbanes-Oxley Act of 2002, if we are required to restate our financial statements due to any material noncompliance with any financial reporting requirement under the federal securities laws, as a result of misconduct, our Chief Executive Officer and Chief Financial Officer are legally required to reimburse us for any bonus or other incentive-based or equity-based compensation he or they receive from us during the 12-month period following the first public issuance or filing with the SEC of the financial document embodying such financial reporting requirement, as well as any profits they realized from the sale of securities during this 12-month period.

Stock Ownership Guidelines

While we have not adopted equity or other security ownership requirements or guidelines that specify any minimum amounts of ownership for our directors or our executive officers, we strongly encourage our officers and directors to maintain a significant equity stake in our company and to align their interests with those of our stockholders. We may consider adopting minimum stock ownership guidelines in the future.

We have adopted policies regarding hedging the economic risk of common stock ownership. Officers and directors subject to our insider trading policy are discouraged from engaging in any short-term or speculative transactions regarding our common stock and from holding our common stock in a margin account or pledging our shares in a loan. In addition, our directors and executive officers are not permitted to purchase and sell, or sell and purchase, our common stock within any six month period, or to make any short sales of our common stock.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based upon such review and discussions, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee

Basil M. Briggs, Chairman

Anthony D. Pell

Kevin P. Collins

Table of Contents**Summary Compensation**

The following table contains information relating to the total compensation earned for services rendered to us in all capacities by our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers in fiscal 2006. We refer to these persons as our named executive officers.

Summary Compensation Table

Name and Principal Position	Year	Salary(\$)	Bonus(\$)	Stock Awards(\$)(1)	Option Awards(\$)(2)	Non-Equity	All	Total (\$)
						Incentive Plan Compensation(\$)(4)	Other Compensation(\$)(5)	
W. Phillip Marcum(6) <i>Chairman of the Board, President and Chief Executive Officer</i>	2006	\$373,077	\$ 0	\$36,666	\$ 6,963	\$647,995	\$43,819	\$1,108,520
A. Bradley Gabbard (7) <i>Executive Vice President and Chief Financial Officer</i>	2006	243,270	0	18,334	12,321	452,905	32,383	759,213
Sidney Hinton (8) <i>President and CEO, PowerSecure</i>	2006	312,981	0	11,000	0	806,000	29,316	1,159,297
John D. Bernard <i>President and CEO, Southern Flow</i>	2006	169,231	50,000	0	5,663	0	10,082	234,976
Daniel J. Packard <i>President and CEO, MGT</i>	2006	149,308	60,000	0	8,478	0	5,595	223,381

(1) The amounts in this column reflect discretionary bonuses awarded by the Compensation Committee, including discretionary awards to Messrs. Bernard and Packard granted from the bonus pool

created under the
2006
management
incentive plan.

- (2) We did not grant any stock awards to the named executive officers during 2006. The amounts in this column reflect the dollar amounts of compensation expense recognized for financial statement reporting purposes for fiscal 2006, in accordance with FAS 123(R), for the fair value of stock awards granted prior to fiscal 2006. Compensation expense is calculated based on the grant date fair value of the stock award based on the closing sale price of the common stock on the date of grant.
- (3) We did not grant any stock options to the named executive officers during 2006. The amounts in this column reflect the dollar amounts of

compensation expense recognized for financial statement reporting purposes for fiscal 2006, in accordance with FAS 123(R), for the fair value of options granted prior to 2006. Compensation expense is calculated based on the grant date fair value of the stock option awards, using the assumptions included in note 11, Share-Based Compensation, to our audited consolidated financial statements for fiscal 2006 included in our Annual Report on Form 10-K filed with the SEC on March 13, 2007, excluding the impact of estimated forfeitures related to service-based vesting conditions.

- (4) The amounts in this column reflect cash payments to Messrs. Marcum and Gabbard under our 2006

management
incentive plan for
2006 for the
achievement of
certain metrics
related to our
adjusted
operating income
and cash
payments to
Mr. Hinton under
his employment
agreement
related to
PowerSecure's
cash flow from
operations in
2006.

Table of Contents

- (5) The amounts in this column include the amounts we paid to or accrued on behalf of the named executive officers in fiscal 2006 related to the following:

Name	401(k) Matching Contributions	Group Term Life Insurance Premiums	Long-Term Disability Insurance Premiums	Health Insurance Premiums	Perquisites
W. Phillip Marcum	\$ 6,600	\$ 1,980	\$ 261	\$ 5,336	\$ 29,642
A. Bradley Gabbard	6,600	690	261	5,488	19,344
Sidney Hinton	6,600	882	184	7,777	13,873
John D. Bernard	6,126	862	286	2,808	(a)
Daniel Packard	0	1,555	261	3,779	(a)

The perquisites for Mr. Marcum included the gross amounts of lease payments on a company-owned automobile (\$13,597), country club membership dues and fees (\$13,500), parking and a building gym membership, including both business and personal use.

The perquisites for Mr. Gabbard included the gross amounts of lease payments on a company-owned automobile (\$13,886), parking, country club membership dues and fees, professional dues and a building gym membership.

The perquisites for Mr. Hinton are lease payments on a company-owned automobile.

(a) The perquisites for each of Messrs. Bernard and Packard were less than \$10,000 in the aggregate.

- (6) Mr. Marcum retired from his positions as President and Chief Executive Officer on April 16, 2007, and will retire from his position as Chairman of the Board on June 11, 2007.
- (7) Mr. Gabbard retired from his positions as our Executive Vice President and Chief Financial Officer on April 16, 2007.
- (8) Mr. Hinton was appointed as our President and Chief Executive Officer, in addition to his positions as President and Chief Executive Officer of PowerSecure, on April 16, 2007.

Table of Contents**Grants of Plan-Based Awards**

The following table contains information regarding plan-based awards granted to our named executive officers in 2006. We did not grant any stock options or restricted stock awards to our named executive officers during fiscal 2006.

Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		
		Threshold (\$)	Target (\$)	Maximum (\$)
W. Phillip Marcum	5-5-06	\$ 150,000	\$ 468,750	\$ 750,000
A. Bradley Gabbard	5-5-06	98,000	306,250	490,000
Sidney Hinton (2)	N/A		191,000	
John D. Bernard (3)				
Daniel J. Packard (3)				

(1) The amounts in these columns represent the threshold, target and maximum payout levels that could have been earned during fiscal 2006 based upon the achievement of certain performance goals under our 2006 management incentive plan, except as otherwise discussed in note (2) below. No awards were available below the threshold performance level. At the threshold performance level, the executive would have received 40% of his base

salary. The target amount represents the potential payout if our performance was at the targeted level. The maximum payout level, which is 200% of the executive's base salary, represents the maximum amount of payout permitted under the management incentive compensation plan in any one year. The actual amount of incentive payments earned by Messrs. Marcum and Gabbard for fiscal 2006 under the 2006 management incentive plan is reported under the column entitled Non-Equity Incentive Plan Compensation in the Summary Compensation Table. The Compensation Committee established threshold, target and maximum payout levels under the 2006 management incentive plan only for Messrs. Marcum

and Gabbard, although it also established the possible creation of a bonus pool under which payments could be, and were, made to other named executive officers.

However, because the selection of the recipients and the amount of the payments under that bonus pool were entirely within the discretion of the Compensation Committee and were not established until after the end of fiscal 2006, the amount of such payments are not included in this table but are included under the column entitled Bonuses in the Summary Compensation Table.

- (2) Under his employment agreement, Mr. Hinton receives incentive compensation equal to 7% of the adjusted cash flow from operations of PowerSecure. Under this

provision of his employment agreement, there is no threshold, target or maximum payout levels. In accordance with SEC rules, the target amount in this table for Mr. Hinton is the amount of payout that Mr. Hinton would have received for fiscal 2006 if PowerSecure matched its fiscal 2005 performance. The actual amount of incentive payments earned by Mr. Hinton for fiscal 2006 from PowerSecure's performance in fiscal 2006 is reported under the column entitled Non-Equity Incentive Plan Compensation in the Summary Compensation Table.

- (3) Although Messrs. Bernard and Packard received bonuses in part that were allocated from a bonus pool created by the Compensation Committee under

our 2006 management incentive plan, because the selection of the recipients and the amount of payments under that bonus pool were entirely within the discretion of the Compensation Committee and were not established until after the end of fiscal 2006, the amount of such payments are not included in this table but are included under the column entitled Bonuses in the Summary Compensation Table.

Table of Contents**Outstanding Equity Awards**

The following table contains information regarding the outstanding equity awards held by our named executive officers as of December 31, 2006.

Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards				Stock Awards	
	Number of Securities	Number of Securities Underlying	Option Exercise Price	Option Expiration	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested
	Underlying Unexercised Options (#)	Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested
	Exercisable	(1)	(\$)	Date(2)	(#)(3)	(4)
W. Phillip Marcum	50,000		\$2.00	7/14/07		
	200,000		1.50	6/19/11		
	50,000		3.06	7/14/14		
	100,000		6.65	12/05/15		
					16,666	\$ 205,325
A. Bradley Gabbard	12,500		4.63	9/07/09		
	200,000		1.50	6/19/11		
	25,000		3.06	7/15/14		
	20,000	10,000	3.06	2/04/15		
	25,000		6.65	12/05/15		
					8,333	102,663
Sidney Hinton	20,000		6.88	6/15/10		
	125,000		1.50	6/19/11		
	25,000		4.22	9/26/15		
	25,000		6.65	12/05/15		
					5,000	61,600
John D. Bernard	1,875		2.00	4/09/08		
	3,334		4.63	9/07/09		
	11,000		1.50	6/09/13		
	25,000		3.06	9/23/14		
	25,000		4.22	9/26/15		
	25,000		6.65	12/05/15		
Daniel J. Packard	25,000		4.63	9/07/09		
	5,000		3.55	3/25/14		
	667	8,333	3.06	2/04/15		

(1) These stock options vest in

full on
February 4,
2007.

- (2) The right to exercise these stock options terminates the earlier of the Option Exercise Date listed in this column, 90 days after the termination of their service to us including service as an employee, director or consultant or one year after the date of their death or permanent disability.
- (3) These restricted shares of common stock all vested on January 1, 2007.
- (4) The amounts in this column were computed by multiplying the number of restricted shares of common stock that had not vested as of December 31, 2006 by the fair market value of the shares as of December 29, 2006, the last trading day of the year, based upon \$12.32, the closing sale

price of the
common stock
on that date, as
reported on the
American Stock
Exchange.

Table of Contents**Stock Option Exercises and Stock Awards Vested**

The following table contains information regarding stock options exercised by, and the vesting of stock options held by, the named executive officers in 2006.

Option Exercises and Stock Vested

Name	Option Awards		Stock Awards(1)	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(2)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(3)
W. Phillip Marcum			16,666	\$149,161
A. Bradley Gabbard	25,000	\$331,149	8,333	74,580
Sidney Hinton			5,000	44,750
John Bernard	3,000	47,040		
Daniel J. Packard	21,000	296,100		

(1) Reflects shares of restricted stock awarded on July 15, 2004, which vested in three equal installments on January 1, 2005, January 1, 2006, and January 1, 2007.

(2) Based upon the difference between the fair market value of our common stock on the date of exercise, which was equal to the closing sale price of our common stock as reported on the American Stock Exchange

on such date,
and the exercise
price of the
stock option.

- (3) Because the restricted stock vested on January 1, 2006, which is a holiday, the fair market value of our common stock is based upon \$8.95, the closing sale price of our common stock as reported on the American Stock Exchange on December 30, 2005, which was the last trading day before the stock vested.

Table of Contents

Employment Agreements, Post-Employment Compensation and Potential Payments Upon Termination or a Change in Control

Pension Benefits

We do not provide pension arrangements or post-retirement health coverage for our executives or employees. Our executive officers are eligible to participate in our 401(k) defined contribution plan. In each plan year, we contribute to each participant a matching contribution equal to 50% of the first 6% of the participant's compensation that has been contributed to the plan, up to a maximum matching contribution of \$6,600. All of our named executive officers participated in our 401(k) plan during fiscal 2006 and received matching contributions as set forth in the Summary Compensation Table.

Non-Qualified Deferred Compensation

We do not provide any non-qualified deferred contribution plans or other deferred compensation plans. In the future, our Compensation Committee may elect to provide our officers and other employees with non-qualified defined contribution or deferred compensation benefits if the Compensation committee determines that doing so is in our best interests.

Separation Agreements

On April 16, 2007, we entered into separation agreements and releases with Mr. Marcum and with Mr. Gabbard in connection with their retirements. Each separation agreement outlined the terms and conditions of the former executive's termination of employment, including but not limited to post-employment compensation, which generally conforms to the provisions of his employment agreement, as most recently amended and restated on March 30, 2006. The separation agreements were approved by the Compensation Committee.

Under these separation agreements:

We will pay Messrs. Marcum and Gabbard severance payments, for a period of three years for Mr. Marcum and two years for Mr. Gabbard, on regular payroll dates in the aggregate amounts equal to \$2,810,990, for Mr. Marcum, and \$1,310,540 for Mr. Gabbard, equal to the sum of (i) their base salaries on the date of termination, plus (ii) one-third of their bonuses and annual incentive compensation in 2005 and 2006, counting 2006 twice. The severance payments will be payable as follows: \$468,498 plus interest thereon of \$11,712 to Mr. Marcum, and \$327,635 plus interest thereon of \$8,191 to Mr. Gabbard, will be payable on October 18, 2007, which will be the initial payment date, and the remainder will be payable in equal installments over the severance period on our regular payroll dates. These severance payments were required by, and were established in accordance with, the employment agreements of Messrs. Marcum and Gabbard, except that because the formula in those employment agreements permitted Messrs. Marcum and Gabbard to use the last three years of bonuses either before or including the year of termination, the Compensation Committee decided to substitute their 2006 bonuses for computation purposes instead of establishing a 2007 bonus arrangement, in light of our guidance that 2007 net income will exceed 2006 net income (excluding the effect of the restructuring charges associated with these retirements and the closing of the Denver office and the movement of our principal executive offices to Wake Forest, North Carolina), and the recognition of the effects of the performance of Messrs. Marcum and Gabbard.

We will pay to Messrs. Marcum and Gabbard the incentive compensation (as such term is defined in the employment agreements) payments required by the employment agreements in an aggregate amount of \$4,400,000 to Mr. Marcum and \$3,600,000 to Mr. Gabbard. We will pay the incentive compensation to Messrs. Marcum and Gabbard as follows: (i) we will pay \$3,382,500 to Mr. Marcum and \$2,767,500 to Mr. Gabbard (which amounts include interest at the simple rate of 5% per annum) on the initial payment date, and (ii) we will pay the remaining \$1,100,000 to Mr. Marcum and the remaining \$900,000 to Mr. Gabbard on June 15, 2008, plus interest at the simple rate of five percent (5%) per annum.

These incentive compensation payments are required under the Marcum and Gabbard employment agreements and were intended, when originally created in 1991, to provide incentives for Messrs. Marcum and Gabbard to align their interests with the interests of stockholders and to enhance

Table of Contents

stockholder value. The formula for these payments was ten percent (10%) of the excess of the fair market value of the common stock upon termination over \$10.08, which was the initial public offering price attributable to the common stock, as adjusted for the 1998 1-for-4 reverse stock split, multiplied by the number of common stock equivalents outstanding. Only Messrs. Marcum and Gabbard were entitled to payments under the incentive compensation fund, which was triggered by their termination of employment.

The Compensation Committee set \$15.00 as the fair market value of the common stock for purposes of determining the incentive compensation payable to Messrs. Marcum and Gabbard under their employment agreements. In establishing the fair market value of the common stock, the Compensation Committee received and relied upon a written opinion by Harris Williams & Co., dated April 16, 2007, to the Compensation Committee to the effect that, as of such date, based upon and subject to the assumptions made, matters considered and limits on review set forth in the Harris Williams opinion, the Compensation Committee's determination, in connection with its administration of the incentive compensation fund, that the fair market value of the common stock is within the range of \$14.00 to \$16.00 per share represents a fair approximation of the fair market value of the common stock. Based on this opinion, the Compensation Committee set \$15.00 per share, which was the midpoint of the valuation range opined upon in the Harris Williams opinion, as the fair market value of the common stock. The Compensation Committee then rounded the resulting incentive compensation amount down to the nearest million dollars (\$8 million) and allocated it between Messrs. Marcum and Gabbard based on the same factors that the Compensation Committee uses in determining bonuses, as described above under Compensation Discussion and Analysis Components of Executive Compensation.

Messrs. Marcum and Gabbard have entered into consulting agreements with us, under which they have agreed to provide their consulting services to us, as requested by us, for up to 25 hours per month, cumulative up to 50 hours, for a total gross consulting fee of \$8,000 per month for Mr. Marcum and \$7,500 for Mr. Gabbard. The consulting period is three years for Mr. Marcum and two years for Mr. Gabbard. We will pay the consulting fee as follows: \$49,200 to Mr. Marcum and \$46,125 to Mr. Gabbard will be payable upon the initial payment date, and thereafter the consulting fee will be payable over the remainder of the consulting period on our regular payroll dates.

On April 24, 2007, we deposited into escrow accounts with Zions First National Bank, as escrow agent, the sum of \$1,630,272 for Mr. Marcum and \$1,303,880 for Mr. Gabbard pursuant to escrow agreements. These amounts represent the amounts payable to Messrs. Marcum and Gabbard on the initial payment date, less required tax withholdings. The escrowed funds will be released from escrow on the initial payment date and paid over to Messrs. Marcum and Gabbard by the escrow agent as payment, in part, of our obligations under the separation agreements on the initial payment date, without further instruction to the escrow agent by any person; provided, however, that (A) the escrowed funds will remain our property and subject to the general claims of creditors until the initial payment date, (B) we will bear the costs and expenses of the escrow agreements, (C) any interest on the escrowed funds remaining after the payment of such costs and expenses will be paid over to us on the initial payment date, and (D) the escrow agent must pay over the escrowed funds (without interest) to Messrs. Marcum and Gabbard on the initial payment date unless it is ordered or otherwise legally compelled to do otherwise by a court of competent jurisdiction or governmental or regulatory body or authority. In the event either Mr. Marcum or Mr. Gabbard does not timely receive the escrowed funds from the escrow account for any reason, then our obligations hereunder to make such payments will continue in full force and effect and we will be obligated to make such payments out of our own funds or other resources.

In the event that there is a change in control of our company, as such term is defined in Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, then any severance payments, installments of incentive compensation or consulting fees that were then unpaid will become due and payable in full on the later of the initial payment date or the date of such change in control.

In the event we, for any reason, fail to make any payment due to Mr. Marcum or Mr. Gabbard under the separation agreements within 10 business days of the date it is due, including, without limitation, amounts to be paid out of the escrow account, then the rate of interest on such payment will increase to

Table of Contents

18% per annum commencing on the due date of that installment and continuing at such rate until actual payment of such installment, and we will also pay a late fee in the amount of 5% of that installment.

All amounts payable to Messrs. Marcum and Gabbard are subject to applicable federal, state and local withholding taxes and other appropriate payroll deductions.

Messrs. Marcum and Gabbard will not receive any further coverage under our life insurance, disability or health care insurance programs or any other employee benefits after April 30, 2007.

We and Messrs. Marcum and Gabbard have agreed to mutually release each other from all general claims, subject to certain specified exceptions, and to mutual confidentiality and non-disparagement obligations.

Messrs. Marcum and Gabbard have agreed to cooperate with us in matters of management transition and in the defense of claims against or the prosecution of claims by us.

Messrs. Marcum and Gabbard have re-affirmed their non-competition, confidentiality and intellectual property rights obligations to us as set forth in their employment agreements.

Employment Agreements

Sidney Hinton. In November 2005, PowerSecure entered into an amended and restated employment and non-competition agreement with Sidney Hinton, who was then the President and Chief Executive Officer of PowerSecure and who in April 2007 was also appointed as our President and Chief Executive Officer. Mr. Hinton's employment term continues until January 1, 2009, and is renewable for additional one-year renewal periods when the term expires, unless either PowerSecure or Mr. Hinton gives 30 days prior written notice of termination.

The base salary under Mr. Hinton's employment agreement is currently set at \$420,000, subject to annual upward adjustments at the discretion of the board of directors (through the Compensation Committee). In addition to the base salary, Mr. Hinton's employment agreement provides, among other things, for standard benefits commensurate with the management level involved, as well as an annual bonus of 7% of PowerSecure's cash flow from operations.

If Mr. Hinton's employment is terminated for any reason, other than by us for cause (as defined in his employment agreement), including termination by death, by disability, by us without cause, by Mr. Hinton voluntarily, or due to the expiration of the employment term or any renewal period, then Mr. Hinton will be entitled to receive a severance package, payable over the subsequent two years, in the amount of two times the sum of his most recent base salary plus his average bonuses for the two years before and for the year of the date of termination, if he had remained employed, or, if greater, for the three years before the date of his termination. Under his employment agreement, Mr. Hinton is prohibited from competing with the business of PowerSecure or its affiliates for a period of two years after the termination of his employment. The employment agreement also contains certain restrictions on Mr. Hinton's use of confidential information and use of inventions and other intellectual property.

Mr. Hinton's employment agreement also includes a change in control provision designed to provide for continuity of management in the event either Metretek or PowerSecure undergoes a change in control. If, within three years after a change in control, Mr. Hinton is terminated by PowerSecure for any reason other than for cause, or if Mr. Hinton terminates his employment for good reason (as such term is defined in Mr. Hinton's employment agreement), then Mr. Hinton is entitled to receive a lump-sum severance payment equal to the amount of his severance package discussed above, together with certain other payments and benefits, including continued participation in PowerSecure's insurance plans for a period of two years.

John D. Bernard. In April 2007, Southern Flow entered into an amended and restated employment and non-competition agreement with John D. Bernard, the President and Chief Executive Officer of Southern Flow, that extended the term of Mr. Bernard's employment and modified Mr. Bernard's severance arrangement as provided in his previous employment agreement. As amended and restated, Mr. Bernard's employment agreement provides for an employment term through December 31, 2009, and is renewable for additional one-year renewal periods when the term expires, unless either Southern Flow or Mr. Bernard gives 30 days prior written notice of termination. In addition, Mr. Bernard's severance period and the post-employment non-competition period was extended to

18 months.

Table of Contents

The base salary under Mr. Bernard's employment agreement, which is subject to annual upward adjustments at the discretion of the board of directors (through the Compensation Committee), is currently set at \$190,000. In addition to the base salary, the employment agreement provides, among other things, for Mr. Bernard's participation in Southern Flow bonus plans generally and for standard employee benefits.

Under his amended and restated employment agreement, if Mr. Bernard's employment is terminated by Southern Flow without cause (as defined in his employment agreement), then Mr. Bernard will be entitled to receive a severance package equal to one and one-half times the sum of Mr. Bernard's most recent base salary plus his average bonuses for the three years before the year his employment terminates (or, if greater, the average bonuses for the year of termination plus the two prior years), payable over an 18 month period. Under his amended and restated employment agreement, Mr. Bernard is prohibited from competing with the business of Southern Flow or its affiliates for a period 18 months, matching his severance period. The employment agreement also contains certain restrictions on Mr. Bernard's use of confidential information and use of inventions and other intellectual property.

Mr. Bernard's employment agreement also includes a change in control provision designed to provide for continuity of management in the event either Metrotek or Southern Flow undergoes a change in control. If within three years after a change in control, Mr. Bernard is terminated by Southern Flow for any reason other than for cause, or if Mr. Bernard terminates his employment for good reason (as such term is defined in his employment agreement), then Mr. Bernard is entitled to receive a lump-sum severance payment equal to the severance package discussed above, together with certain other payments and benefits, including continued participation in of Southern Flow's insurance plans for a period of 18 months, matching the period of his non-competition covenant discussed above.

Gary J. Zuiderveen. In April 2007, we entered into an employment and non-competition agreement with Gary J. Zuiderveen, our Vice President, Chief Financial Officer, Principal Accounting Officer and Controller. Mr. Zuiderveen's employment agreement provides for an employment term through December 31, 2009, and is renewable for additional one-year renewal periods when the term expires, unless either we or Mr. Zuiderveen gives 30 days prior written notice of termination. We had not entered into any prior employment agreement with Mr. Zuiderveen.

The base salary under Mr. Zuiderveen's employment agreement, which is subject to annual upward adjustment at the discretion of the board of directors (through the Compensation Committee), is currently set at \$175,000. In addition to the base salary, the employment agreement provides, among other things, for Mr. Zuiderveen's participation in our bonus plans generally and for standard employee benefits.

If we terminate Mr. Zuiderveen's employment without cause (as defined in his employment agreement), then Mr. Zuiderveen will be entitled to receive a severance package, payable over the subsequent year, in the amount equal to the sum of his most recent base salary plus his average annual bonus for the three years before the date of termination (or, if greater, for the year of his termination and the two prior years). Under his employment agreement, Mr. Zuiderveen is prohibited from competing with our business for a period of one year after the termination of his employment. The employment agreement also contains certain restrictions on Mr. Zuiderveen's use of confidential information and use of inventions and other intellectual property.

Mr. Zuiderveen's employment agreement also includes a change in control provision designed to provide for continuity of management in the event we undergo a change in control. If, within three years after a change in control, Mr. Zuiderveen is terminated by us for any reason other than for cause, or if Mr. Zuiderveen terminates his employment for good reason (as such term is defined in his employment agreement), then Mr. Zuiderveen is entitled to receive a lump-sum severance payment equal to the amount of his severance package discussed above, together with certain other payments and benefits, including continued participation in our insurance plans for a period of one year, matching the period of his non-competition covenant discussed above.

Potential Payments Upon Termination or Change in Control

The information below discusses the amount of compensation payable to each of the named executive officers in the event of the termination of such executive's employment. The amount of compensation payable to each named executive officer upon voluntary termination, early retirement, involuntary not-for-cause termination, termination following a change in control and in the event of the disability or death of the executive is shown below. Except with respect to Messrs. Marcum and Gabbard whose employment terminated April 16, 2007 and whose post-employment

compensation was set forth in the separation agreements discussed above, the amounts of compensation payable upon
33

Table of Contents

termination assume that such termination was effective as of December 31, 2006, and thus includes amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts to be paid out can only be determined at the time of such executive's termination of employment from us.

We have entered into employment agreements with most of our named executive officers, which employment agreements provide for certain severance arrangements upon the termination of employment, including following a change in control. Severance arrangements for our named executive officers who have employment agreements operate on a double trigger basis, where the severance is payable after a change in control only if the officer's employment terminates within three years thereafter because the employee is terminated by our successor without cause or by employee for good reason.

Sidney Hinton. Under Mr. Hinton's employment agreement, which is described above under "Employment Agreements - Sidney Hinton," Mr. Hinton will receive certain compensation upon the termination of his employment, including upon or after a change in control of Metretek or PowerSecure.

In the event of the termination of Mr. Hinton's employment due to his death or permanent disability, by us without cause, by Mr. Hinton voluntarily or upon the expiration without renewal of his employment agreement, then Mr. Hinton would be entitled to receive the following:

accrued and unpaid portions of his salary earned through the date of termination, payable upon termination;

bonuses and non-equity incentive compensation vested but unpaid on the date of termination, payable upon termination; and

the severance amount (as described and calculated in his employment agreement), payable over the 24 months following termination.

Under Mr. Hinton's employment agreement, the severance amount is an amount equal to two times the sum of his base salary in effect on the date of termination plus the greater of (i) the average of the cash flow bonus awarded to him for the prior three fiscal years, or (ii) the average of the cash flow bonus awarded to him for the prior two fiscal years and the cash flow bonus that would have been awarded to Mr. Hinton for the fiscal year in which his employment terminated if he had remained employed through the end of the fiscal year.

In the event of the termination of Mr. Hinton's employment, either by us or our successor without cause or by Mr. Hinton for good reason, within three years after a change in control of either Metretek or PowerSecure, then Mr. Hinton would be entitled to receive the same compensation as he would receive for the events described above, plus all stock options held by him at the time of termination would automatically vest and become exercisable, and Mr. Hinton would continue to participate in all life, accidental death, disability, medical dental and other insurance plans for two years after termination.

In the event of the termination of Mr. Hinton's employment by us for cause, then Mr. Hinton would only be entitled to receive the accrued and unpaid portions of his salary and bonus earned through the date of termination.

If Mr. Hinton's employment had terminated on December 31, 2006 due to Mr. Hinton's death or permanent disability, by us without cause or by Mr. Hinton voluntarily, then Mr. Hinton would have received the following severance package under his employment agreement: (i) a lump sum of \$306,000, representing the accrued and unpaid portion of his cash flow bonus for 2006, and (ii) \$1,364,124, representing two times the sum of (a) \$315,000, Mr. Hinton's base salary in effect on that date, and (b) \$367,062, representing the average annual cash flow bonus of Mr. Hinton in 2004, 2005 and 2006, which severance would have been payable over the subsequent two years.

If Mr. Hinton's employment had terminated on December 31, 2006 upon or after a change in control of Metretek or PowerSecure either by us without cause or by Mr. Hinton for good reason, Mr. Hinton would have received the same severance amount as in the foregoing paragraph, plus the continuation of life, disability and health care insurance for the subsequent two years at a company cost of \$17,686, based upon 2006 rates without taking into effect any price increases.

If Mr. Hinton's employment had terminated on December 31, 2006 by us for cause, then Mr. Hinton would only have been entitled to receive a lump sum of \$306,000, representing the accrued and unpaid portion of his cash flow

bonus for 2006.

Table of Contents

John D. Bernard. Under Mr. Bernard's employment agreement, as amended and restated on April 16, 2007, which is described above under "Employment Agreements - Sidney Bernard," Mr. Bernard will receive certain compensation upon the termination of his employment, including upon or after a change in control of Metrotek or Southern Flow.

In the event of the termination of Mr. Bernard's employment due to his death or permanent disability, by Mr. Bernard voluntarily or upon the expiration without renewal of his employment agreement, then Mr. Bernard would be entitled to receive only accrued and unpaid portions of his salary earned through the date of termination and of any bonuses vested but unpaid on the date of termination, which would be payable upon termination.

In the event of the termination of Mr. Bernard's employment by us without cause, then Mr. Bernard would be entitled to receive the accrued and unpaid portions of his salary earned through the date of termination and of any bonuses vested but unpaid on the date of termination, which would be payable upon termination, as well as the severance amount (as described in his employment agreement), payable over the 18 months following termination. Under Mr. Bernard's employment agreement, the severance amount is an amount equal to one and one-half times the sum of his base salary in effect on the date of termination plus the greater of (i) the average of the bonuses awarded to him for the prior three fiscal years, or (ii) the average of the bonuses awarded to him for the prior two fiscal years and any bonus that had been awarded to Mr. Bernard for the fiscal year in which his employment terminated.

In the event of the termination of Mr. Bernard's employment, either by us or our successor without cause or by Mr. Bernard for good reason, within three years after a change in control of either Metrotek or PowerSecure, then Mr. Bernard would be entitled to receive the same compensation as he would receive upon his death or disability, plus all stock options held by him at the time of termination would automatically vest and become exercisable, and Mr. Hinton would continue to participate in all life, accidental death, disability, medical dental and other insurance plans for two years after termination.

In the event of the termination of Mr. Bernard's employment by us for cause, Mr. Bernard would only be entitled to receive accrued and unpaid portions of his salary and bonus earned through the date of termination.

If Mr. Bernard's employment had terminated on December 31, 2006, and if the terms of his employment agreement as later amended and restated had been in effect on that date, then Mr. Bernard would have received the following compensation for the following events of termination of employment (given that he had no accrued and unpaid salary or bonuses or unvested stock options on such date):

if due to his death or permanent disability, by Mr. Bernard voluntarily or by us for cause, then Mr. Bernard would not have received any post-employment compensation;

if due to termination by us without cause, then he would have received a severance under his employment agreement equal to \$286,500, representing one and one-half times the sum of (a) \$170,000, Mr. Bernard's base salary in effect on that date, and (b) \$21,000, representing the average annual bonus of Mr. Bernard in 2003, 2004 and 2005, which severance would have been payable over the subsequent 18 months; and

if upon or after a change in control of Metrotek or Southern Flow either by us without cause or by Mr. Bernard for good reason, he would have received the same amounts as in the foregoing point, plus the continuation of life, health care and disability insurance for the subsequent 18 months at a company cost of \$5,934, based upon 2006 rates without taking into effect any price increases.

If Mr. Bernard's employment had terminated on December 31, 2006, under the terms of his employment agreement as then in effect (before being amended and restated in April 2007), then Mr. Bernard would have received the following compensation for the following events of termination of employment (given that he had no accrued and unpaid salary or bonuses or unvested stock options on such date):

if by us for cause, then Mr. Bernard would not have received any post-employment compensation;

if due to his death or permanent disability, by Mr. Bernard voluntarily or by us without cause, then he would have received a severance under his employment agreement equal to \$191,000, representing one time the sum of (a) \$170,000, Mr. Bernard's base salary in effect on that date, and (b) \$21,000, representing the average

Table of Contents

annual bonus of Mr. Bernard in 2003, 2004 and 2005, which severance would have been payable over the subsequent 12 months; and

if upon or after a change in control of Metrotek or Southern Flow either by us without cause or by Mr. Bernard for good reason, he would have received the same amounts as in the foregoing point, plus the continuation of life, health care and disability insurance for the subsequent 12 months at a company cost of \$3,947, based upon 2006 rates without taking into effect any price increases.

Daniel J. Packard. Mr. Packard was not a party to any employment agreement or change in control agreement with us as of December 31, 2006 or as of the date of this proxy statement. However, Mr. Packard held 8,333 stock options that were unvested as of December 31, 2006, and under the terms of our 1998 Stock Incentive Plan under which those options were granted, all unvested stock options automatically vest upon a change in control. Accordingly, in the event of a change in control, Mr. Packard would have received compensation in the amount of \$77,164 due to the vesting of Mr. Packard's unvested stock options on December 31, 2006, based on the difference between \$12.32, the closing stock price on December 29, 2006 (the last trading day of 2006) and \$3.06, the exercise price of the stock options that would have vested on such date upon a change in control.

Equity Compensation Plan Information

We have three equity incentive compensation plans that have been approved by our stockholders under which shares of our common stock have been authorized for issuance to our directors, officers, employees, advisors and consultants:

our 1991 Stock Option Plan;

our Directors' Stock Option Plan; and

our 1998 Stock Incentive Plan.

In addition, during the first half of 2006 we issued stock options to newly hired non-executive employees outside of any equity compensation plan that had been approved by our stockholders.

The following table contains information about the shares of our common stock that may be issued upon the exercise of options, warrants and other rights that were outstanding under our existing equity compensation plans as of December 31, 2006:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	1,955,344	\$ 4.20	772,033
Equity compensation plans not approved by security holders	130,000	\$ 10.68	0

Total	2,085,344	\$	4.61	772,033
-------	-----------	----	------	---------

(1) Represents options to purchase shares of common stock granted under our 1991 Stock Option Plan, our Directors Stock Option Plan and our 1998 Stock Incentive Plan. We cannot grant any future options under our 1991 Stock Option Plan or our Directors Stock Option Plan.

Table of Contents

DIRECTOR COMPENSATION

The Compensation Committee periodically reviews the compensation of our directors and, from time to time, recommends to the full board changes to the compensation of our directors. We use a combination of cash and stock-based compensation to attract and retain qualified candidates to serve on the board. In setting the compensation for our directors, we consider the significant amount of time that directors spend fulfilling their duties to us, on both a board and committee level, as well as the skill-level required of members of the board. Directors are not subject to any minimum share ownership requirement.

Compensation Arrangements

Directors who are also officers or employees of us or any of our subsidiaries do not receive any additional compensation for serving on the board of directors or its committees. All directors are reimbursed for their out-of-pocket costs of attending meetings of the board and its committees.

During fiscal 2006, directors who were not also officers or employees of us or any of our subsidiaries, which we refer to as non-employee directors, received a monthly retainer of \$3,000 for their service on the board. Effective December 11, 2006, non-employee directors also commenced receiving a fee of \$1,500 for each committee meeting attended, provided that only one fee is paid per day regardless of how many committee meetings are attended that day.

Non-employee directors also receive stock options under our 1998 Stock Incentive Plan. Each person who is first elected or appointed to serve as a non-employee director is automatically granted an option to purchase 5,000 shares of common stock. In addition, since June 2006, each non-employee director is automatically granted options to purchase 7,500 shares of common stock on the date of each annual meeting of stockholders. All annual options granted to non-employee directors:

are non-qualified stock options;

vest and become exercisable in three equal installments, one-third upon grant and one-third on the first and second anniversary of such grant;

are exercisable at a price equal to the fair market value of the common stock on the date of grant, based on the last sale price of the common stock as reported on the American Stock Exchange; and

have a term of ten years, subject to earlier termination in the event of the non-employee director's death or the termination of service on the board, in which events the options remain exercisable for one year after a non-employee director dies and for that number of years after a non-employee director leaves the board of directors (for any reason other than death or removal for cause) equal to the number of full or partial years that the non-employee director served as a director, but not beyond the original ten year term of the option.

Any other stock options granted to a director may contain different terms at the discretion of the board of directors, except that the exercise price must be equal to or greater than the last sale price of the common stock on the date of grant as reported on the American Stock Exchange.

As of April 20, 2007, options to purchase 188,627 shares of common stock were outstanding to our non-employee directors, at exercise prices ranging from \$1.50 to \$17.38 per share. See the Director Compensation Table below.

We do not provide any life insurance, disability, health care coverage, retirement or pension plans or benefits to our non-employee directors.

Table of Contents**Director Compensation Table**

The following table contains a summary of the compensation we paid to our non-employee directors for fiscal 2006.

Director Compensation

Name(1)	Fees Earned or Paid in Cash (\$)	Option Awards (\$)(2)	All Other Compensation (\$)	Total (\$)
Basil M. Briggs	\$ 39,000	\$42,060		\$81,060
Kevin P. Collins	39,000	42,060		81,060
Anthony D. Pell	39,000	42,060		81,060

(1) W. Phillip Marcum, who served as our President and Chief Executive Officer until April 16, 2007, and A. Bradley Gabbard, who served as our Executive Vice President and Chief Financial Officer until April 16, 2007, are not included in this table because they were our employees during fiscal 2006 and received no separate or additional compensation for their services on the board of directors. The compensation received by Messrs. Marcum and Gabbard as our employees during fiscal 2006 is shown in

the Summary Compensation Table elsewhere in this proxy statement.

- (2) On June 12, 2006, each director listed in this table was granted an award of options to purchase 7,500 shares of common stock, vesting in three equal annual installments commencing on the grant date, and the grant date fair value of this award was \$11.22 per share, as computed in accordance with FAS 123(R). The amounts in this column reflect the proportionate amount of the total fair value of these awards recognized as compensation expense for financial statement reporting purposes for fiscal 2006, in accordance with FAS 123(R). The grant date fair value of these awards, and the compensation expense for fiscal 2006 associated therewith, were calculated using

the assumptions included in note 11, Share-Based Compensation, to our audited consolidated financial statements for fiscal 2006 included in our Annual Report on Form 10-K filed with the SEC on March 13, 2007, excluding the impact of estimated forfeitures related to service-based vesting conditions.

The following table shows the number of shares of common stock that could be acquired upon the exercise of outstanding options held by the non-employee directors as of December 31, 2006. The options held by Messrs. Marcum and Gabbard as of December 31, 2006 are shown in the Outstanding Equity Awards at Fiscal Year-End Table elsewhere in this proxy statement.

Name	Options Outstanding on December 31, 2006(a)
Basil M. Briggs	10,686
Kevin P. Collins	89,526
Anthony D. Pell	88,415

- (a) All options were fully vested as of December 31, 2006, except, with respect to each director, (i) options to purchase 2,500 shares of common stock that vest on June 12, 2007, and (ii) options to purchase 2,500 shares that vest on June 12, 2008.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have adopted a formal written policy regarding the review and approval of related person transactions. Under this policy, our audit committee, all the members of which are independent directors, must review any material transaction in which we are a participant and a related person has a material interest. The audit committee may approve the related person transaction if it determines that the transaction is on terms that are comparable to, or no less favorable to us than, terms that could be obtained from unaffiliated persons, and that the transaction is in or not inconsistent with the best interests of us and our stockholders. For purposes of this policy, related persons include our directors and officers and their immediate family members, 5% stockholders and any firms, corporations or other entities in which any of these persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

Jonathan Hinton, who is employed by PowerSecure as a Senior Vice President, is the son of Sidney Hinton, who is the President and Chief Executive Officer of PowerSecure and since April 16, 2007 has been our President and Chief Executive Officer. During fiscal 2006, Jonathan Hinton earned a salary of \$107,500 and commissions of \$372,558 for services rendered during fiscal 2006. In addition, in late 2006 Jonathan Hinton was granted options to purchase 25,000 shares of our common stock at an exercise price of \$13.17 per share, the closing sale price of the common stock as reported in the American Stock Exchange on the date of grant, which options vest over a five year period, have a grant date fair value of \$249,846 and for which we incurred no expense in fiscal 2006 in accordance with FAS 123(R).

In March 2006, we entered into a Securities Purchase Agreement with Sidney Hinton (258,000 shares), A. Bradley Gabbard (62,452 shares), Basil M. Briggs (35,000 shares) and Kevin P. Collins (35,000 shares), as selling stockholders, related to the private placement sale of shares of common stock to certain institutional investors. Under the Securities Purchase Agreement, the institutional investors purchased a total of 2,403,000 shares of common stock, 2,012,548 shares from us and 390,452 shares from the selling officers and directors, for a purchase price of \$14.00 per share. The purchasers included institutional investors who were, or were affiliated with entities that were, holders of more than 5% of our outstanding common stock, including The October Fund, Limited Partnership (250,000 shares), which is an affiliate of DDJ Capital Management, and four affiliates of Gruber & McBaine Capital Management (200,000 shares). All shares were sold by us and the selling stockholders to the purchasers at the same purchase price. In addition, in March 2006, we entered into a Registration Rights Agreement with these institutional investors, pursuant to which we registered the public resale of all shares of common stock sold in the private placement by filing a registration statement with the SEC and agreed to keep the registration statement effective until the earliest of the following: (i) five years after the registration statement becomes effective; (ii) such time as all such shares have been publicly resold; or (iii) such time as all such shares may be sold under Rule 144(k) under the Securities Act of 1933.

We have entered into indemnification agreements with each of our directors and certain of our executive officers. These agreements require us to indemnify such persons against certain liabilities that may arise against them by reason of their status or service as our officers or directors, to the fullest extent permitted by Delaware law, to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. We maintain insurance policies covering our officers and directors under which the insurer has agreed to pay the amount of any claim made against the officers or directors that such officers or directors may otherwise be required to pay or for which we are required to indemnify such officers and directors, subject to certain exclusions and conditions, up to policy limits.

Table of Contents

PROPOSAL NO. 2
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Proposal

The Audit Committee of the board of directors has appointed Hein & Associates LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2007. Hein has served as our independent registered public accounting firm since 2004.

Stockholder ratification of the appointment of Hein as our independent registered public accounting firm is not required by our by-laws or any other applicable legal requirement. However, the Audit Committee is submitting the appointment of Hein to the stockholders for ratification as a matter of good corporate governance. If the stockholders do not ratify the appointment of Hein, then the Audit Committee will reconsider the appointment. Even if the appointment is ratified by the stockholders, the Audit Committee may, in its discretion, appoint a different independent registered public accounting firm for fiscal 2007 at any time during the year if it determines that such a change would be in the best interests of our company and our stockholders.

One or more representatives of Hein are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

Audit and Non-Audit Fees

The aggregate fees for professional services rendered to us by Hein in fiscal 2005 and fiscal 2006 were as follows:

	Fees	
	2006	2005
Audit Fees (1)	\$ 293,000	\$ 120,000
Audit-Related Fees (2)	24,500	23,192
Tax Fees (3)	40,040	22,800
All Other Fees		
Total	\$ 357,540	\$ 165,992

(1) Audit Fees represents fees billed for professional services rendered for the audit of our consolidated annual financial statements, the audit of our internal controls over financial reporting, and the review of our consolidated interim financial statements included in our Quarterly

Reports on
Form 10-Q.

- (2) Audit-Related Fees represents fees billed for professional services rendered for the audit of our 401(k) plan and the audit of Marcum Midstream 1995-2 Business Trust, an unconsolidated affiliate.

- (3) Tax Fees represents fees billed for professional services rendered by Hein for tax compliance, tax advice and tax planning.

The Audit Committee has determined that the provision of non-audit services by Hein in fiscal 2005 and 2006 was compatible with maintaining their independence.

Audit Committee Pre-Approval Policy

The Audit Committee has adopted a policy that requires the Audit Committee to pre-approve all audit and non-audit services to be provided by the independent registered public accounting firm. The Audit Committee may delegate this pre-approval authority to one or more of its members. Any such members must report any decisions to the Audit Committee at the next scheduled meeting. In accordance with this pre-approval policy, all professional services provided

Table of Contents

by Hein as our independent registered public accounting firm during fiscal 2006 were pre-approved by the Audit Committee.

Vote Required

The affirmative vote of the holders of a majority of the shares of common stock present, in person or by proxy, and entitled to vote at the annual meeting is required to ratify the appointment by the Audit Committee of Hein as our independent registered public accounting firm for the fiscal year ending December 31, 2007.

Recommendation

The Audit Committee and the board of directors recommend that stockholders vote FOR the ratification of the appointment of Hein as our independent registered public accounting firm for the fiscal year ending December 31, 2007. Proxy cards signed and timely returned to us will be so voted, unless contrary instructions are specified thereon.

Table of Contents

AUDIT COMMITTEE REPORT

The Audit Committee of the board of directors consists of three members of the board, each of whom is independent under our standards of director independence and the current listing standards of the American Stock Exchange. The Audit Committee operates under a formal written charter, which was amended and restated by the board of directors on March 20, 2006. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis.

Our management is responsible for the preparation, presentation and integrity of our financial statements and for establishing and maintaining the integrity of our accounting and financial reporting processes, including our system of internal control over financial reporting, the audit process and the process for monitoring compliance with laws and regulations and ethical business standards. Our independent registered public accounting firm is responsible for performing an independent audit of our annual consolidated financial statements in accordance with generally accepted auditing standards and expressing an opinion and issuing a report as to the conformity of such financial statements with generally accepted accounting principles, as well as for expressing an opinion on management's assessment of the effectiveness of our internal control over financial reporting and issuing a report on the effectiveness of our internal control over financial reporting. The role of the Audit Committee is to assist the board of directors in fulfilling its responsibilities to monitor and oversee the quality and integrity of these financial reporting processes. Additionally, the Audit Committee has the sole authority to appoint, retain, fix the compensation of, and oversee our independent registered public accounting firm and to grant the prior approval of the nature and scope of and the fee arrangements for audit and permitted non-audit services by our independent registered public accounting firm.

In discharging its oversight responsibilities, the Audit Committee reviewed, and met and held discussions with management and with Hein & Associates LLP, our independent registered public accounting firm, regarding, our audited consolidated financial statements for the fiscal year ended December 31, 2006. The Audit Committee also discussed with Hein the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, and Statement on Auditing Standards No. 90, *Audit Committee Communications*, each as modified or supplemented. The Audit Committee met with Hein, with and without management present, to discuss and review the results of their examination of our financial statements and the overall quality, not just the acceptability, of our financial reports and accounting principles. The Audit Committee also considered and discussed with management and Hein other areas of oversight relating to the financial reporting and audit process that the Audit Committee determined appropriate.

In addition, the Audit Committee received from Hein the written disclosures and the letter required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as modified or supplemented. The Audit Committee has discussed with Hein their independence from us and our management and has considered the compatibility of non-audit services performed by Hein with their independence.

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the board of directors, and the board of directors approved, that our audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 for filing with the Securities and Exchange Commission.

In addition, the Audit Committee has appointed Hein as our independent registered public accounting firm for the fiscal year ending December 31, 2007, and recommends that stockholders ratify that appointment.

The members of the Audit Committee are not professional accountants or members of a registered public accounting firm, and, as specified in its charter, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits or to determine that our consolidated financial statements are complete and accurate and in accordance with generally accepted accounting principles. In discharging its duties, the Audit Committee has relied on (i) management's representation that our annual consolidated financial statements were prepared with integrity and objectivity and in accordance with generally accepted accounting principles, and (ii) the report of our independent registered public accounting firm with respect to such financial statements.

Audit Committee

Anthony D. Pell, Chairman

Basil M. Briggs

Table of Contents

INCORPORATION BY REFERENCE

To the extent that this proxy statement is incorporated by reference into any other filing by us under the Securities Act or the Exchange Act, the sections of this proxy statement entitled Compensation Committee Report and Audit Committee Report (to the extent permitted by the rules of the SEC) will not be deemed incorporated, unless specifically provided otherwise in such filing. In addition, information contained on or connected to our website is not incorporated by reference into this proxy statement and should not be considered part of this proxy statement or incorporated into any other filing that we make with the SEC.

ANNUAL REPORT

Our 2006 Annual Report to Stockholders, which contains our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and includes our audited consolidated financial statements for the fiscal year ended December 31, 2006, accompanies this proxy statement but is not a part of this proxy statement or our proxy solicitation materials. We will provide, without charge, additional copies of our 2006 Annual Report to any stockholder upon receipt of a written request, addressed to Metrotek Technologies, Inc., 1609 Heritage Commerce Court, Wake Forest, North Carolina 27587, attention: Corporate Secretary.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, and beneficial owners of more than 10% of our outstanding common stock, to file with the SEC initial reports of ownership on Form 3 and reports of changes in ownership on Form 4 or Form 5, and to furnish us with copies of all such reports that they file. Based solely upon our review of the copies of such forms received by us, we believe that, during fiscal 2006, all reports required by Section 16(a) to be filed by such persons were timely filed, except that one report of one stock option exercise was inadvertently filed late by Mr. Pell and one report of two transactions was inadvertently filed late by Mr. Packard.

STOCKHOLDER PROPOSALS

Stockholders may submit proposals, including director nominations, for consideration at future stockholder meetings, if they comply with the requirements of federal and state laws and regulations and our amended and restated by-laws, which are summarized below.

Proposals to be Included in our Proxy Materials

In order to be considered for inclusion in our proxy materials for the 2008 annual meeting of stockholders, stockholder proposals must be received by us at our principal executive offices on or before December 27, 2007, and must otherwise comply with the requirements of Rule 14a-8 of the Exchange Act. The timely submission of a stockholder proposal does not guarantee that it will be included in our proxy materials for the 2008 annual meeting.

Other Proposals and Nominations

Our by-laws establish advance notice procedures that stockholders must follow in order to nominate directors or to bring other business before an annual meeting of stockholders that will not be included in our proxy materials pursuant to Rule 14a-8. These advance notice procedures require that, among other things, notice of a director nomination or other business must be submitted in writing to and received by our Secretary not less than 45 days nor more than 150 days prior to the anniversary of the date on which we first mailed our proxy materials for the prior annual meeting, unless the date of the annual meeting is changed by more than 30 days from the anniversary of the date of the prior annual meeting. For director nominations or other business to be properly brought before the 2008 annual meeting, a stockholder must deliver written notice to our Secretary no sooner than November 30, 2007 and no later than March 13, 2008. However, if the date of the 2008 annual meeting is changed by more than 30 days from the date of the 2007 annual meeting, then the notice must be received not later than the later of 75 days before the date of the 2008 annual meeting or 10 days following the date on which public announcement of the date of the 2008 annual meeting is first made.

The notice must contain the information specified in our by-laws concerning the matters to be brought before such annual meeting and concerning the stockholder proposing such matters, including the name, address, number of shares beneficially owned and any material interest of the stockholder making the proposal. Notice of a director nomination must

Table of Contents

include information on various matters regarding the nominee, including the nominee's name, age, business and residence addresses, principal occupation and security holdings and any arrangements between the stockholder and the nominee. Notice of other business must include a description of the proposed business, the reasons for the business and other specified matters. A copy of the relevant provisions of our by-laws may be obtained by a stockholder, without charge, upon written request to us.

Notice and Other Information

All notices of nominations and proposals by stockholders, whether or not to be included in our proxy materials, must be sent to us as follows:

Metrotek Technologies, Inc.
1609 Heritage Commerce Court
Wake Forest, NC 27587
Attention: Corporate Secretary

Any stockholder proposal must also comply with all other applicable provisions of our second restated certificate of incorporation and our by-laws, the Exchange Act (including the rules and regulations under the Exchange Act), and Delaware law. We reserve the right to reject, rule out of order or take other appropriate action with respect to any proposal or nomination that does not comply with these and other applicable requirements. If we do not exclude the proposal, then the persons appointed as proxies in the proxy card solicited by the board of directors for the 2008 annual meeting may exercise discretionary voting authority to vote in accordance with their best judgment on any proposal submitted outside of Rule 14a-8.

OTHER MATTERS

As of the date of this proxy statement, the board of directors knows of no other matters to be presented at the annual meeting. However, if any other matters are properly presented at the annual meeting, the persons appointed as proxies in the accompanying proxy card will have the discretionary authority to vote the shares represented by the proxy card in accordance with their best judgment.

By Order of the Board of Directors
Gary J. Zuiderveen
*Vice President, Chief Financial Officer,
Principal Accounting Officer and Secretary*
April 27, 2007
Wake Forest, North Carolina

Table of Contents

APPENDIX A

METRETEK TECHNOLOGIES, INC.

Standards of Director Independence

Adopted April 25, 2005

The Board of Directors (the Board) of Metrotek Technologies, Inc., a Delaware corporation (the Company), upon recommendation of the Nominating and Corporate Governance Committee of the Board, has adopted these Standards of Director Independence in order to assist it in making determinations of the independence of its directors.

1. **No Material Relationships with the Company.** A director will only be deemed to be independent if the Board affirmatively determines that the director has no direct or indirect material relationship with the Company (other than in his capacity as a director). In making such determinations, the Board will broadly consider all relevant facts and circumstances. In particular, when assessing the materiality of a director's relationship with the Company, the Board should consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation.

2. **Disqualifying Relationships.** In order to assist the Board in determining director independence, a director will not be considered independent if he has any of these relationships:

(a) **Employee.** The director is or has been an employee, or has an immediate family member who is or has been an executive officer, of the Company at any time during the past three years.

(b) **Receiving Payments Other than Directors Fees.** The director or an immediate family member of the director has received more than \$60,000 in direct compensation from the Company during any 12-month period within the past three years, other than director and committee fees.

(c) **Affiliation with Company's Current Auditor.**

(i) The director or an immediate family member of the director is a current partner of a firm that is the Company's current independent registered public accounting firm (the Current Auditor).

(ii) The director is a current employee of a firm that is the Company's Current Auditor.

(iii) An immediate family member of the director is a current employee of the Company's Current Auditor and participates in that firm's audit, assurance or tax compliance practice (excluding tax planning).

(iv) The director or an immediate family member of the director was within the past three years, but is no longer, a partner or employee of a firm that is the Company's Current Auditor and personally worked on the Company's audit within that time.

(d) **Compensation Committee Interlock.** The director or an immediate family member of the director is, or has been within the past three years, employed as an executive officer of another company for which any of the Company's present executive officers at the same time serves or served on that company's compensation committee.

(e) **Business Relationships.** The director or an immediate family member of the director is an employee, executive officer, partner (other than a limited partner) or significant equity holder of an organization that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the past three fiscal years, exceeds the greater of \$200,000 or 5% of such other organization's consolidated gross revenues for that year (other than those arising solely from investments in the Company's securities or payments under non-discretionary charitable contribution matching programs).

(f) **Indebtedness.** The director is an executive officer, partner, member or significant equity holder of another company that is indebted to the Company, or to which the Company is indebted, and the total amount of indebtedness exceeds 2% of the total consolidated assets of such other company.

A-1

Table of Contents

(g) Charitable Relationships. Within the past three years, the director was an executive officer, trustee or director of a foundation, university or other non-profit or charitable organization receiving grants, endowments or other contributions from the Company that exceeded the greater of \$1.0 million or 2% of such charitable organization's consolidated gross revenues in any single fiscal year.

3. Additional Independence Standards for Members of the Audit Committee. In addition to being determined by the Board to be independent under the standards described in Sections 1 and 2 above, directors who serve on the Audit Committee of the Board must, unless otherwise permitted in the Audit Committee's Charter, satisfy the following additional standards:

(a) A member of the audit Committee cannot accept or receive directly or indirectly any consulting, advisory or other compensatory fees from the Company or any of its subsidiaries, other than (i) in his capacity as a member of the Board or a committee of the Board, or (ii) fixed amounts of compensation under a retirement plan (including deferred compensation) for prior services with the Company (provided that such compensation is not contingent in any way on continued service with the Company).

(b) A member of the Audit Committee cannot be an affiliated person of the Company or any of its subsidiaries.

4. Application of Standards. For purposes of applying the above Standards of Director Independence:

(a) An immediate family member includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home, but in applying any lookback provisions, the Company will not consider individuals who are no longer immediate family members as a result of legal separation or divorce or those who have died or become incapacitated.

(b) Compensation received by an immediate family member of a director for service as a non-executive employee of the Company shall not be considered in determining independence under Section 2(b) above.

(c) In applying the test under Section 2(e) above, both the payments and the consolidated gross revenues to be measured shall be those reported in the last completed fiscal year and the look-back provisions shall apply solely to the financial relationship between the Company and the director or immediate family member's current employer and not to former employment of the director or immediate family member.

(d) A significant equity holder of a company will normally be considered a stockholder, limited partner or member owning 10% or more of the voting or equity interests in that organization. A company refers to any corporation, partnership, limited liability company, trust or other entity or organization.

(e) An affiliated person of the Company is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company. The term control (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

Table of Contents

C123456789

000004	000000000.000000 ext ext 000000000.000000 ext ext 000000000.000000 ext ext	000000000.000000 000000000.000000 000000000.000000
--------	---	--

MR A SAMPLE
 DESIGNATION (IF ANY)
 ADD 1
 ADD 2
 ADD 3
 ADD 4
 ADD 5
 ADD 6

Electronic Voting Instructions
You can vote by Internet or telephone!
Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on June 11, 2007.

Vote by Internet

Log on to the Internet and go to **www.investorvote.com**

Follow the steps outlined on the secured website.

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

ý

Annual Meeting Proxy Card

C0123456789

12345

6 IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

Election of Directors The Board of Directors recommends a vote FOR all the nominees listed.

1. To elect two directors, each to serve for a term of three years and until his successor is duly elected and qualified.

	For	Withhold	+
01 - Basil M. Briggs	<input type="radio"/>	<input type="radio"/>	
02 - Sidney Hinton	<input type="radio"/>	<input type="radio"/>	

Proposals The Board of Directors recommends a vote FOR Proposal 2.

	For	Against	Abstain	
2. To ratify the appointment of Hein & Associates LLP as Metrotek's independent registered public accounting firm for the fiscal year ending December 31, 2007.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	3. In their discretion, the proxies are authorized to take action and to vote upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Non-Voting Items

Change of Address Please print new address below.

Meeting Attendance
Please check this box if you are planning to attend the Annual Meeting of Stockholders.

Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Edgar Filing: Hunter Ridge Holdings, Inc. - Form 424B5

Date (mm/dd/yyyy)
print date below.

Please Signature 1 Please keep
signature within the box.

Signature 2 Please keep
signature within the box.

/ /

C 1234567890

J
N
T

1 U P X

0
1
3
4
5
0
1

MR A SAMPLE (THIS
AREA IS SET UP TO
ACCOMMODATE 140
CHARACTERS) MR A
SAMPLE AND MR A
SAMPLE AND MR A
SAMPLE AND MR A
SAMPLE AND MR A
SAMPLE AND MR A
SAMPLE AND MR A
SAMPLE AND

+

n
<STOCK#>

00Q5AB

Table of Contents

6 IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

Proxy METRETEK TECHNOLOGIES, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE 2007 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD JUNE 11, 2007

The undersigned stockholder of Metrotek Technologies, Inc. hereby appoints Sidney Hinton and Gary J. Zuiderveen, or either of them, with full power and substitution, as proxy or proxies of the undersigned, to represent the undersigned, and to exercise all the powers that the undersigned would have if personally present to act and to vote all of the shares of Metrotek that the undersigned is entitled to vote, at the 2007 Annual Meeting of Stockholders of Metrotek called to be held on Monday, June 11, 2007, at 9:00 a.m. at The Warwick Hotel, 1776 Grant Street, Denver, Colorado, and at any adjournments or postponements thereof, as indicated on the reverse.

The shares represented by this proxy card when properly executed will be voted as specified. **If no specification is made, the shares will be voted FOR Items 1 and 2 and in accordance with the discretion of the proxies upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.** *All proxies previously given are hereby revoked.* Receipt of the accompanying Proxy Statement is hereby acknowledged.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED SELF-ADDRESSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

(Items to be voted appear on reverse side.)