JONES RICHARD H
Form 4
May 31, 2018

# FORM 4

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

OMB APPROVAL

| | |
|---|---|
| OMB Number: | 3235-0287 |
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
JONES RICHARD H

(Last) (First) (Middle)

C/O PEGASYSTEMS INC., 1 ROGERS STREET

(Street)

CAMBRIDGE, MA 02142

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
PEGASYSTEMS INC [PEGA]

3. Date of Earliest Transaction (Month/Day/Year)
05/29/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | | | | | | | | 295,824 (1) | D | |
| Common Stock | 05/29/2018 | | S | | 2,000 | D | $ 61.4 | 216,192 (1) | I | Richard H. Jones Revocable Trust |
| Common Stock | | | | | | | | 200,000 (2) | I | Patricia K. Jones GRAT |
| Common Stock | | | | | | | | 19,010 | I | Spouse |
| | | | | | | | | 61,590 (3) | I | |

| | |
|---|---|
| Common Stock | Jones Family Foundation |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**
**(*e.g.*, puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | |

## Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---|---|---|---|
| | Director | 10% Owner | Officer | Other |
| JONES RICHARD H<br>C/O PEGASYSTEMS INC.<br>1 ROGERS STREET<br>CAMBRIDGE, MA 02142 | X | | | |

## Signatures

| | |
|---|---|
| /s/ Janet Mesrobian, Esq., Attorney-In-Fact for Richard Jones | 05/31/2018 |
| **Signature of Reporting Person | Date |

## Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

**(1)** The Form 4 filed on March 23, 2018 is amended by this Form 4 amendment to clarify the number of shares held directly and indirectly by Mr. Jones.

**(2)** Includes 200,000 shares held by the Patricia K. Jones GRAT #2.

**(3)** Shares owned by the Jones Family Foundation, of which Mr. Jones has no pecuniary interest.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Stainless steel

$

159,799

$

137,383

$

195,315

High-strength low alloy steel

16,853

17,894

21,897

Tool steel

16,680

18,112

20,420

High-temperature alloy steel

6,295

4,277

7,787

Conversion services and other sales

5,933

3,102

5,571

Total net sales

$

205,560

$

180,768

$

250,990

Income Taxes. Deferred income taxes are provided for unused tax credits earned and the tax effect of temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. We use the liability method to account for income taxes, which requires deferred taxes to be recorded at the statutory rate expected to be in effect when the taxes are paid. Valuation allowances are provided for a deferred tax asset when it is more likely than not that the asset will not be realized. Income tax penalties and interest are included in the provision for income tax expense.

We evaluate the tax positions taken or expected to be taken in our tax returns. A tax position should only be recognized in the financial statements if we determine that it is more-likely-than-not that the tax position will be sustained upon examination by the tax authorities, based upon the technical merits of the position. For those tax positions that should be recognized, the measurement of a tax position is determined as being the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. We believe there are no material uncertain tax positions at December 31, 2014, 2013 and 2012.

We use the with-and-without method to account for excess tax benefits recognized as a result of the exercise of employee stock options. Under the with-and-without method, excess tax benefits related to share-based compensation are not deemed to be realized until after the utilization of all other tax benefits available to us, which are also subject to applicable limitations.

Share-based Compensation Plans. We recognize compensation expense based on the grant-date fair value of the awards. The fair value of the stock option grants is estimated on the date of grant using the Black-Scholes option-pricing model, and is recognized ratably over the service/vesting period of the award. The fair value of time-based restricted stock grants is calculated using the market value of the stock on the date of issuance, and is recognized ratably over the service/vesting period of the award.

Net Income (Loss) per Common Share. Net income (loss) per common share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted net income per common share is computed by dividing net income, adjusted to include interest expense (tax effected) for the convertible notes by the weighted-average number of common shares outstanding plus all dilutive potential common shares outstanding during the period. All shares that were issuable under our outstanding convertible notes were considered outstanding for our diluted net income per common share computation, using the “if converted” method of accounting from the date of issuance.

Statement of Comprehensive Income. During the years ended December 31, 2014, 2013 and 2012 there were no comprehensive income items other than net income (loss); therefore, a separate Statement of Comprehensive Income was excluded from the consolidated financial statements.

Treasury Stock. We account for treasury stock under the cost method and include such shares as a reduction of total stockholders’ equity.

Financial Instruments. Financial instruments held by us include cash, accounts receivable, accounts payable and long-term debt. The carrying value of cash, accounts receivable and accounts payable is considered to be representative of fair value because of the short maturity of these instruments. Refer to Note 5 for fair value disclosures of our financial instruments.

Segment Reporting. Our operating facilities are integrated, and therefore our chief operating decision maker (“CODM”) views the Company as one business unit. Our CODM sets performance goals, assesses performance and makes decisions about resource allocations on a consolidated basis. As a result of these factors, as well as the nature of the financial information available which is reviewed by our CODM, we maintain one reportable segment.

Reclassifications. Certain prior year amounts have been reclassified to conform to the 2014 presentation.

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Recently Adopted Accounting Pronouncement

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2013-11 Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. We adopted ASU 2013-11 in 2014. The update did not have a material impact on our consolidated financial statements.

Recently Issued Accounting Pronouncement

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)." This topic converges the guidance within GAAP and International Financial Reporting Standards and supersedes Accounting Standards Codification 605, Revenue Recognition. The new standard requires companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. The new guidance is effective for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period and early application is not permitted. We are currently evaluating the impact that this standard will have on our consolidated financial statements and corresponding disclosures.

Note 2: Inventory

The major classes of inventory are as follows:

| December 31, | 2014 | 2013 |
|---|---|---|
| (dollars in thousands) | | |
| Raw materials and starting stock | $ 8,943 | $ 7,116 |
| Semi-finished and finished steel products | 84,816 | 69,065 |
| Operating materials | 8,759 | 8,463 |
| Gross inventory | 102,518 | 84,644 |
| Inventory reserves | (1,448) | (2,051) |
| Total inventory, net | $ 101,070 | $ 82,593 |

Note 3: Property, Plant and Equipment

Property, plant and equipment consists of the following:

| December 31, | 2014 | 2013 |
|---|---|---|
| (dollars in thousands) | | |
| Land and land improvements | $ 7,088 | $ 6,934 |
| Buildings | 45,434 | 45,879 |
| Machinery and equipment | 225,754 | 218,274 |
| Construction in progress | 12,833 | 8,867 |
| Gross property, plant and equipment | 291,109 | 279,954 |
| Accumulated depreciation | (91,314) | (76,364) |
| Property, plant and equipment, net | $ 199,795 | $ 203,590 |

Note 4: Long-Term Debt

Long-term debt consists of the following:

| December 31, (dollars in thousands) | 2014 | 2013 |
|---|---|---|
| Term loan | $ 15,500 | $ 18,500 |
| Revolving credit facility | 51,350 | 49,350 |
| Convertible notes | 20,000 | 20,000 |
| Swing loan credit facility | 25 | 1,946 |
| | 86,875 | 89,796 |
| Less: current portion of long-term debt | (3,000) | (3,000) |
| Long-term debt | $ 83,875 | $ 86,796 |

Credit Facility

We have a Credit Agreement (as amended to date the "Credit Agreement") with a syndication of banks which provides for a $105.0 million senior secured revolving credit facility (the "Revolver") and a $20.0 million senior secured term loan facility (the "Term Loan" and together with the Revolver, the "Facilities") that expire in March 2017. Under the Credit Agreement, our loan availability under the Revolver ("Borrowing Base") is calculated monthly based upon our accounts receivable and inventory balances. The Facilities are collateralized by substantially all of the assets of the Company and its subsidiaries, except that no real property other than the North Jackson facility is collateral under the Facilities. Universal Stainless & Alloy Products, Inc., Dunkirk Specialty Steel, LLC and North Jackson Specialty Steel, LLC are co-borrowers under the Facilities.

At any time prior to August 18, 2015, we may make up to two requests to increase the maximum aggregate principal amount of borrowings under the Revolver by at least $10.0 million, with the maximum aggregate principal amount of borrowings under the Revolver not to exceed $130.0 million. We are required to pay a commitment fee of 0.25% based on the daily unused portion of the Revolver. The Revolver also provides for up to $7.0 million of swing loans so long as the sum of the outstanding swing loans and the outstanding borrowings under the Revolver do not exceed our Borrowing Base. The Term Loan is payable in quarterly installments in the principal amount of $750,000 which began on July 1, 2013, with the balance of the Term Loan payable in full on March 19, 2017.

Amounts outstanding under the Facilities, at our option, will bear interest at either a base rate or a LIBOR-based rate (the "LIBOR Option"), in either case calculated in accordance with the terms of the Credit Agreement. We elected to use the LIBOR Option during the year ended December 31, 2014, which was 2.17% at December 31, 2014. Interest on the Facilities is payable monthly.

We are required to maintain a leverage ratio not exceeding a ratio decreasing from 3.75 to 1.00 for the period December 31, 2014 to March 31, 2015, 3.50 to 1.00 for the period June 30, 2015 to September 30, 2015, 3.25 to 1.00 at December 31, 2015 and 3.00 to 1.00 from March 31, 2016 through maturity.  We are required to maintain a fixed charge coverage ratio of 1.1 to 1.0 from the fourth quarter of 2014 to maturity. We were in compliance with all our covenants at December 31, 2014 and December 31, 2013.

Convertible Notes

In connection with the acquisition of the North Jackson facility, in August 2011, we issued $20.0 million in convertible notes (the “Notes”) to the sellers of the North Jackson facility as partial consideration of the acquisition.  The Notes are subordinated obligations and rank junior to the Facilities.  The Notes bear interest at a fixed rate of 4.0% per annum, payable in cash semi-annually in arrears on each June 18 and December 18, beginning on December 18, 2011.  Unless earlier converted, the Notes mature and the unpaid principal balance is due on August 17, 2017.  The Notes and any accrued and unpaid interest are convertible into shares of our common stock at the option of the holder at an initial conversion price of $47.1675 per share of common stock.  The conversion price associated with the Notes may be adjusted in certain circumstances.  We may prepay any outstanding Notes, in whole or in part, during a fiscal quarter if our share price is greater than 140% of the current conversion price for at least 20 of the trading days in the 30 consecutive trading day period ending on the last trading day of the immediately preceding quarter.

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The aggregate annual principal payments due under our long-term debt are as follows:

(dollars in thousands)

| | |
|---|---|
| 2015 | $ 3,000 |
| 2016 | 3,000 |
| 2017 | 80,875 |
| | $ 86,875 |

Note 5: Fair Value Measurements

The fair value hierarchy has three levels based on the inputs used to determine fair value, which are as follows:

Level 1 — Unadjusted quoted prices available in active markets for the identical assets or liabilities at the measurement date.

Level 2 — Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

The carrying amounts of our cash, accounts receivable and accounts payable approximated fair value at December 31, 2014 and 2013 due to their short-term nature (Level 1). The fair value of the Term Loan, Revolver and swing loans at December 31, 2014 and 2013 approximated the carrying amount as the interest rate is based upon floating short-term interest rates (Level 2). At December 31, 2014 and 2013, the fair value of our Notes was approximately $20.5 million and $23.3 million, respectively (Level 2).

Note 6: Income Taxes

The income tax provision (benefit) attributable to continuing operations during the years ended December 31, 2014, 2013 and 2012 is as follows:

Components of the provision (benefit) for income taxes are as follows:

| For the years ended December 31, | 2014 | 2013 | 2012 |
|---|---|---|---|
| (dollars in thousands) | | | |
| Current provision (benefit) | | | |
| Federal | $ 312 | $ 85 | $ (5,782) |
| State | 298 | (6) | (440) |
| Deferred provision (benefit) | | | |
| Federal | 1,941 | (3,205) | 13,143 |
| State | 598 | 622 | (587) |
| Provision (benefit) for income taxes | $ 3,149 | $ (2,504) | $ 6,334 |

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A reconciliation of the federal statutory tax rate and our effective tax rate is as follows:

| For the years ended December 31, | 2014 | 2013 | 2012 |
|---|---|---|---|
| Federal statutory tax rate | 35.0 % | 35.0 % | 35.0 % |
| Research and development tax credit | (2.9) | 14.6 | (3.5) |
| State government grants, net of federal tax impact | - | 4.2 | (0.1) |
| Valuation allowance, state government grants, net of federal impact | 8.2 | (15.0) | - |
| Domestic manufacturing deduction | - | - | 2.7 |
| State income taxes, net of federal impact | 3.7 | 1.4 | (4.0) |
| Other, net | (0.3) | (2.1) | 0.1 |
| Effective income tax rate | 43.7 % | 38.1 % | 30.2 % |

On March 31, 2014 new tax legislation was enacted in New York that reduced the New York state income tax rate to zero percent (0%) for qualified manufacturers, such as Universal, for tax years beginning on or after January 1, 2014. Prior to this legislation, our facility in Dunkirk operated in a New York State Empire Zone and qualified to benefit from investments made and employees hired, and as such, we had recorded a deferred tax asset on these investments. As a result of this new legislation, we placed a full valuation allowance on our remaining corresponding deferred tax asset in the amount of $596,000 during 2014. Prior to this tax charge, we had placed a $986,000 valuation allowance on this deferred tax asset in 2013.

The Tax Increase Prevention Act of 2014 extended the tax benefit for research and development tax credits for 2014 resulting in a benefit of approximately $342,000, which was recorded entirely in the fourth quarter of 2014.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our net deferred taxes related to continuing operations are as follows:

| December 31, | 2014 | 2013 |
|---|---|---|
| (dollars in thousands) | | |
| Current deferred tax assets: | | |
| Inventory | $ 3,136 | $ 3,454 |
| Federal tax carryforwards | 3,249 | 6,459 |
| Share-based compensation | 3,300 | 2,621 |
| Receivables | 29 | 98 |
| Accrued liabilities | 396 | 633 |
| Other | 65 | 65 |

| | | |
|---|---|---|
| Total current deferred tax assets | $ 10,175 | $ 13,330 |
| | | |
| Noncurrent deferred tax assets: | | |
| Federal and state tax carryforwards | $ 14,246 | $ 15,553 |
| | | |
| Deferred tax liabilities: | | |
| Property, plant and equipment (noncurrent) | $ 56,354 | $ 58,085 |
| Other (current) | 492 | 288 |
| | | |
| | $ 56,846 | $ 58,373 |

We file a U.S. federal income tax return and various state income tax returns. For federal income tax purposes, we had $41.5 million and $52.5 million of net operating loss carryforwards at December 31, 2014 and 2013, respectively. The net operating loss carryforwards begin to expire in 2031. In addition we have credit carryforwards associated with our research and development activities of $1.7 million and $1.4 million as of December 31, 2014 and 2013, respectively. The research and development credit carryforwards begin to expire in 2030. We also have $597,000 and $334,000 in alternative minimum tax credit carryforwards for the years ended December 31, 2014 and 2013, respectively. The alternative minimum tax credit carryforwards can be carried forward indefinitely.

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We have state net operating loss carryforwards of $8.1 million and $8.7 million and state credit carryforwards of $267,000 and $257,000 at December 31, 2014 and 2013, respectively. The state net operating loss carryforwards begin to expire in 2031. The state credit carryforwards begin to expire in 2027.

We are routinely under audit by federal or state authorities. During 2014, the Internal Revenue Service ("IRS") concluded its audit of our federal income tax returns for the years ended December 31, 2008 through 2011. Our federal tax returns are subject to examination by the IRS for tax years after 2012.

In 2014, we reached a settlement with Pennsylvania on certain expenses which had been deducted for state income tax purposes during the 2005-2008 tax years. As a result of this matter, we incurred $179,000 of additional Pennsylvania income taxes net of the federal tax benefit. We are subject to examination by state tax jurisdictions for tax years after 2011.

Note 7: Net Income (Loss) Per Common Share

The computation of basic and diluted net income (loss) per common share for the years ended December 31, 2014, 2013 and 2012 is as follows:

| For the years ended December 31, | 2014 | 2013 | 2012 |
|---|---|---|---|
| (dollars in thousands, except per share amounts) | | | |
| Numerator: | | | |
| Net income (loss) | $ 4,050 | $ (4,062) | $ 14,617 |
| Adjustment for interest expense on convertible notes | - | - | 458 |
| Net income (loss), as adjusted | $ 4,050 | $ (4,062) | $ 15,075 |
| Denominator: | | | |
| Weighted average number of shares of common stock outstanding | 7,031,539 | 6,950,976 | 6,874,669 |
| Weighted average effect of dilutive stock options and other stock compensation | 84,892 | - | 151,223 |
| Weighted average effect of assumed conversion of convertible notes | - | - | 428,138 |
| Weighted average number of shares of common stock outstanding, as adjusted | 7,116,431 | 6,950,976 | 7,454,030 |
| Net income (loss) per common share: | | | |
| Basic | $ 0.58 | $ (0.58) | $ 2.13 |
| Diluted | $ 0.57 | $ (0.58) | $ 2.02 |

The adjustment for interest expense on convertible notes is net of tax. An adjustment for interest expense on convertible notes was excluded from the income per share calculation for the years ended December 31, 2014 and 2013 as a result of the convertible notes being antidilutive.

We have granted options to purchase 440,300, 353,550 and 29,150 shares of common stock, at an average price of $35.20, $36.36 and $41.18 during the years ended December 31, 2014, 2013 and 2012, respectively. These outstanding options were not included in the computation of diluted net income (loss) per common share because their respective exercise prices were greater than the average market price of our common stock. The calculation of diluted earnings per share for the years ended December 31, 2014 and 2013 excludes 428,140 shares, for the assumed conversion of convertible notes as a result of the convertible notes being antidilutive. In addition, the calculation of diluted earnings per share for the year ended December 31, 2013 would have included 118,814 shares, for the assumed exercise of options and restricted stock under our share incentive plans except that we were in a net loss position and no anti-dilution is permitted.

Note 8: Incentive Compensation Plans

At December 31, 2014, we had three incentive compensation plans that are described below:

Omnibus Incentive Plan

We maintain an Omnibus Incentive Plan ("OIP") which was approved by our stockholders in May 2012. The OIP permits the issuance of stock options, restricted stock, restricted stock units and other stock-based awards to non-employee directors, other than those directors owning more than 5% of our outstanding common stock, consultants, officers and other key employees who are expected to contribute to our future growth and success. An aggregate of 2,150,000 shares of common stock were authorized for issuance under the OIP, of which 447,568 were available for grant at December 31, 2014.

Stock Options

The option price for options granted under the OIP is equal to the fair market value of the common stock at the date of grant. Options granted to non-employee directors vest over a three-year period, and options granted to employees vest over a four-year period. All options under the OIP will expire no later than ten years after the grant date. Forfeited options may be reissued and are included in the amount available for grants.

A summary of stock option activity as of and for the year ended December 31, 2014 is presented below:

| | Non-vested stock options outstanding | | Stock options outstanding | | |
|---|---|---|---|---|---|
| | Number of shares | Weighted-average grant-date fair value | Number of shares | Weighted-average exercise price | Weighted-average contractual term (years) |
| Outstanding at December 31, 2013 | 201,156 | $ 18.83 | 706,925 | $ 28.61 | |
| Stock options granted | 135,500 | 14.39 | 135,500 | 27.28 | |
| Stock options exercised | | | (49,500) | 15.43 | |
| Stock options vested | (89,062) | 18.83 | | | |
| Stock options forfeited | (11,750) | 17.60 | (17,250) | 33.11 | |
| Outstanding at December 31, 2014 | 235,844 | $ 16.34 | 775,675 | $ 29.12 | 6.3 |
| Exercisable at December 31, 2014 | | | 539,831 | $ 28.68 | 5.1 |

Proceeds from stock option exercises totaled $764,000, $848,000 and $1.3 million for the years ended December 31, 2014, 2013 and 2012, respectively. Shares issued in connection with stock option exercises are issued from available authorized shares.

Based upon the closing stock price of $25.15 at December 31, 2014, the aggregate intrinsic value of outstanding and exercisable stock options was $1.4 million and $1.4 million, respectively. Intrinsic value of stock options is calculated as the amount by which the market price of our common stock exceeds the exercise price of the options. The aggregate intrinsic value of stock options exercised for the years ended December 31, 2014, 2013 and 2012 was $841,000, $929,000 and $1.6 million, respectively. The total fair value of stock option awards vested during the years ended December 31, 2014, 2013 and 2012 was $1.7 million, $1.4 million and $1.5 million, respectively.

Share-based compensation to employees and directors is recognized as compensation expense in the consolidated statements of operations based on the stock options fair value on the measurement date, which is the date of the grant. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods. The compensation expense recognized and its related tax effects are included in additional paid-in capital.

Share-based compensation expense related to stock options totaled $1.7 million, $1.5 million and $1.6 million for the years ended December 31, 2014, 2013 and 2012, respectively. Share-based compensation expense is recognized ratably over the requisite service period for all stock option awards. Unrecognized share-based compensation expense related to non-vested stock option awards totaled $3.9 million at December 31, 2014. At such date, the weighted-average period over which this unrecognized expense was expected to be recognized was 3.0 years. We recognized no tax benefit for the exercise of stock options during the years ended December 31, 2014, 2013 and 2012.

The fair value of our stock options granted is estimated on the measurement date, which is the date of grant. We use the Black-Scholes option-pricing model. Our determination of fair value of stock option awards on the date of grant is affected by our stock price as well as assumptions regarding our expected stock price volatility over the term of the awards, and actual and projected stock option exercise behaviors. The weighted-average grant-date fair value of stock options granted during the years ended December 31, 2014, 2013 and 2012 was $14.39, $18.02 and $20.60, respectively.

The assumptions used to determine the fair value of stock options granted are detailed in the table below:

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Risk-free interest rate | 1.79% to 2.13% | 1.02% to 2.14% | 0.80% to 1.10% |
| Dividend yield | 0.0% | 0.0% | 0.0% |
| Expected market price volatility | 49% to 57% | 57% to 60% | 59% to 62% |
| Weighted-average expected market price volatility | 52.6% | 58.1% | 61.8% |
| Expected term | 5.6 to 7.5 years | 5.4 to 7.5 years | 6.0 to 6.3 years |

The risk-free interest rate was developed using the U.S. Treasury yield curve for periods equal to the expected life of the stock options at the grant date. No dividend yield was assumed because we do not pay cash dividends on common stock and currently have no plans to pay a dividend. Expected volatility is based on the long-term historical volatility (estimated over a period equal to the expected term of the stock options) of our common stock. In estimating the fair value of stock options under the Black-Scholes option-pricing model, separate groups of employees that have similar historical exercise behavior are considered separately. The expected term of options granted represents the period of time that options granted are expected to be outstanding.

Restricted Stock

During the year ended December 31, 2012, we granted 35,000 time-based shares of restricted common stock to certain employees. The fair value of the non-vested time-based restricted common stock awards was calculated using the market value of the stock on the date of issuance, which was $35.26. During the year ended December 31, 2013, 3,000 of these restricted shares were forfeited.

Share-based compensation expense related to restricted stock totaled $342,000, $339,000, $34,000 for the years ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014, total unrecognized compensation cost related to non-vested time-based restricted common stock awards was $412,000, which is expected to be recognized over 1.0 year.

Employee Stock Purchase Plan

Under the 1996 Employee Stock Purchase Plan, as amended (the “Plan”), the Company is authorized to issue up to 200,000 shares of common stock to its full-time employees, nearly all of whom are eligible to participate. Under the terms of the Plan, employees can choose as of January 1 and July 1 of each year to have up to 10% of their total earnings withheld to purchase up to 100 shares of our common stock each six-month period. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market prices. At December 31, 2014, we have issued 162,961 shares of common stock since the Plan’s inception.

Cash Incentive Plans

We have a variable compensation plan covering certain key executives and senior management and profit-sharing plans and a key performance plan that cover the remaining employees. The variable compensation plan aligns the compensation of executive officers and senior management with the performance expectations of the Board of Directors in order to motivate and reward them for the achievement of Company performance metrics. The profit-sharing plans provide for the sharing of pre-tax profits in excess of specified amounts at our Bridgeville, Dunkirk and Titusville facilities. The key performance plan provides a cash incentive for achieving certain performance metrics at our North Jackson facility. For the years ended December 31, 2014, 2013 and 2012, we expensed $4.4 million, $1.0 million and $4.0 million, respectively, under these cash incentive plans of which $1.8 million, $576,000 and $3.9 million, respectively was included as a component of cost of products sold while the remainder was included in selling and administrative expense. At December 31, 2014 and 2013, we had liabilities of $3.3 million and $530,000, respectively, as a component of accrued employment costs on our consolidated balance sheets related to these cash incentive plans.

Note 9: Retirement Plans

We have a defined contribution retirement plan ("401(k) plan") that covers substantially all employees. Pursuant to the 401(k) plan, participants may elect to make pre-tax and after-tax contributions, subject to certain limitations imposed under the Internal Revenue Code of 1986, as amended. In addition, we make periodic contributions to the 401(k) plan based on service for the Titusville and Dunkirk hourly employees and age for North Jackson hourly employees. We make periodic contributions for the salaried employees at all locations except for North Jackson based upon their service and their individual contribution to the 401(k) plan. For North Jackson salaried employees, we make periodic contributions based upon the employee's age and their individual contributions.

We also participate in the Steelworkers Pension Trust (the "Trust"), a multi-employer defined-benefit pension plan that is open to all hourly and salary employees associated with the Bridgeville facility. We make periodic contributions to the Trust based on hours worked at a fixed rate for each hourly employee, as determined by the collective bargaining agreement, which expires in August 2018 and a fixed monthly contribution on behalf of each salary employee. The trustees of the Trust have provided us with the latest data available for the Trust year ending December 31, 2014. As of that date, the Trust is not fully funded. We could be held liable to the Trust for our own obligations, as well as those of other employers, due to our participation in the Trust. Contribution rates could increase if the Trust is required to adopt a funding improvement plan or a rehabilitation plan, if the performance of the Trust assets do not meet expectations, or as a result of future collectively-bargained wage and benefit agreements. If we choose to stop participating in the Trust, we may be required to pay the Trust an amount based on the underfunded status of the Trust, referred to as a withdrawal liability.

The Pension Protection Act (PPA) defines a zone status for each trust. Trusts in the green zone are at least 80% funded, trusts in the yellow zone are at least 65% funded, and trusts in the red zone are generally less than 65% funded. The Trust has utilized extended amortization provisions to amortize its losses from 2008. The Trust recertified its zone status after using the extended amortization provisions as allowed by law. The Trust has not implemented a funding improvement or rehabilitation plan, nor are such plans pending. Our contributions to the Trust have not exceeded more than 5% of the total contributions to the Trust.

| Pension fund | Trusts employer identification number / plan number | PPA zone status 2014 | 2013 | Funding plan pending / implemented | Company contributions to the Trust (dollars in thousands) 2014 | 2013 | 2012 | Surcharge imposed |
|---|---|---|---|---|---|---|---|---|
| Trust | 23-6648508 / 499 | Green | Green | No | $ 758 | $ 668 | $ 749 | No |

The total expense of all retirement plans for the years ended December 31, 2014, 2013 and 2012 was $1.6 million, $1.5 million and $1.5 million, respectively. No other post-retirement benefit plans exist.

Note 10: Commitments and Contingencies

From time to time, various lawsuits and claims have been or may be asserted against us relating to the conduct of our business, including routine litigation relating to commercial and employment matters. The ultimate cost and outcome of any litigation or claim cannot be predicted with certainty. Management believes, based on information presently available, that the likelihood that the ultimate outcome of any such pending matter will have a material adverse effect on its financial condition, or liquidity or a material impact to its results of operations is remote, although the resolution of one or more of these matters may have a material adverse effect on our results of operations for the period in which the resolution occurs.

We, as well as other steel companies, are subject to demanding environmental standards imposed by federal, state and local environmental laws and regulations. We are not aware of any environmental condition that currently exists at any of our facilities that would cause a material adverse effect on our financial condition, results of operations or liquidity in a particular future quarter or year.

Our purchase obligations include the value of all open purchase orders with established quantities and purchase prices, as well as minimum purchase commitments, all made in the normal course of business. At December 31, 2014, our total purchase obligations were $7.6 million, all of which will be due in 2014.

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Note 11: Selected Quarterly Financial Data (unaudited)

| (dollars in thousands, except per share amounts) | First quarter | Second quarter | Third quarter | Fourth quarter |
|---|---|---|---|---|
| 2014 Data: | | | | |
| Net sales | $ 46,667 | $ 52,309 | $ 53,626 | $ 52,958 |
| Gross margin | $ 6,060 | $ 8,410 | $ 8,643 | $ 8,909 |
| Operating income | $ 1,432 | $ 3,241 | $ 3,123 | $ 3,104 |
| Provision for income taxes | $ 1,072 | $ 749 | $ 775 | $ 553 |
| Net (loss) income | $ (499) | $ 1,449 | $ 1,395 | $ 1,705 |
| | | | | |
| Net (loss) income per common share: | | | | |
| Basic | $ (0.07) | $ 0.21 | $ 0.20 | $ 0.24 |
| Diluted | $ (0.07) | $ 0.20 | $ 0.20 | $ 0.24 |
| | | | | |
| 2013 Data: | | | | |
| Net sales | $ 49,135 | $ 42,887 | $ 48,460 | $ 40,286 |
| Gross margin | $ 4,646 | $ 5,308 | $ 2,438 | $ 1,488 |
| Operating income (loss) | $ 167 | $ 439 | $ (2,029) | $ (2,582) |
| Benefit from income taxes | $ (534) | $ (841) | $ (652) | $ (477) |
| Net income (loss) | $ 40 | $ 478 | $ (1,711) | $ (2,869) |
| | | | | |
| Net income (loss) per common share: | | | | |
| Basic | $ 0.01 | $ 0.07 | $ (0.25) | $ (0.41) |
| Diluted | $ 0.01 | $ 0.06 | $ (0.25) | $ (0.41) |

During the fourth quarter of 2013 and the first quarter of 2014, we recorded tax valuation allowances of $986,000 and $596,000, respectively, in relation to deferred tax assets for the state of New York. Net (loss) income per common share amounts for each quarter is required to be computed independently. As a result, their sum may not equal the total year earnings per share amounts.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A.CONTROLS AND PROCEDURES

Our management, including our Chairman, President and Chief Executive Officer and the Vice President of Finance, Chief Financial Officer and Treasurer, performed an evaluation of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our Chairman, President and Chief Executive Officer and the Vice President of Finance, Chief Financial Officer and Treasurer concluded that, as of the end of the fiscal year covered by this Annual Report on Form 10-K, our disclosure controls and procedures are effective. Management’s Report on our internal control over financial reporting is included in Item 8 of this Annual Report on Form 10-K under the caption “Management’s Report on Internal Control Over Financial Reporting” and is incorporated herein by reference. Our independent registered public accounting firm has issued a report on management’s maintenance of effective internal control over financial reporting and is set forth in Item 8 of this Annual Report on Form 10-K under the caption “Report of Independent Registered Public Accounting Firm” and is incorporated herein by reference.

During the last fiscal quarter of the fiscal year ended December 31, 2014, there were no changes in our internal control over financial reporting which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B.OTHER INFORMATION

None.

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PART III

ITEM 10.DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning the directors of the Company is set forth in the Proxy Statement for the 2015 Annual Meeting of Stockholders (the “Proxy Statement”) to be sent to stockholders in connection with our 2015 Annual Meeting of Stockholders, under the heading “Proposal No. 1—Election of Directors,” which information is incorporated by reference. With the exception of the information specifically incorporated herein by reference, our Proxy Statement is not to be deemed filed as part of this report for the purposes of this Item.

In addition to the information set forth under the caption “Executive Officers” in Part I of this report, the information concerning our directors required by this item is incorporated and made part hereof by reference to the material appearing under the heading “Nominees for Election as Directors” in our Proxy Statement, which will be filed with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of the 2014 fiscal year. Information concerning the Audit Committee and its “audit committee financial expert” required by this item is incorporated and made part hereof by reference to the material appearing under the heading “Committees of the Board of Directors” in the Proxy Statement. Information required by this item regarding compliance with Section 16(a) of the Exchange Act is incorporated and made a part hereof by reference to the material appearing under the heading “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement. Information concerning the executive officers of the Company is contained in Part I of this Annual Report on Form 10-K under the caption “Executive Officers.”

We have adopted a Code of Business Conduct and Ethics that applies to all directors and employees, including its principal executive officer and principal financial officer. A copy is available, free of charge, through our website at http://www.univstainless.com. Information on our website is not part of this Annual Report on Form 10-K. We intend to timely disclose any amendment of or waiver under the Code of Business Conduct and Ethics on our website and will retain such information on our website as required by applicable SEC rules.

ITEM 11. EXECUTIVE COMPENSATION

The information concerning executive compensation is set forth in the Proxy Statement under the heading “Executive Compensation,” which information is incorporated by reference. With the exception of the information specifically incorporated herein by reference, the Proxy Statement is not to be deemed filed as part of this report for the purposes of this Item.

ITEM 12.SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information concerning security ownership of certain beneficial owners and management is set forth in the Proxy Statement under the heading “Security Ownership of Certain Beneficial Owners and Management,” which information is incorporated by reference. With the exception of the information specifically incorporated herein by reference, the Proxy Statement is not to be deemed filed as part of this report for the purposes of this Item.

Equity Compensation Plan Information:

Securities authorized for issuance under equity compensation plans at December 31, 2014 were as follows:

| Plan Category | Number of shares to be issued upon exercise of outstanding options | Weighted-average exercise price of outstanding options | Number of shares remaining available for future issuance under equity compensation plans (A) |
|---|---|---|---|
| Equity compensation plans approved by security holders | 775,675 | $ 29.12 | 484,607 |
| Equity compensation plans not approved by security holders | - | - | - |
| Total | 775,675 | $ 29.12 | 484,607 |

(A) Includes 447,568 shares of common stock not issued under the Omnibus Incentive Plan and 37,039 available under the 1996 Employee Stock Purchase Plan, as amended.

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ITEM 13.CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information concerning certain relationships and related transactions, and director independence is set forth in the Proxy Statement under the heading "The Board of Directors," which information is incorporated by reference. With the exception of the information specifically incorporated herein by reference, the Proxy Statement is not to be deemed filed as part of this report for the purposes of this Item.

ITEM 14.PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information concerning principal accountant fees and services is set forth in the Proxy Statement under the heading "Principal Accountant Fees and Services," which information is incorporated by reference. With the exception of the information specifically incorporated herein by reference, the Proxy Statement is not to be deemed filed as part of this report for the purposes of this Item.

PART IV

ITEM 15.EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Form 10-K:

1) Financial Statements

The list of financial statements required by this item is set forth in Item 8, "Financial Statements and Supplementary Data" and is incorporated herein by reference.

2) Consolidated Financial Statement Schedules

Schedule II – Valuation and Qualifying Accounts

| For the Years Ended December 31, 2014, 2013 and 2012 | Balance at beginning of year | Charged to costs and expenses | Deductions/ net charge-offs (A) | Balance at end of year |
|---|---|---|---|---|
| (dollars in thousands) | | | | |
| Allowance for doubtful accounts: | | | | |
| Year ended December 31, 2014 | $ 84 | $ 18 | $ (85) | $ 17 |
| Year ended December 31, 2013 | 1,837 | 30 | (1,783) | 84 |
| Year ended December 31, 2012 | 1,952 | 4 | (119) | 1,837 |
| Valuation allowance for deferred income taxes: | | | | |
| Year ended December 31, 2014 | $ 986 | $ 596 | $ - | $ 1,582 |

| | | | | |
|---|---|---|---|---|
| Year ended December 31, 2013 | - | 986 | - | 986 |

(A) Represents write-off of bad debts net of recoveries
(B)
40

3) Exhibits

| EXHIBIT NUMBER | DESCRIPTION | |
|---|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation | Incorporated herein by reference to Exhibit 3.1 to Registration No. 33-85310. |
| 3.2 | Certificate of Amendment of Restated Certificate of Incorporation | Incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013. |
| 3.3 | Second Amended and Restated By-laws of the Company | Incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed December 15, 2014. |
| 4.1 | Specimen Copy of Stock Certificate for shares of Common Stock | Incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998. |
| 4.2 | Form of | Incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Universal Stainless & Alloy Products, Inc. on August 18, 2011. |

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| | Convertible Note, dated August 18, 2011 | |
| 10.1 | Stockholders Agreement dated as of August 1, 1994, by and among the Company and its existing stockholders | Incorporated herein by reference to Exhibit 10.1 to Registration No. 33-85310. |
| 10.2 | Omnibus Incentive Plan | Incorporated herein by reference to Appendix B of the Company's Definitive Proxy Statement dated April 25, 2012.* |
| 10.3 | Credit Agreement, dated as of August 18, 2011, by and among Universal Stainless & Alloy Products, Inc., the other borrowers party thereto, | Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Universal Stainless & Alloy Products, Inc. on August 18, 2011. |

| | | |
|---|---|---|
| | the guarantors party thereto, the lenders party thereto, PNC Bank National Association, as Administrative Agent, and PNC Capital Markets LLC, as Lead Arranger and Sole Bookrunner. | |
| 10.4 | First Amendment to Credit Agreement, dated as of March 19, 2012, by an among Universal Stainless & Alloy Products, Inc., the other borrowers party | Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Universal Stainless & Alloy Products, Inc. on March 23, 2012. |

| | | |
|---|---|---|
| | thereto, the guarantors party thereto, the lenders party thereto, PNC Bank National Association, as Administrative Agent, and PNC Capital Markets LLC, as Administrative Agent. | |
| 10.5 | Second Amendment to Credit Agreement, dated as of March 29, 2013, by an among Universal Stainless & Alloy Products, Inc., the other borrowers party thereto, the | Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Universal Stainless & Alloy Products, Inc. on April 4, 2013. |

| | | |
|---|---|---|
| | guarantors party thereto, the lenders party thereto, PNC Bank National Association, as Administrative Agent, and PNC Bank National Association, as Administrative Agent. | |
| 10.6 | Third Amendment to Credit Agreement and First Amendment to Guaranty and Suretyship Agreement, dated as of November 7, 2013, by an among Universal Stainless & Alloy Products, Inc., | Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Universal Stainless & Alloy Products, Inc. on November 12, 2013. |

the other borrowers party thereto, the guarantors party thereto, the lenders party thereto, PNC Bank National Association, as Administrative Agent, and PNC Bank National Association, as Administrative Agent.

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| | | |
|---|---|---|
| 10.7 | Employment Agreement dated December 21, 2007 between the Company and Dennis M. Oates | Incorporated herein by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007.* |
| 10.8 | Employment Agreement dated February 21, 2008 between the Company and Paul A. McGrath | Incorporated herein by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007.* |
| 10.9 | Employment Agreement dated May 6, 2013 between the Company and Michael D. Bornak | Incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.* |
| 10.10 | Employment Agreement dated April 21, 2008 between the Company and Christopher M. Zimmer | Incorporated herein by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.* |
| 10.11 | Form of notice of grant of restricted stock award. | Incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.* |
| 10.12 | Form of non-statutory stock option agreement. | Filed herewith.* |
| 10.13 | Form of incentive stock option | Filed herewith.* |

| | | |
|---|---|---|
| | agreement. | |
| 10.14 | Form of non-statutory stock option agreement for eligible directors. | Filed herewith.* |
| 21.1 | Subsidiaries of Registrant | Filed herewith. |
| 23.1 | Consent of Schneider Downs & Co., Inc. | Filed herewith. |
| 24.1 | Powers of Attorney | Included on the signature page herein. |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith. |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith. |
| 32.1 | | Filed herewith. |

| | | |
|---|---|---|
| | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | |
| 101 | The following financial information from this Annual Report on Form 10-K for the fiscal year ended December 31, 2014, formatted in XBRL (Extensible Business Reporting Language) and furnished electronically herewith: (i) the Consolidated Balance Sheets as of December 31, 2014 and 2013; (ii) the Consolidated Statements of Operations for the years ended December 31, | Filed herewith. |

2014, 2013 and 2012; (iii) the Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012; (iv) the Consolidated Statements of Shareholders' Equity for the years ended December 31, 2014, 2013 and 2012; and (v) the Notes to Consolidated Financial Statements.

* - Reflects management contract or compensatory plan or arrangement to be filed as an exhibit pursuant to Item 15(b) of this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on February 24, 2015.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

By: /s/ Dennis M. Oates

Dennis M. Oates
Chairman, President and Chief Executive Officer

POWER OF ATTORNEY

Each of the officers and directors of Universal Stainless & Alloy Products, Inc., whose signature appears below in so signing also makes, constitutes and appoints Dennis M. Oates and Paul A. McGrath, and each of them acting alone, his true and lawful attorney-in-fact, with full power of substitution, for him in any and all capacities, to execute and cause to be filed with the SEC any and all amendment or amendments to this Report on Form 10-K, with exhibits thereto and other documents connected therewith and to perform any acts necessary to be done in order to file such documents, and hereby ratifies and confirms all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

| SIGNATURE | TITLE | DATE |
|---|---|---|
| /s/ Dennis M. Oates<br>Dennis M. Oates | Chairman, President, Chief Executive Officer and Director (Principal Executive Officer) | February 24, 2015 |
| /s/ Michael D. Bornak<br>Michael D. Bornak | Vice President of Finance, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer) | February 24, 2015 |
| /s/ Christopher L. Ayers<br>Christopher L. Ayers | Director | February 24, 2015 |
| /s/ Douglas M. Dunn<br>Douglas M. Dunn | Director | February 24, 2015 |

| | | |
|---|---|---|
| /s/ M. David Kornblatt<br>M. David Kornblatt | Director | February 24, 2015 |
| /s/ Udi Toledano<br>Udi Toledano | Director | February 24, 2015 |

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