

OFG BANCORP  
Form 11-K  
June 30, 2014

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

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**FORM 11-K**

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**FOR ANNUAL REPORTS OF EMPLOYEE  
STOCK REPURCHASE SAVINGS AND  
SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**(Mark One):**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the fiscal year ended December 31, 2013**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission file number 001-12647

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**The Oriental Bank CODA Profit Sharing Plan**

**formerly known as**

**The Oriental Bank and Trust CODA Profit Sharing Plan**

c/o Oriental Bank  
254 Muñoz Rivera Avenue,

Oriental Center 15<sup>th</sup> Floor

San Juan, Puerto Rico 00918

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**OFG BANCORP**

254 Muñoz Rivera Avenue,

Oriental Center 15<sup>th</sup> Floor

San Juan, Puerto Rico 00918

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**The Oriental Bank CODA Profit Sharing Plan**  
**formerly known as**  
**The Oriental Bank and trust CODA Profit Sharing Plan**

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**Report of Independent Registered Public Accounting Firm**

The 1165(e) Retirement Plan Committee

The Oriental Bank CODA Profit Sharing Plan:

We have audited the accompanying statements of net assets available for benefits of The Oriental Bank CODA Profit Sharing Plan (the Plan) as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2013 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year), as of December 31, 2013 that accompanies the Plan's financial statements does not disclose the historical cost of certain nonparticipant directed plan assets held by the Plan trustee. Disclosure of this information is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

/s/ KPMG LLP

June 30, 2014

San Juan, Puerto Rico

Certified Public Accountants

<b>THE ORIENTAL BANK CODA PROFIT SHARING PLAN</b>						
Statements of Net Assets Available for Benefits						
December 31, 2013 and 2012						
		<b>2013</b>			<b>2012</b>	
<b>Assets:</b>						
Cash and investments:						
Cash	\$	4,481		\$	4,844	
Investments at fair value:						
Money market instruments		5,999			336,678	
Common stock		4,296,153			3,663,800	
Insurance company investment contracts:						
Pooled separate accounts		28,449,954			4,471,311	
Stable value fund		8,156,603			1,852,502	
Total cash and investments		40,913,190			10,329,135	
Receivables:						
Participants' contributions		-			39,069	
Employer's contributions		-			16	
Dividends		17,839			14,898	
Notes receivable from participants		52,009			-	
Total receivables		69,848			53,983	
Total assets	\$	40,983,038		\$	10,383,118	
<b>Liabilities:</b>						
Other liabilities	\$	10		\$	37,960	
Total liabilities		10			37,960	
Net assets available for benefits	\$	40,983,028		\$	10,345,158	
See accompanying notes to financial statements.						

<b>THE ORIENTAL BANK CODA PROFIT SHARING PLAN</b>		
Statement of Changes in Net Assets Available for Benefits		
Year ended December 31, 2013		
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	\$	3,270,977
Dividends		62,389
Interest		52,423
Total investment income		3,385,789
Contributions:		
Participants		2,280,566
Employer		805,914
Total contributions		3,086,480
Total additions		6,472,269
Deductions from net assets attributed to:		
Benefits paid to participants		(1,147,584)
Administrative fees		(26,656)
Total deductions		(1,174,240)
Net increase		5,298,029
Plan assets transferred in from the Plan Participación en Beneficios 1081 Banco Bilbao Vizcaya Argentaria Puerto Rico (Note 1)		25,339,841
Net assets available for benefits:		
Beginning of year		10,345,158
End of year	\$	40,983,028
See accompanying notes to financial statements.		

**THE ORIENTAL BANK CODA PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**(1) Description of the Plan**

The following description of The Oriental Bank CODA Profit Sharing Plan (the “Plan”) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan’s provisions.

**(a) General**

The Plan was organized on January 1, 1992 as a defined contribution plan originally maintained by Oriental Bank (the “Employer”), a wholly owned subsidiary of OFG Bancorp (the “Company”), for the benefit of its and its affiliated companies’ employees who are residents of Puerto Rico and are age 21 or older. The Plan is intended to be a qualified plan pursuant to the Puerto Rico Internal Revenue Code of 2011, as amended (the “2011 Code”). It contains a cash or deferred arrangement qualifying under the 2011 Code and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Effective January 1, 2013, the Plan changed its legal name to “The Oriental Bank CODA Profit Sharing Plan” from the “The Oriental Bank and Trust CODA Profit Sharing Plan.”

Effective April 1, 2013, the Plan was amended to include a new subsection which states that all employees who were employed by Banco Bilbao Vizcaya Argentaria Puerto Rico (“BBVA Bank”) on December 17, 2012 and who became employees of the Employer on December 18, 2012 as a result of the acquisition of BBVA Bank by the Company that was completed on the same date, shall be credited with all periods of service with BBVA Bank for all appropriate purposes under the Plan and can participate in the Plan.

In October 2013, the net plan assets of the Plan Participacion en Beneficios 1081 Banco Bilbao Vizcaya Argentaria Puerto Rico, a defined contribution plan which covered all full time employees of the former BBVA Bank, were transferred to the Plan.

On June 6, 2014, the Plan was amended, effective October 1, 2013, to clarify that the Plan could accept, hold and administer loans to participants that were included in the assets of the Plan Participación en Beneficios 1081 Banco Bilbao Vizcaya Argentaria Puerto Rico.

**(b) Contributions**

Effective as of January 1, 2011, total deferrals cannot exceed the maximum deferral amount under the provisions of U.S. Code Section 402(g) as annually indexed by the U.S. Internal Revenue Service (for 2013 the limit was \$17,500). If in addition to a deferral election under the Plan, participants contribute to an individual retirement account in Puerto Rico (“PR-IRA”), pre-tax contributions cannot exceed the sum of the annual deferral limit under the 2011 Code (\$17,500 for tax year ended December 31, 2013) and the 2011 Code limit on contributions to a PR-IRA (\$5,500).



Participants may also contribute amounts representing distributions from other Puerto Rico and U.S. qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers pooled separate accounts, a stable value fund, and shares of common stock of the Company as investment options for participants. For the year 2012 and part of year 2013, the employer matched 80% of the participants' contributions, up to a maximum of \$832 per year as discretionary matching contributions. Effective April 1, 2013, the Employer changed the discretionary matching contribution to a match of 50% of each participant's contributions up to a maximum contribution for matching purposes of 4% of the participant's compensation per year.

*(c) Participant Accounts*

Each participant's account is credited with the participant's contribution and allocations of (a) the Employer's contribution and (b) Plan earnings, and charged with an allocation of administrative fees. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**THE ORIENTAL BANK CODA PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**(d) Vesting**

Participants are immediately vested in their contributions plus actual earnings thereon. The Employer's contribution portion of their accounts plus actual earnings thereon vest upon the occurrence of any of the following events: completion of three years of credited service; attaining age 65; total disability while employed by the Employer; or death while employed by the Employer.

**(e) Payment of Benefits**

On termination of service due to death, disability, or retirement, a participant or its heirs may elect to receive the value of the vested interest in his or her account in either a lump sum amount, a fixed period that may not exceed the participant's life expectancy or through a fixed annuity contract. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump sum distribution.

**(f) Loans to Participants**

The Plan does not allow for loans to participants. In October 2013, the Plan Participación en Beneficios 1081 Banco Bilbao Vizcaya Argentaria Puerto Rico, a defined contribution plan which covered all full employees of former BBVA Bank, transferred its existing participant loans amounting to approximately \$54,000 to the Plan. These loans will be extinguished as they are repaid by participants. Loan terms range from 1-5 years or up to 30 years for a home loan. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with the interest rate charged by persons in the business of lending money for loans which would be made under similar circumstances. Principal and interest is paid ratably through payroll deductions. No additional loans will be granted to participants.

**(g) Forfeited Accounts**

Employer contributions that are not vested upon termination of employment are forfeited and may be used to pay administrative expenses and then reduce future contributions to the Plan by the Employer. For the year ended December 31, 2012, forfeitures totaling approximately \$12,000 were used to offset Employer contributions. For the year ended December 31, 2013, no forfeitures were used to offset Employer contributions. At December 31, 2013, the Plan had \$185,435 in forfeitures available to pay administrative expenses and reduce future Employer contributions.

**(h) Plan Termination**

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their Employer's contributions.



**THE ORIENTAL BANK CODA PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**(2) Summary of Significant Accounting Policies**

Following are the significant accounting policies followed by the Plan:

**(a) Basis of Presentation**

The accompanying financial statements have been prepared under the accrual method of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, for a defined contribution plan attributable to fully benefit responsive investment contracts, such as the stable value fund, the contract value is the relevant measurement attribute for that portion of the net assets available for plan benefits since it is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statement of net assets available for benefits presents the fair value of the investment contracts. For the stable value fund, the contract value of each participant account approximates its fair value.

**(b) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**(c) Risks and Uncertainties**

The Plan invests in various investment instruments. Investment securities are exposed to various risks, such as interest rate, credit, and market risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

**(d) Investments Valuation and Income Recognition**

The pooled separate accounts with Transamerica Life Insurance Company ("Transamerica") are stated at fair value as reported to the Plan by Transamerica, based on the quoted market prices of the underlying mutual funds. The unit value of the pooled separate account is calculated by dividing the total value of the assets of the separate account by the number of units in the separate account. For separate accounts that invest exclusively in mutual funds, the total value of the assets of the separate account is based on the net asset value (NAV), or price per share, of the underlying mutual fund. The mutual fund calculates its NAV by dividing the mutual fund's net assets by the mutual fund's outstanding number of shares. Those separate accounts investing in mutual funds or equity securities are measured using quoted prices in active markets for identical assets. Those separate accounts directly investing in fixed maturity securities are measured based on the pricing data provided by outside valuation service providers who in turn generally use the mean of bid and ask prices but may also use alternative observable pricing inputs for certain securities. The Stable Value Fund is valued at contract value, and is based on its beginning balance plus any deposit

and credited interest, less any withdrawals, charges, or expenses, a measurement which approximates fair value. Shares of common stock are valued at quoted closing market prices. Money market instruments are stated at fair value, which approximates cost plus accumulated interest earnings less distributions to date.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

*(e) Payments of Benefits*

Benefits are recorded when paid.

**THE ORIENTAL BANK CODA PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**(f) Plan Expenses**

Under the group annuity contract entered into with Transamerica, contract asset charges are assessed each month based on the actual combined balance of all separate accounts and the stable value fund. These charges are presented as administrative fees in the statement of changes in net assets available for benefits.

Administrative expenses, including trustee, legal, auditing, and other fees, may be paid out of the invested assets unless paid by the Employer. Expenses paid and absorbed by the Employer during the year ended December 31, 2013 amounted to \$74,486.

**(g) Subsequent events**

The Plan has evaluated subsequent events from the statement of net assets available for benefits date through June 30, 2014, the filing of this Annual Report on Form 11-K for the year ended December 31, 2013.

**(h) Recent Accounting Developments**

Accounting standards that have been issued by the Financial Accounting Standards Board (“FASB”) or other standards setting bodies are not expected to have a material impact on the Plan’s statements of net assets available for benefits, or the related statement of changes in net assets available for benefits.

**(3) Investments**

The following presents investments as of December 31, 2013 and 2012 that represent 5% or more of the Plan’s net assets.

	<b>December 31,</b>	
	<b>2013</b>	
Nonparticipant-directed investments:		
Common Stock; 247,759 shares	\$	4,296,153
Participant-directed investments:		
Pooled separate accounts:		
WMC Core Equity; 190,632 units		4,949,600
Janus Balanced Ret Opt; 117,956 units		4,810,583
American Century Government Bond; 192,489 units		3,554,688

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Columbia Marsico 21st Century; 171,802 units		3,432,667
Fidelity Advisor Lev Co Stk; 43,134 units		2,469,646
Janus Overseas Ret Opt; 39,788 units		2,298,816
Transamerica AA – Moderate; 114,149 units		2,165,989
Stable value fund:		
Transamerica Stable Value; 433,970 units		8,156,603

	<b>December 31,</b>	
	<b>2012</b>	
Nonparticipant-directed investments:		
OFG Bancorp - common stock; 275,888 shares	\$	3,663,800
Participant-directed investments:		
Pooled separate accounts:		
Columbia Marsico 21st Century; 45,617 units		641,536
Stable value fund:		
Transamerica Stable Value; 99,991 units		1,852,502

**THE ORIENTAL BANK CODA PROFIT SHARING PLAN****NOTES TO FINANCIAL STATEMENTS – (Continued)****YEARS ENDED DECEMBER 31, 2013 AND 2012**

During 2013, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$3,270,977 as follows:

	<b>2013</b>	
OFG Bancorp - common stock	\$	1,152,527
Pooled separate accounts		2,118,450
<b>Total</b>	<b>\$</b>	<b>3,270,977</b>

Transamerica offers a stable value fund that the participant may elect to transfer all or part of its funds into. The stable value fund is considered to be a fully benefit responsive investment contract. Contract value is the relevant measurement attribute for that portion of the net assets available for benefits. Contract value, as reported by Transamerica, is the beginning balance plus any deposit and credited interest, less any withdrawals, charges, or expenses, a measurement that approximates fair value. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of Transamerica or otherwise. The contract value of the investment contract at December 31, 2013 and 2012 was \$8,156,603 and \$1,852,502, respectively. This investment seeks to protect against any loss of principal while providing returns in excess of money market funds and one year U.S. Treasury bills. The investment has a portfolio investment rate design in which all deposits are credited with the same interest rate, credited on a daily basis, and with no set maturity. The effective credited interest rate is set monthly and effective on the first day of the month. Contract charges may reduce this return. The Transamerica Stable Value Fund is not a separate account investment choice – it is an investment in Transamerica's general account. The average yield of the Stable Value Fund based on actual earnings and interest credited to participants was 1.45% and 1.75% for the years ended December 31, 2013 and 2012, respectively.

Certain events limit the ability of the Plan to transact at contract value with Transamerica. Such events include the following: (1) the Plan is changed so as to significantly affect Transamerica's obligations to the contract, (2) the contract can no longer be treated as a pension plan contract, (3) the Plan is terminated, (4) failure to comply with the contract's requirements, (5) failure to provide information, (6) the sum of the contract account values at any time equals \$20,000 or less, or (7) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator is not aware of any events, which would limit the Plan's ability to transact at contract value with participants that are probable of occurring.

**(4) Nonparticipant Directed Investments**



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Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant directed investments is as follows:

OFG Bancorp common stock, 275,888 shares at December 31, 2012	\$	3,663,800
Changes in net assets during the year:		
Contributions		241,729
Transfers in		1,015,046
Dividends		62,389
Net increase in fair value		1,152,527
Benefits paid to participants		(268,948)
Transfers out		(1,570,390)
Net increase in OFG Bancorp common stock		632,353
OFG Bancorp common stock, 247,759 shares at December 31, 2013	\$	4,296,153

**THE ORIENTAL BANK CODA PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**(5) Related Party Transactions**

Certain Plan investments are shares of the Company's common stock. The Employer is the Plan sponsor and trustee and a wholly owned subsidiary of the Company and, therefore, qualifies as a party in interest. At December 31, 2013 and 2012, the Plan held an investment of 247,759 and 275,888 shares of the Company's common stock, respectively. The fair value of the common stock at December 31, 2013 and 2012 was \$4,296,153 and \$3,663,800, respectively.

The Plan had a money market account with the Employer amounting to \$22,123 at December 31, 2012, earning interest at 0.02%. This money market account was closed in November 2013.

The recordkeeper of the Plan is Caribbean Pension Consultants, Inc. ("CPC"), a subsidiary of the Company. Fees charged by CPC for services provided were absorbed by the Employer.

**(6) Income Taxes**

The trust established to fund the Plan is intended to be exempt from Puerto Rico and U.S. income taxes, the 2011 Code, and the U.S. Code. As applicable, the Plan is required to operate in conformity with the 2011 Code and the U.S. Code to maintain its qualification. The Plan administrator believes that the Plan is designed and operating in compliance with the applicable requirements of the PR Treasury and U.S. Code and remains qualified.

U.S. generally accepted accounting principles require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS and the PR Treasury. As of December 31, 2013, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. However, there are currently no audits in progress for any tax periods. The Plan is no longer subject to income tax examinations for the years prior to 2010.

**(7) Fair Value**

As discussed in Note 2, the Plan uses the fair value measurement framework under U.S. generally accepted accounting principles.

***Fair Value Measurement***

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value:

**Level 1** – assets include equity securities that are traded in an active exchange market, as well as certain money market instruments. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

**Level 2** – observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets. Level 2 assets include (i) pooled separate accounts, and (ii) the stable value fund.

**THE ORIENTAL BANK CODA PROFIT SHARING PLAN**

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Level 3** – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets include financial instruments whose value is determined using pricing models, for which the determination of fair value requires significant management judgment or estimation. As of December 31, 2013 and 2012, the Plan did not have such assets.

The following is a description of the valuation methodologies used for instruments measured at fair value:

*Pooled Separate Accounts:* the fair value of the investment in this category has been estimated using the NAV per share. The NAV of these accounts is based on the market value of its underlying investments. The NAV of these accounts is not a public quoted price in an active market (“Level 2”). There are currently no redemption restrictions on these investments.

*Stable Value Fund:* valued at contract value, and is based on its beginning balance plus any deposit and credited interest, less any withdrawals, charges, or expenses, a measurement which approximates fair value (“Level 2”).

*Shares of the Company’s common stock:* valued at quoted closing market prices (“Level 1”).

*Money Market Instruments:* stated at fair value, which approximates cost plus accumulated interest earnings less distributions to date (“Level 1”).

The estimated fair value is subjective in nature and involves uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect these fair value estimates. The fair value estimates do not take into consideration the value of future business and the value of assets and liabilities that are not financial instruments.

The following tables set forth by level, within the fair value hierarchy, the Plan’s fair value measurements at December 31, 2013 and 2012:

	December 31, 2013									
	Fair Value Measurements									
	Level 1		Level 2		Level 3		Total			
Money market instruments	\$	5,999	\$	-	\$	-	\$			5,999
Common stock		4,296,153		-		-				4,296,153
Pooled separate accounts										

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Hybrid (a)		-		8,402,872			-		8,402,872
Bond (b)		-		5,149,487			-		5,149,487
International Equity (c)		-		2,298,816			-		2,298,816
Equity - Large Cap (d)		-		11,335,692			-		11,335,692
Equity - Mid Cap (e)		-		780,822			-		780,822
Equity - Small Cap (f)		-		482,265			-		482,265
Stable value fund		-		8,156,603			-		8,156,603
	\$	4,302,152	\$	36,606,557	\$	-	\$	40,908,709	

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## THE ORIENTAL BANK CODA PROFIT SHARING PLAN

## NOTES TO FINANCIAL STATEMENTS – (Continued)

## YEARS ENDED DECEMBER 31, 2013 AND 2012

	December 31, 2012							
	Fair Value Measurements							
	Level 1		Level 2		Level 3		Total	
Money market instruments	\$	336,678	\$	-	\$	-	\$	336,678
Common stock		3,663,800		-		-		3,663,800
Pooled separate accounts								
Hybrid (a)		-		1,431,835		-		1,431,835
Bond (b)		-		906,755		-		906,755
International Equity (c)		-		515,903		-		515,903
Equity - Large Cap (d)		-		1,105,846		-		1,105,846

William S. Kies, Jr.

- -

Member

No. of Meetings Held in 2012

4 1 1

- (1) Mr. Brennan resigned from the Board of Directors after the end of fiscal 2012, on October 19, 2012.
- (2) Mr. Molpus did not stand for re-election at the Company's annual meeting, held on May 25, 2012.

Audit Committee. The Audit Committee provides assistance to the Board of Directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal accounting controls. The Audit Committee also oversees the audit efforts of our independent accountants and takes those actions as it deems necessary to satisfy it that the accountants are independent of management. The Audit Committee currently consists of Robert W. Allen (Chairman) Richard Juliano and James R. Gillis, each of whom is a non-management member of our Board of Directors. We believe that the composition of our Audit Committee meets the criteria for independence under, and the functioning of our Audit Committee complies with the applicable requirements of, the Sarbanes-Oxley Act of 2002 and the current rules of the Securities and Exchange Commission rules and regulations.

Compensation Committee. The Compensation Committee determines our general compensation policies and the compensation provided to our directors and officers. The Compensation Committee also reviews and determines bonuses for our officers and other employees. In addition, the Compensation Committee reviews and determines equity-based compensation for our directors, officers, employees and consultants and administers our stock option plans and employee stock purchase plan. The Compensation Committee currently consists of James R. Gillis (Chairman), Robert W. Allen and Richard Juliano, each of whom is a non-management member of our Board of Directors. We believe that the composition of our Compensation Committee meets the criteria for independence under, and the functioning of our Compensation Committee complies with the applicable requirements of, the Sarbanes-Oxley Act of 2002 and the current rules of the Securities and Exchange Commission rules and regulations.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board of Directors regarding candidates for directorships and the size and composition of the Board. In addition, the Nominating and Corporate Governance Committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the Board concerning corporate governance matters. The current members of the Nominating and Corporate Governance committee are William S. Kies, Jr. (Chairman), James R. Gillis, Robert P. Hermanns and Austin F. Noll, Jr. We believe that the composition of our Nominating and Corporate Governance Committee meets the criteria for independence under, and the functioning of our Nominating and Corporate Governance Committee complies with the applicable requirements of, the Sarbanes-Oxley Act of 2002 and the current rules of the Securities and Exchange Commission rules and regulations.

For a stockholder to submit a candidate for consideration to the Nominating and Corporate Governance Committee, a stockholder must notify the Company's Corporate Secretary. To make a recommendation for director nomination in advance of an Annual Meeting, a stockholder must notify the Company's Corporate Secretary in writing no later than 120 days prior to the anniversary of the date of the prior year's Annual Meeting Proxy Statement. Notices should be sent to the following address:

Park City Group, Inc.  
299 South Main Street, Suite 2370  
Salt Lake City, Utah 84111  
Attn: Corporate Secretary

All notices must include all information relating to the stockholder and the proposed nominee that would be required to be disclosed in a Proxy Statement or other filings required to be made in connection with solicitations of proxies for elections of directors under the proxy rules of the Securities and Exchange Commission.





## EXECUTIVE OFFICERS

The following table sets forth information regarding the executive officers of the Company during the year ended June 30, 2012:

Name	Age	Title
Randall K. Fields	65	Chief Executive Officer, Chairman of the Board and Director
David Colbert(1)	44	Former Vice President and Chief Financial Officer

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

The executive officers named above were appointed by the Board of Directors to serve in such capacities until their respective successors have been duly appointed and qualified or until their earlier death, resignation or removal from office.

Randall K. Fields has been the Chief Executive Officer, and Chairman of the Board of Directors since June 2001. Mr. Fields founded the Company in 1990 and has been its President, Chief Executive Officer, and Chairman of the Board since its inception. Mr. Fields has been responsible for the strategic direction of the Company since its inception. Mr. Fields co-founded Mrs. Fields Cookies with his then wife, Debbi Fields. He served as Chairman of the Board of Mrs. Fields Cookies from 1978 to 1990. In the early 1970's Mr. Fields established a financial and economic consulting firm called Fields Investment Group. Mr. Fields received a Bachelor of Arts degree in 1968 and a Masters of Arts degree in 1970 from Stanford University, where he was Phi Beta Kappa, Danforth Fellow and National Science Foundation Fellow.

David Colbert joined the Company in July 2010 as Vice President and Chief Financial Officer, and served in that capacity until his resignation on August 2, 2012, after the end of fiscal 2012. Prior to joining the Company, he was co-founder, Chief Financial Officer and Vice President of Operations for Sendside Networks, Inc., a privately held software-as-a-service company. Earlier in his career, Mr. Colbert spent 14 years with Kimberly-Clark Corporation, a Standard & Poor's 500 company, where he held various positions of increasing responsibility in finance, accounting and strategic planning. In his final Kimberly-Clark role, Mr. Colbert was responsible for all accounting, reporting and strategic analysis for a wholly-owned subsidiary. Mr. Colbert holds a Bachelors degree in Finance and Marketing from the University of Iowa and an MBA from Emory University.

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table sets forth certain information about the compensation paid or accrued during the year ended June 30, 2012 to our Chief Executive Officer and our Chief Financial Officer, our only executive officer, other than our Chief Executive Officer, who was serving as an executive officer as of June 30, 2012 and whose annual compensation exceeded \$100,000 during such year (collectively the "Named Executive Officers"):

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	All Other Compensation (\$)	Total (\$)
Randall K. Fields Chief Executive Officer and Chairman of the Board	2012	375,000(2)	165,625(3)	66,000(4)	72,471(5)	679,096
	2011	375,000(2)	71,875(3)	66,000(4)	73,865(5)	586,740
David Colbert(6) Former Chief Financial Officer	2012	165,000	-	39,400	-	204,400
	2011	150,625	-	38,000	-	188,625

- (1) Stock awards consist solely of shares of restricted Common Stock. Amounts shown do not reflect compensation actually received by the Named Executive Officer. Instead, the amounts shown are the compensation costs recognized by the Company during the fiscal year for stock awards as determined pursuant to FAS 123R.
- (2) \$325,000 of Mr. Fields' cash compensation was paid to Fields Management, Inc., a management company wholly-owned by Mr. Fields, during 2012 and 2011, respectively. 2011 amount includes \$50,000 of compensation paid in shares of Common Stock in lieu of cash compensation.
- (3) \$71,875 represents the value of 18,915 shares of Common Stock, which vested during the reporting period. The shares were originally issued in June 2010, and are valued as of the date of issuance, or \$3.80 per share.
- (4) Represents the value of 60,000 shares of Common Stock issued to Fields Management, Inc. which vested during the reporting period. The shares were originally issued in July 2009 under the terms of a Services Agreement between the Company and Fields Management, Inc., and are valued as of the date of issuance, or \$1.10 per share.
- (5) These amounts include premiums paid on life insurance policies of \$25,344 for each of 2012 and 2011; computer related expenses of \$7,113 and \$6,000 for 2012 and 2011, respectively; Company car related expenses of \$18,363 and \$19,920 for 2012 and 2011, respectively; medical premiums of \$9,651 and \$10,601 for 2012 and 2011, respectively; and reimbursement for certain accounting services of \$12,000 for each of 2012 and 2011, respectively.
- (6) Mr. Colbert resigned on August 2, 2012. Mr. Edward L. Clissold now serves as the Company's Chief Financial Officer.

## Employment Arrangements

The Company has an Employment Agreement with its Chief Executive Officer, Randall K. Fields, dated April 9, 2009, pursuant to which Mr. Fields is to be employed by the Company in the position of Sales Department Manager through June 30, 2013 for annual compensation of \$50,000. In addition, on April 9, 2009, the Company entered into a Services Agreement with Fields Management, Inc. ("FMI"), to provide certain executive management services to the Company, including designating Mr. Fields to perform the functions of President and Chief Executive Officer for the Company ("Executive"). The Services Agreement amends and replaces the Services Agreement between FMI and the Company, dated July 1, 2005. Randall K. Fields, FMI's designated Executive, who currently serves as the Company's Chairman of the Board, President and Chief Executive Officer, controls FMI. Under the terms of the Services Agreement, which continues through June 30, 2013, FMI is paid an annual base fee of \$325,000, payable in equal semi-monthly installments. In addition, FMI is entitled to the following:

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an incentive bonus based upon the Company's achievement of performance goals determined each year by the Compensation Committee of the Company's Board of Directors;

up to \$1,200 per month for reimbursement of a vehicle of Executive's choice;

an annual allowance of up to \$6,000 for computer equipment;

600,000 shares of Common Stock of the Company, subject to a pro-rata (10) ten-year vesting schedule;

payment of premiums for health insurance; and

reimbursement for certain accounting expense.

The Company is also maintains two universal life insurance policies in the name of the Executive for \$5.0 million each, with the beneficiary of one to be designated by the Executive, and the other to be designated by the Company.

#### Outstanding Equity Awards at Fiscal Year-End

The following table generally sets forth the number of outstanding equity awards that have not been earned or vested or that have not been exercised for each of the Named Executive Officers as of June 30, 2012. No other equity awards otherwise reportable in this table have been granted to any of our Named Executive Officers.

Name	Number of Securities Underlying Unexercised Options # Exercisable	Stock Awards			Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Units of Stock That Have Not Vested (\$)
		Option Exercise Price (\$)	Option Expiration Date			
Randall K. Fields	-	-	-	593,487	2,344,273	
David Colbert	-	-	-	45,000	45,000	

- (1) Mr. Colbert resigned from his position from the Company after the end of fiscal 2012. As a result, Mr. Colbert forfeited the reported Shares.
- (2) Market value determined based on the closing price of the Company's Shares on June 29, 2012, \$3.95, as reported on the NYSE American Stock Exchange.

#### 401(k) Retirement Plan

The Company offers an employee benefit plan under Benefit Plan Section 401(k) of the Internal Revenue Code. The Company utilizes Fidelity Investments as its administrator and trustee of the Company's 401(k) plan. Employees who have attained the age of 18 are immediately eligible to participate. The Company, at its discretion, may match employee's contributions at a percentage determined annually by the Board of Directors. The Company does not currently match contributions.

#### Indemnification for Securities Act Liabilities

Nevada law authorizes, and the Company's Bylaws and Indemnity Agreements provide for, indemnification of the Company's directors and officers against claims, liabilities and amounts paid in settlement, and expense in a variety of circumstances. Indemnification for liabilities arising under the Act may be permitted for directors, officers and controlling persons of the Company pursuant to the foregoing or otherwise. However, the Company has been advised

that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

#### Compensation Committee Interlocks and Insider Participation

No executive officers of the Company serve on the Compensation Committee (or in a like capacity) for the Company or any other entity.

Transactions with Related Persons, Partners and Control Persons

There were no transactions between the Company's Directors or Executive Officer and any Related Person, Partner or Control Person during the year ended June 30, 2012.

AUDIT COMMITTEE REPORT

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. HJ & Associates, LLC, the Company's independent registered public accounting firm, is responsible for performing an independent audit of the Company's financial statements and issuing an opinion on the conformity of those audited financial statements with U.S. Generally Accepted Accounting Principles. The Audit Committee monitors the Company's financial reporting process and reports to the Board on its findings.

In fulfilling its oversight responsibilities, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with the Company's management.
2. The Audit Committee has discussed with HJ & Associates, LLC, its independent registered public accounting firm, the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (Codification of Statements on Auditing Standards, AU 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T.
3. The Audit Committee has received from HJ & Associates, LLC, its independent registered public accounting firm the written disclosures regarding the independent registered public accounting firm's independence required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, and has discussed with HJ & Associates, LLC the firm's independence.
4. Based on the review and discussions referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012, for filing with the Securities and Exchange Commission.

The undersigned members of the Audit Committee have submitted this Report to the Board of Directors.

Robert W. Allen  
James Gillis

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee has selected HJ & Associates, LLC as the independent accountants of the Company for the fiscal year ending June 30, 2013. Representatives of HJ & Associates, LLC are expected to be present at the Annual Meeting or be available by telephone, and are expected to be available to respond to questions. They will also be afforded an opportunity to make a statement if they desire to do so.

Previously, the Audit Committee of the Board of Directors of the Company appointed HJ & Associates, LLC as the independent registered public accounting firm to audit the financial statements of the Company and its subsidiaries for

the fiscal years ended June 30, 2012, 2011, 2010, 2009 and 2008.

The following table presents approximate aggregate fees and other expenses for professional services rendered by HJ & Associates, LLC for the audit of the Company's annual financial statements for the years ended June 30, 2012 and 2011 and fees and other expenses for other services rendered during those periods.

	2012	2011
Audit Fees	\$ 56,000	\$ 56,000
Audit-Related Fees	-	-
Tax Fees	\$ 14,000	15,000
All Other Fees		-
<b>Total</b>	<b>\$ 70,000</b>	<b>\$ 71,000</b>

#### Audit Fees

Audit fees in 2012 and 2011 relate to services rendered in connection with the audit of the Company's consolidated financial statements.

#### Tax Fees

Tax fees in 2012 and 2011 include fees for services with respect to tax compliance, tax advice and tax planning.

#### Audit Committee Pre-Approval Policies

The Audit Committee has established its pre-approval policies and procedures, pursuant to which the Audit Committee approved the foregoing audit and permissible non-audit services provided by HJ & Associates, LLC in fiscal 2012 and 2011. Such procedures govern the ways in which the Audit Committee pre-approves audit and various categories of non-audit services that the auditor provides to the Company. Services which have not received pre-approval must receive specific approval of the Audit Committee. The Audit Committee is to be informed of each such engagement in a timely manner, and such procedures do not include delegation of the Audit Committee's responsibilities to management.

#### Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no changes in or disagreements with accountants on accounting and financial disclosure.



OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT  
AND RELATED STOCKHOLDER MATTERS

The following table sets forth information regarding shares of our Series A Preferred and Series B Preferred beneficially owned as of January 22, 2013 by:

- (i) each of our officers and directors;
- (ii) all officers and directors as a group; and
- (iii) each person known by us to beneficially own five percent or more of the outstanding shares of our Preferred Stock. Percent ownership is calculated based on 674,005 shares of our Series A Preferred and 411,927 shares of our Series B Preferred outstanding at January 22, 2013.

Name	Series A Convertible Preferred Stock	% Ownership of Class	Series B Convertible Preferred Stock	% Ownership of Class
Hillson Partners LP	71,065	10.54%	-	N/A
Robert F. Taglich	42,696	6.33%	-	N/A
Michael N. Taglich	40,827(1)	6.06%	-	N/A
E H Arnold	35,594	5.28%	-	N/A
Neal Goldman	35,528	5.27%	-	N/A
Robert W. Allen	35,519	5.27%	52,301	12.70%
Riverview Financial Corp.	7,102	1.05%	359,626	87.30%
Randall K. Fields	7,102	1.05%	359,626(5)	87.30%

\*Less than 1%

- (1) Includes 5,233 shares of Series A Preferred held by Mr. Taglich's minor children.
- (2) Includes 17,760 shares of Series A Preferred held by Susan M. Allen, Mr. Allen's spouse.
- (3) Includes 7,102 shares of Series A Preferred held in the name Randall K. Fields, Mr. Fields is the beneficial owner of Riverview Financial Corp.
- (4) Includes 10,000 shares of Series B Preferred held in the name Julie Fields, Mr. Fields spouse.
- (5) Includes 349,626 shares of Series B Preferred held in the name of Riverview Financial Corp. and 10,000 shares of Series B Preferred in the name of Julie Fields. Mr. Fields is the beneficial owner of Riverview Financial Corp. and spouse of Mrs. Fields.

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The following table sets forth information regarding shares of our Common Stock beneficially owned as of January 22, 2013 by: (1) each of our officers and directors, (2) all officers and directors as a group and (3) each person known by us to beneficially own five percent or more of the outstanding shares of our Common Stock.

Name (1)	Common Stock	Common Stock Options Exercisable Within 60 Days	Common Stock Warrants Exercisable Within 60 Days	Total Stock and Stock Based Holdings (2)	% Ownership of Class
Randall K. Fields (3)	5,716,875(4)(5)	-	-	5,716,875	42.54%
Edward L. Clissold (3)	5,202	4,000	-	9,202	*
Robert Hermanns (3)	57,463	-	-	57,463	*
James R. Gillis (3)	107,197	-	-	107,197	*
Robert W. Allen (3)	550,625(6)	-	-	550,625	4.31%
William S. Kies, Jr (3)	5,432	-	-	5,432	*
Austin F. Noll, Jr (3)	833	-	-	833	*
Richard Juliano	833	-	-	833	*
Goldman Capital Management	1,273,007	-	-	1,273,007	10.17%
Directors and Officers, as a group (9 persons)	6,444,460	4,000	-	6,448,460	51.52%

- (1) Mr. Ronald C. Hodge is not included in this table, as Mr. Hodge was appointed to the Board on February 1, 2013 and does not beneficially own any shares of Common Stock.
- (2) For purposes of this table “beneficial ownership” is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, pursuant to which a person or group of persons is deemed to have “beneficial ownership” of any shares that such person or group has the right to acquire within 60 days after January 22, 2013. For purposes of computing the percentage of outstanding common shares held by each person or group of persons named above, any shares that such person or group has the right to acquire within 60 days after January 22, 2013, are deemed outstanding but are not deemed to be outstanding for purposes of computing the percentage ownership of any other person or group. As of January 22, 2013, there were 12,515,776 shares of our Common Stock issued and outstanding. There were also outstanding options and warrants entitling the holders to purchase 4,000 shares of our Common Stock owned by officers and/or directors of the Company.
- (3) Officers and directors of the Company.
- (4) Includes 166,860 shares of Common Stock held in the name of Fields Management, Inc., of which Mr. Fields is the beneficial owner, 651,152 shares of Common Stock held in the name of Riverview Financial Corp., of which Mr. Fields is the beneficial owner, and 30,667 held by Mr. Fields’ spouse, Julie Fields.
- (5) Includes 23,673 shares issuable upon conversion of 7,102 shares of Series A Preferred held by Mr. Fields, 874,065 shares issuable upon conversion of 349,626 shares of Series B Preferred held by Riverview Financial Corp., of which Mr. Fields is the beneficial owner, and 25,000 shares issuable upon conversion of 10,000 shares of Series B Convertible Preferred held Mr. Fields’ spouse, Julie Fields.

- (6) Includes 46,243 shares of Common Stock held in trust, in which Mr. Allen is the trustee. Includes 59,198 and 59,200 shares issuable upon conversion of 17,759 and 17,760 shares of Series A Preferred for Mr. and Mrs. Allen, respectively. Includes 130,753 shares issuable upon conversion of 52,301 shares of Series B Preferred held by Mr. Allen.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file reports of beneficial ownership and changes in beneficial ownership of the Company's securities with the Securities and Exchange Commission on Forms 3 (Initial Statement of Beneficial Ownership), 4 (Statement of Changes of Beneficial Ownership of Securities) and 5 (Annual Statement of Beneficial Ownership of Securities). Directors, executive officers and beneficial owners of more than 10% of the Company's Common Stock are required by Securities and Exchange Commission regulations to furnish the Company with copies of all Section 16(a) forms that they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended June 30, 2012, each of our directors failed to report the issuance of shares to them in consideration for the payment of director fees owed to them during such fiscal year and had one or more late filings related to the acquisition and/or disposition of securities.

## ADDITIONAL INFORMATION

### Deadline for Receipt of Stockholder Proposals

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, stockholder proposals to be presented at our 2013 Annual Meeting and included in our Proxy Statement and form of proxy relating to that Annual Meeting must be received by us at our principal executive offices at 299 South Main Street, Suite 2370, Salt Lake City, Utah 84111, addressed to our Corporate Secretary, no later than December 22, 2013. These proposals must comply with applicable Nevada law, the rules and regulations promulgated by the Securities and Exchange Commission and the procedures set forth in our Bylaws.

Stockholders who intend to present a proposal at such Annual Meeting without inclusion of such proposal in our proxy materials pursuant to Rule 14a-8 under the Exchange Act are required to provide advanced notice of such proposal to us at the aforementioned address no later than December 22, 2013.

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

### Stockholder Communications with the Board of Directors

Our Board of Directors provides stockholders with the ability to send communications to the Board of Directors, and stockholders may do so at their convenience. In particular, stockholders may send their communications to: Board of Directors, c/o Corporate Secretary, Park City Group, Inc., 299 South Main Street, Suite 2370, Salt Lake City, Utah 84111. All communications received by the Corporate Secretary are relayed to the Board of Directors of the Company. Members of the Board of Directors are not required to attend the Annual Stockholders Meeting.

### Other Matters

At the date of this Proxy Statement, the Company knows of no other matters, other than those described above, that will be presented for consideration at the Annual Meeting. If any other business should come before the Annual Meeting, it is intended that the proxy holders will vote all proxies using their best judgment in the interest of the Company and the stockholders.

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The Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012 is being mailed to all stockholders of record as of the Record Date concurrently with the mailing of this Proxy Statement. The Annual Report on Form 10-K, which includes audited financial statements, does not form any part of the material for the solicitation of proxies.

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The Board of Directors invites you to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting in person, please sign, date and return the enclosed proxy card promptly in the enclosed envelope, so that your shares will be represented at the Annual Meeting.

PLEASE DATE, SIGN AND RETURN THE PROXY CARD AT YOUR EARLIEST CONVENIENCE IN THE ENCLOSED RETURN ENVELOPE. A PROMPT RETURN OF YOUR PROXY CARD WILL BE APPRECIATED AS IT WILL SAVE THE EXPENSE OF FURTHER MAILINGS.

By order of the Board of Directors,

Randall K. Fields  
Chief Executive Officer and Chairman

PARK CITY GROUP, INC.

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

OF PARK CITY GROUP, INC. FOR THE ANNUAL MEETING OF STOCKHOLDERS

The undersigned revokes all previous proxies and constitutes and appoints Randall K. Fields and Edward Clissold, and each of them, his or her true and lawful agent and proxy with full power of substitution in each, to represent and to vote on behalf of the undersigned all of the shares of Common Stock, Series A Convertible Preferred Stock, and Series B Convertible Preferred Stock of Park City Group, Inc. (the "Company") which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company to be held at 299 South Main Street, Suite 2370, Salt Lake City, Utah 84111, at 9:00 a.m., local time, on March 29, 2013, and at any adjournment(s) or postponement(s) thereof, upon the following proposals more fully described in the Notice of Annual Meeting of Stockholders and Proxy Statement for the Annual Meeting (receipt of which is hereby acknowledged).

This proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted FOR Proposal Nos. 1, 2, 3, 4 and 6, and "EVERY THREE YEARS" for Proposal No. 5, which have been proposed by our Board of Directors, and in his or her discretion, upon other matters as may properly come before the Annual Meeting.

(continued and to be signed on reverse side)

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PARK CITY GROUP, INC.  
SECOND AMENDED AND RESTATED 2011 EMPLOYEE STOCK PURCHASE PLAN  
(Effective as of April 1, 2013)

This Second Amended and Restated 2011 Employee Stock Purchase Plan (“Plan”) provides employees of Park City Group, Inc. (the “Company”) with an opportunity to acquire and expand their equity interest in the Company through the purchase of the Company’s Common Stock, \$0.01 par value per share (“Common Stock”). The objective of the Plan is to align the interests of the Company’s employees with the interests of the Company and its shareholders, and to develop an incentive for employees, through their efforts on behalf of the Company, to increase shareholder value.

Background

The Company adopted the 2011 Employee Stock Purchase Plan (the “Original Plan”), effective as of May 1, 2011. The Company’s Board of Directors amended and restated the Original Plan, effective August 1, 2011 to increase the number of authorized shares of Common Stock available for issuance from 50,000 to 150,000. The Plan, as amended and restated herein, increases the number of authorized shares of Common Stock available for issuance under the Plan from 150,000 to 200,000, effective upon shareholder approval of the Plan (the “Effective Date”).

Summary of Plan

Under the terms of the Plan, every full- and part-time employee of the Company electing to participate in the Plan (“Participating Employee”) shall have the ability to purchase shares of Common Stock at a discount to the fair market value of the Company’s Common Stock, as quoted on the NYSE’s AMEX (“FMV”), through monthly payroll deductions, or otherwise as determined by a committee established by the Committee. In the discretion of the Committee, the Plan may also provide for the issuance of Common Stock in lieu of cash compensation (“Payroll Replacement”).

Through an after tax payroll deduction, the Company shall withhold, and deduct from the bi-weekly paycheck of each Participating Employee, the amount determined by such Participating Employee, which amount shall not exceed fifteen percent (15%) of the gross amount due and owing such Participating Employee in such pay period (“Withheld Amount”). The Withheld Amount shall be directed towards the purchase of Common Stock at a fifteen percent (15%) discount to FMV, as more particularly set forth below. In the case of Payroll Replacement, the Withheld Amount shall similarly be directed towards the purchase of Common Stock; provided, however, the Committee shall determine the Withheld Amount, with the consent of the Participating Employee.

Number of Shares Available for Issuance Under the Plan

The total number of shares of Common Stock that may be issued under the terms of the Plan is 200,000; provided, however, this Plan may be amended by the Board of Directors to increase the number of shares of Common Stock available for issuance under the Plan.

Program Terms

The effective date of the Plan shall be the Effective Date, as set forth above. The first payroll deduction shall occur for the pay period ending after the Effective Date and shall terminate on the earlier of the date that no shares of Common Stock are available for issuance under the Plan, or ten years from the Effective Date (the “Term”).

Each period for which this Plan shall be in effect during the Term shall be January 1 to June 30, and July 1 to December 31 (each, an “Offering Period”).

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The Company shall deduct the Withheld Amount during each Offering Period. At the end of the Offering Period (the “Issue Date”), the Company shall issue shares of Common Stock in an amount equal to the total Withheld Amount divided by the lower of (i) the FMV on the first day of the Offering Period less 15%, or (ii) the last day of the Offering Period less 15% (in either case, the “Discount Value”). The Company shall retain all Withheld Amounts until the Issue Date.

#### Payroll Deductions

The Withheld Amounts shall accumulate during the Offering Period, and shall be a percentage between three percent (3%) of gross salary and fifteen percent (15%) of the gross salary due and owing such Participating Employee in such pay period (the “Applicable Deduction”). The Applicable Deduction may be modified by the Participating Employee effective the following dates: July 1 and January 1. Participating Employees may not modify the Applicable Deduction during the Offering Period. The Participating Employee shall complete a withholding form indicating the Applicable Deduction throughout the Offering Period. The Applicable Deduction shall continue until changed by the Participating Employee. In the event the Participating Employee terminates employment, all Withheld Amounts not otherwise applied to purchase shares of Common Stock under the Plan shall be refunded, without interest.

#### Taxes

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

#### Legal Statement

The Company reserves the right to modify the Plan at any time.

#### Current Plan Participants

Employees currently participating in a stock purchase or payroll deduction plan of the Company (“Existing Plan”) shall automatically be enrolled in the Plan according to the Applicable Deduction previously on file with the Company. Salary shown on each Participating Employee’s payroll checks shall return to pre-pay reduction levels and the after-tax deduction will be shown for the Withheld Amount. Participating Employees may elect to increase the Applicable Deduction at any time.

#### New Participants

Upon the Effective Date, the Withheld Amount to be deducted from the cash compensation paid to Participating Employees not currently participating in an Existing Plan shall equal three percent (3%), which amount shall constitute Payroll Replacement for purposes of the Plan; provided, however, Participating Employees may elect to increase the Applicable Deduction at any time.

#### Company Website

Stock purchase amounts and Withheld Amounts are available for review on the Company’s HR web site located at <https://hr.parkcitygroup.com/Default.aspx>.

Adopted by the Board of Directors effective January 19, 2013.

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APPENDIX B

PARK CITY GROUP, INC.  
SECOND AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN  
(Effective as of April 1, 2013)

1. Purpose of Plan. The purpose of the Park City Group, Inc. Second Amended and Restated 2011 Stock Incentive Plan (the "Plan") is to advance the interests of Park City Group, Inc. (the "Company") and its stockholders by enabling the Company and its Subsidiaries to attract and retain persons of ability to perform services for the Company and its Subsidiaries by providing an incentive to such individuals through equity participation in the Company and by rewarding such individuals who contribute to the achievement by the Company of its operational and financial objectives.

Pursuant to the Plan, the Company may grant (i) "incentive stock options," within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) stock options that do not qualify as incentive stock options ("Non-Qualified Stock Options"). No option granted under the Plan shall be treated as an incentive stock option unless the stock option agreement, which evidences the grant, refers to such option as an incentive stock option and such option satisfies the requirements of Section 422 of the Code. Pursuant to the Plan, the Company may also grant Restricted Stock Awards.

As used herein, the term "parent" or "subsidiary" shall mean any present or future corporation which is or would be a "parent corporation" or "subsidiary corporation" of the Company as the term is defined in Section 424 of the Code (determined as if the Company were the employer corporation).

2. Background. The Company adopted the 2011 Stock Incentive Plan (the "Original Plan"), effective as of May 1, 2011. The Company's Board of Directors amended and restated the Original Plan, effective August 1, 2012 to increase the number of authorized shares of Common Stock available for issuance from 200,000 to 350,000. The Plan, as amended and restated herein, increases the number of authorized shares of Common Stock available for issuance under the Plan from 350,000 to 550,000, effective upon shareholder approval of the Plan (the "Effective Date").

3. Definitions. The following terms will have the meanings set forth below, unless the context clearly otherwise requires:

3.1. "Board" means the Board of Directors of the Company.

3.2. "Broker Exercise Notice " means a written notice pursuant to which a Participant, upon exercise of an Option, irrevocably instructs a broker or dealer to sell a sufficient number of shares or loan a sufficient amount of money to pay all or a portion of the exercise price of the Option and /or any related withholding tax obligations and remit such sums to the Company and directs the Company to deliver stock certificates to be issued upon such exercise directly to such broker or dealer.

3.3. "Change in Control" means an event described in Section 11.1 of the Plan.

3.4. "Code" means the Internal Revenue Code of 1986, as amended.

3.5. "Committee" means the group of individuals administering the Plan, as provided in Section 4 of the Plan.

3.6. "Common Stock" means the common stock of the Company; par value \$0.01 per share, or the number and kind of shares of stock or other securities into which such Common Stock may be changed in accordance with Section

5.3 of the Plan.

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3.7. "Disability" means the disability of the Participant such as would entitle the Participant to receive disability income benefits pursuant to the long-term disability plan of the Company or Subsidiary then covering the participant or, if no such plan exists or is applicable to the Participant, the permanent and total disability of the Participant within the meaning of Section 22 (e)(3) of the Code.

3.8. "Eligible Recipients" means all employees (including, without limitation, officers and directors who are also employees) of the Company or any Subsidiary, any non-employee director, consultants and independent contractors of the Company or any Subsidiary and any joint venture partners (including without limitation, officers, directors and partners thereof) of the Company or any Subsidiary.

3.9. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

3.10. "Fair Market Value" means, with respect to the Common Stock, as of any date (or, if no shares were traded or quoted on such date, as of the next preceding date on which there was such a trade or quote), the closing market price per share of the Common Stock as reported on that date.

3.11. "Incentive Award" means an Option or Restricted Stock Award granted to an Eligible Recipient pursuant to the Plan.

3.12. "Incentive Stock Option" means a right to purchase Common Stock granted to an Eligible Recipient pursuant to Section 7 of the Plan that qualifies as an "incentive stock option" within the meaning of Section 422 of the Code.

3.13. "Non-Employee Director" means any member of the Board of Directors of the Company who is not an employee of the Company or any Subsidiary.

3.14. "Non-Statutory Stock Option " means a right to purchase Common Stock granted to an Eligible Recipient pursuant to Section 7 of the Plan that does not qualify as an Incentive Stock Option.

3.15. "Option" means an Incentive Stock Option or a Non-Statutory Stock Option.

3.16. "Participant" means an Eligible Recipient who receives one or more Incentive Awards under the Plan.

3.17. "Previously Acquired Shares" means shares of Common Stock that are already owned by the Participant or, with respect to any Incentive Award, that are to be issued upon the grant, exercise or vesting of such Incentive Award.

3.18. "Restricted Stock Award" means an award of Common Stock granted to an Eligible Recipient pursuant to Section 8 of the Plan that is subject to the restrictions on transferability and the risk of forfeiture imposed by the provisions of such Section 8.

3.19. "Retirement" means termination of employment or service pursuant to and in accordance with the regular (or, if approved by the Board for purposes of the Plan, early) retirement/pension plan or practice of the Company or Subsidiary then covering the Participant, provided that if the Participant is not covered by any such plan or practice, the Participant will be deemed to be covered by the Company plan or practice for purposes of this determination.

3.20. "Securities Act" means the Securities Act of 1933, as amended.

3.22. "Subsidiary" means any entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant equity interest, as determined by the Committee.



3.23. "Tax Date" means the date any withholding tax obligation arises under the Code for a Participant with respect to an Incentive Award.

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#### 4. Plan Administration.

4.1. The Committee. The Plan shall be administered by the Committee as appointed from time to time by the Board of Directors of the Company, which may be the Compensation Committee of the Board of Directors. Except as otherwise specifically provided herein, no person, other than members of the Committee, shall have any discretion as to decisions regarding the Plan. The Company may engage a third party to administer routine matters under the Plan, such as establishing and maintaining accounts for Plan participants and facilitating transactions by participants pursuant to the Plan.

In administering the Plan, the Committee may adopt rules and regulations for carrying out the Plan. The interpretations and decisions made by the Committee with regard to any question arising under the Plan shall be final and conclusive on all persons participating or eligible to participate in the Plan.

#### 4.2. Authority of the Committee.

(a) In accordance with and subject to the provisions of the Plan, the Committee will have the authority to determine all provisions of Incentive Awards as the Committee may deem necessary or desirable and as consistent with the terms of the Plan, including, without limitation, the following:

(i) the Eligible Recipients to be selected as Participants;

(ii) the nature and extent of the Incentive Awards to be made to each Participant (including the number of shares of Common Stock to be subject to each Incentive Award, any exercise price, the manner in which Incentive Awards will vest or become exercisable and whether Incentive Awards will be granted in tandem with other Incentive Awards) and the form of written agreement, if any, evidencing such Incentive Award;

(iii) the time or times when Incentive Awards will be granted;

(iv) the duration of each Incentive Award; and (v) the restrictions and other conditions to which the payment or vesting of Incentive Awards may be subject. In addition, the Committee will have the authority under the Plan in its sole discretion to pay the economic value of any Incentive Award in the form of cash, Common Stock or any combination of both.

(b) The Committee will have the authority under the Plan to amend or modify the terms of any outstanding Incentive Award in any manner, including, without limitation, the authority to modify the number of shares or other terms and conditions of an Incentive Award, extend the term of an Incentive Award, accelerate the exercisability or vesting or otherwise terminate any restrictions relating to an Incentive Award, accept the surrender of any outstanding Incentive Award or, to the extent not previously exercised or vested, authorize the grant of new Incentive Awards in substitution for surrendered Incentive Awards; provided, however that the amended or modified terms are permitted by the Plan as then in effect and that any Participant adversely affected by such amended or modified terms has consented to such amendment or modification. No amendment or modification to an Incentive Award, however, whether pursuant to this Section 4.2 or any other provisions of the Plan, will be deemed to be a regrant of such Incentive Award for purposes of this Plan.

(c) In the event of (i) any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, extraordinary dividend or divestiture (including a spin-off) or any other change in corporate structure or shares, (ii) any purchase, acquisition, sale or disposition of a significant amount of assets or a significant business, (iii) any change in accounting principles or practices, or (iv) any other similar change, in each case with respect the Company or any other entity whose performance is relevant to the

grant or vesting of an Incentive Award, the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) may, without the consent of any affected Participant, amend or modify the vesting criteria of any outstanding Incentive Award that is based in whole or in part on the financial performance of the Company (or any Subsidiary or division thereof) or such other entity so as equitably to reflect such event, with the desired result that the criteria for evaluating such financial performance of the Company or such other entity will be substantially the same (in the sole discretion of the Committee or the board of directors of the surviving corporation) following such event as prior to such event; provided, however, that the amended or modified terms are permitted by the Plan as then in effect.

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## 5. Shares Available for Issuance.

5.1. Maximum Number of Shares Available. Subject to adjustment as provided in Section 5.3 of the Plan, the maximum number of shares of Common Stock that will be available for issuance under the Plan will be 550,000 shares.

5.2. Accounting for Incentive Awards. Shares of Common Stock that are issued under the Plan or that are subject to outstanding Incentive Awards will be applied to reduce the maximum number of shares of Common Stock remaining available for issuance under the Plan. Any shares of Common Stock that are subject to an Incentive Award that lapses, expires, is forfeited or for any reason is terminated unexercised or unvested and any shares of Common Stock that are subject to an Incentive Award that is settled or paid in cash or any form other than shares of Common Stock will automatically again become available for issuance under the Plan. Any shares of Common Stock that constitute the forfeited portion of a Restricted Stock Award, however, will not become available for further issuance under the Plan.

## 5.3. Adjustments to Shares and Incentive Awards.

(a) The Committee may amend the Plan in order to increase the number of shares of Common Stock available for issuance subject to approval by the Company's Board of Directors.

(b) In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, divestiture or extraordinary dividend (including a spin-off) or any other change in the corporate structure or shares of the Company, the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) will make appropriate adjustment (which determination will be conclusive) as to the number and kind of securities available for issuance under the Plan and, in order to prevent dilution or enlargement of the rights of Participants, the number, kind and, where applicable, exercise price of securities subject to outstanding Incentive Awards.

6. Participation. Participants in the Plan will be those Eligible Recipients who, in the judgment of the Committee, have contributed, are contributing or are expected to contribute to the achievement of economic objectives of the Company or its Subsidiaries. Eligible Recipients may be granted from time to time one or more Incentive Awards, singly or in combination or in tandem with other Incentive Awards, as may be determined by the Committee in its sole discretion. Incentive Awards will be deemed to be granted as of the date specified in the grant resolution of the Committee, which date will be the date of any related agreement with the Participant.

## 7. Options.

7.1. Grant. An Eligible Recipient may be granted one or more Options under the Plan, and such Options will be subject to such terms and conditions, consistent with the other provisions of the Plan, as may be determined by the Committee in its sole discretion. The Committee may designate whether an Option is to be considered an Incentive Stock Option or a Non-Statutory Stock Option.

7.2. Exercise Price. The per share price to be paid by a Participant upon exercise of an Option will be determined by the Committee in its discretion at the time of the Option grant, provided that (a) such price will not be less than 100% of the Fair Market Value of one share of Common Stock on the date of grant with respect to an Incentive Stock Option (110% of the Fair Market Value if, at the time the Incentive Stock Option is granted, the Participant owns, directly or indirectly, more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary corporation of the Company), and (b) such price will not be less than 85% of the Fair Market Value of one share of Common Stock on the date of grant with respect to a Non-Statutory Stock Option.

7.3. Exercisability and Duration. An Option will become exercisable at such times and in such installments as may be determined by the Committee in its sole discretion at the time of grant; provided, however, that no Option may be exercisable after 10 years from its date of grant.

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7.4. **Payment of Exercise Price.** The purchase price of the shares to be purchased upon exercise of an Option will be payable to the Company in United States dollars in cash or by check or, such other legal consideration as may be approved by the Committee in its discretion. The Committee, in its sole discretion and upon terms and conditions established by the Committee, may allow such payments to be made, in whole or in part, by tender of a Broker Exercise Notice, Previously Acquired Shares or by a combination of such methods. The Committee, in its discretion, may permit a particular Optionee to pay all or a portion of the Option Price, and/or the tax withholding liability with respect to the exercise of an Option either by surrendering shares of stock already owned by such Optionee or by withholding shares of Option Stock, provided that the Committee determines that the fair market value of such surrendered stock or withheld Option Stock is equal to the corresponding portion of such Option Price and/or tax withholding liability, as the case may be, to be paid for therewith. The Committee, in its sole discretion, may establish such other terms and conditions for the payment of the exercise price, as it deems appropriate.

7.5. **Manner of Exercise.** An Option may be exercised by a Participant in whole or in part from time to time, subject to the conditions contained in the Plan and in the agreement evidencing such Option, by delivery in person, by facsimile or electronic transmission or through the mail of written notice of exercise to the Company (Attention: Chief Financial Officer) at its principal executive office in Park City, Utah and by paying in full the total exercise price for the shares of Common Stock to be purchased in accordance with Section 7.4 of the Plan.

7.6. **Aggregate Limitation of Stock Subject to Incentive Stock Options.** To the extent that the aggregate Fair Market Value (determined as of the date an Incentive Stock Option is granted) of the shares of Common Stock with respect to which incentive stock options (within the meaning of Section 422 of the Code) are exercisable for the first time by a Participant during any calendar year (under the Plan and any other incentive stock option plans of the Company or any subsidiary or parent corporation of the Company (within the meaning of the Code) exceeds \$100,000 (or such other amount as may be prescribed by the Code from time to time), such excess Options will be treated as Non-Statutory Stock Options. The determination will be made by taking Incentive Stock Options into account in the order in which they were granted. If such excess only applies to a portion of an Incentive Stock Option, the Committee, in its discretion, will designate which shares will be treated as shares to be acquired upon exercise of an Incentive Stock Option.

## 8. Restricted Stock Awards.

8.1. **Grant.** An Eligible Recipient may be granted one or more Restricted Stock Awards under the Plan, and such Restricted Stock Awards will be subject to such terms and conditions, consistent with the other provisions of the Plan, as may be determined by the Committee in its sole discretion. The Committee may impose such restrictions or conditions, not inconsistent with the provisions of the Plan, to the vesting of such Restricted Stock Awards as it deems appropriate, including, without limitation, that the Participant remain in the continuous employ or service of the Company or a Subsidiary for a certain period or that the Participant or the Company (or any Subsidiary or division thereof) satisfy certain performance goals or criteria.

8.2. **Rights as a Stockholder; Transferability.** Except as provided in Sections 8.1, 8.3 and 12.3 of the Plan, a Participant will have all voting, dividend, liquidation and other rights with respect to shares of Common Stock issued to the Participant as a Restricted Stock Award under this Section 8 upon the Participant becoming the holder of record of such shares as if such Participant were a holder of record of shares of unrestricted Common Stock.

8.3. **Dividends and Distributions.** Unless the Committee determines otherwise in its sole discretion (either in the agreement evidencing the Restricted Stock Award at the time of grant or at any time after the grant of the Restricted Stock Award), any dividends or distributions paid with respect to shares of Common Stock subject to the unvested portion of a Restricted Stock Award will be subject to the same restrictions as the shares to which such dividends or distributions relate. In the event the Committee determines not to pay such dividends or distributions currently, the

Committee will determine in its sole discretion whether any interest will be paid on such dividends or distributions. In addition, the Committee in its sole discretion may require such dividends and distributions to be reinvested (and in such case the Participants consent to such reinvestment) in shares of Common Stock that will be subject to the same restrictions as the shares to which such dividends or distributions relate.

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8.4. Enforcement of Restrictions. To enforce the restrictions referred to in this Section 8, the Committee may place a legend on the stock certificates referring to such restrictions and may require the Participant, until the restrictions have lapsed, to keep the stock certificates, together with duly endorsed stock powers, in the custody of the Company or its transfer agent or to maintain evidence of stock ownership, together with duly endorsed stock powers, in a certificateless book-entry stock account with the Company's transfer agent.

#### 9. Effect of Termination of Employment or Other Service.

9.1. Termination Due to Death, Disability or Retirement. In the event a Participant's employment or other service with the Company and all Subsidiaries is terminated by reason of death, Disability or Retirement:

(a) All outstanding Options then held by the Participant will remain exercisable to the extent exercisable as of such termination following such termination until the expiration date of such Option;

(b) All Restricted Stock Awards then held by the Participant will vest and/or continue to vest in the manner determined by the Committee and set forth in the agreement evidencing such Restricted Stock Award.

#### 9.2. Termination for Reasons Other than Death, Disability or Retirement.

(a) In the event a Participant's employment or other service is terminated with the Company and all Subsidiaries for any reason other than death, Disability or Retirement, or a Participant is in the employ or service of a Subsidiary and the Subsidiary ceases to be a Subsidiary of the Company (unless the Participant continues in the employ or service of the Company or another Subsidiary), all rights of the Participant under the Plan and any agreements evidencing an Incentive Award will immediately terminate without notice of any kind, and no Options then held by the Participant will thereafter be exercisable, and all Restricted Stock Awards then held by the Participant that have not vested will be terminated and forfeited; provided, however, that if such termination is due to any reason other than termination by the Company or any Subsidiary for "cause," all outstanding Options then held by such Participant will remain exercisable to the extent exercisable as of such termination for a period of one month after such termination (but in no event after the expiration date of any such Option).

(b) For purposes of this Section 9.2, "cause" (as determined by the Committee) will be as defined in any employment or other agreement or policy applicable to the Participant or, if no such agreement or policy exists, will mean (i) dishonesty, fraud, misrepresentation, embezzlement or deliberate injury or attempted injury, in each case related to the Company or any Subsidiary, (ii) any unlawful or criminal activity of a serious nature, (iii) any intentional and deliberate breach of a duty or duties that, individually or in the aggregate, are material in relation to the Participant's overall duties, or (iv) any material breach of any employment, service, confidentiality or non-compete agreement entered into with the Company or any Subsidiary.

9.3. Modification of Rights Upon Termination. Notwithstanding the other provisions of this Section 9, upon a Participant's termination of employment or other service with the Company and all Subsidiaries, the Committee may, in its sole discretion (which may be exercised at any time on or after the date of grant, including following such termination), cause Options (or any part thereof) then held by such Participant to become or continue to become exercisable and/or remain exercisable following such termination of employment or service and Restricted Stock Awards held by such Participant to vest and/or continue to vest or become free of transfer restrictions, as the case may be, following such termination of employment or service, in each case in the manner determined by the Committee; provided, however, that no Option may remain exercisable beyond its expiration date.





9.4. Breach of Confidentiality or Non-Compete Agreements. Notwithstanding anything in this Plan to the contrary, in the event that a Participant materially breaches the terms of any confidentiality or non-compete agreement entered into with the Company or any Subsidiary or takes any other action that the Committee, in its sole discretion, deems to be adverse to the interests of the Company or any Subsidiary (an "Adverse Action"), whether such Adverse Action occurs before or after termination of such Participant's employment or other service with the Company or any Subsidiary, the Committee in its sole discretion may immediately terminate all rights of the Participant under the Plan and any agreements evidencing an Incentive Award then held by the Participant without notice of any kind. In addition, to the extent that a Participant takes such Adverse Action during the period beginning 6 months prior to, and ending 6 months following, the date of such employment or service termination, the Committee in its sole discretion will have the authority (by so providing in the agreement evidencing such Incentive Award at the time of grant) to rescind(i) any grant of an Incentive Award made to such Participant during such period and (ii) any exercise of an Option of the Participant that was exercised during such period, and to require the Participant to pay to the Company, within 10 days of receipt from the Company of notice of such rescission, the amount of any gain realized from such rescinded grant or exercise. Such payment will be made in cash (including check, bank draft or money order) or, with the Committee's consent, shares of Common Stock with a Fair Market Value on the date of payment equal to the amount of such payment. The Company will be entitled to withhold and deduct from future wages of the Participant (or from other amounts that may be due and owing to the Participant from the Company or Subsidiary) or make other arrangements for the collection of all amounts necessary to satisfy such payment obligation.

9.5. Date of Termination of Employment or Other Service. Unless the Committee otherwise determines in its sole discretion, a Participant's employment or other service will, for purposes of the Plan, be deemed to have terminated on the date recorded on the personnel or other records of the Company or the Subsidiary for which the Participant provides employment or other service, as determined by the Committee in its sole discretion based upon such records.

#### 10. Payment of Withholding Taxes.

10.1. General Rules. The Company is entitled to (a) withhold and deduct from future wages of the Participant (or from other amounts that may be due and owing to the Participant from the Company or a Subsidiary), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all federal, state and local withholding and employment-related tax requirements attributable to an Incentive Award, including, without limitation, the grant, exercise or vesting of, or payment of dividends with respect to, an Incentive Award or a disqualifying disposition of stock received upon exercise of an Incentive Stock Option, or (b) require the Participant promptly to remit the amount of such withholding to the Company before taking any action, including issuing any shares of Common Stock, with respect to an Incentive Award.

10.2. Special Rules. The Committee may, in its sole discretion and upon terms and conditions established by the Committee, permit or require a Participant to satisfy, in whole or in part, any withholding or employment-related tax obligation described in Section 10.1 of the Plan by electing to tender Previously Acquired Shares or a Broker Exercise Notice, or by a combination of such methods.

#### 11. Change in Control.

11.1. Change in Control. For purposes of this Section 11.1, a "Change in Control" of the Company will mean (a) the sale, lease, exchange or other transfer of substantially all of the assets of the Company (in one transaction or in a series of related transactions) to a person or entity that is not controlled, directly or indirectly, by the Company, (b) a merger or consolidation to which the Company is a party if the stockholders of the Company immediately prior to effective date of such merger or consolidation do not have "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act) immediately following the effective date of such merger or consolidation of more than 80% of the combined voting power of the surviving corporation's outstanding securities ordinarily having the right to vote at elections of directors, or (c) a change in control of the Company of a nature that would be required to be reported pursuant to Section 13 or 15(d) of the Exchange Act, whether or not the Company is then subject to such reporting requirements, including, without limitation, such time as (i) any person becomes, after the effective date of the Plan, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 40% or more of the combined voting power of the Company's outstanding securities ordinarily having the right to vote at elections of directors, or (ii) individuals who constitute the Board on the effective date of the Plan cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the effective date of the Plan whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors comprising the Board on the effective date of the Plan will, for purposes of this clause (ii), be considered as though such persons were a member of the Board on the effective date of the Plan.

11.2. Acceleration of Vesting. Without limiting the authority of the Committee under Section 4.2 of the Plan, if a Change in Control of the Company occurs, then, if approved by the Committee in its sole discretion either in an agreement evidencing an Incentive Award at the time of grant or at any time after the grant of an Incentive Award, (a) all Options may become immediately exercisable in full and may remain exercisable for the remainder of their terms, regardless of whether the Participants to whom such Options have been granted remain in the employ or service of the Company or any Subsidiary; and (b) all outstanding Restricted Stock Awards may become immediately fully vested in the manner determined by the Committee and/or set forth in the agreement evidencing such.

11.3. Cash Payment for Options. If a Change in Control of the Company occurs, then the Committee, if approved by the Committee in its sole discretion either in an agreement evidencing an Incentive Award at the time of grant or at any time after the grant of an Incentive Award, and without the consent of any Participant effected thereby, may determine that some or all Participants holding outstanding Options will receive, with respect to and in lieu of some or all of the shares of Common Stock subject to such Options, as of the effective date of any such Change in Control of the Company, cash in an amount equal to the excess of the Fair Market Value of such shares immediately prior to the effective date of such Change in Control of the Company over the exercise price per share of such Options.

11.4. Limitation on Change in Control Payments. Notwithstanding anything in Section 11.2 or 11.3 of the Plan to the contrary, if, with respect to a Participant, the acceleration of the vesting of an Incentive Award as provided in Section 11.2 or the payment of cash in exchange for all or part of an Incentive Award as provided in Section 11.3 (which acceleration or payment could be deemed a "payment" within the meaning of Section 280G(b)(2) of the Code), together with any other payments which such Participant has the right to receive from the Company or any corporation that is a member of an "affiliated group" (as defined in Section 1504(a) of the Code without regard to Section 1504(b) of the Code) of which the Company is a member, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments to such Participant pursuant to Section 11.2 or 11.3 will be reduced to the largest amount as will result in no portion of such payments being subject to the excise tax imposed by Section 4999 of the Code; provided, however, that if such Participant is subject to a separate agreement with the Company or a Subsidiary which specifically provides that payments attributable to one or more forms of employee stock incentives or to payments made in lieu of employee stock incentives will not reduce any other payments under such agreement, even if it would constitute an excess parachute payment, then the limitations of this Section 11.4 will, to that extent, not apply.

12. Rights of Eligible Recipients and Participants: Transferability.

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12.1. Employment or Service. Nothing in the Plan will interfere with or limit in any way the right of the Company or any Subsidiary to terminate the employment or service of any Eligible Recipient or Participant at any time, nor confer upon any Eligible Recipient or Participant any right to continue in the employ or service of the Company or any Subsidiary.

12.2. Rights as a Stockholder. As a holder of Incentive Awards (other than Restricted Stock Awards), a Participant will have no rights as a stockholder unless and until such Incentive Awards are exercised for, or paid in the form of, shares of Common Stock and the Participant becomes the holder of record of such shares. Except as otherwise provided in the Plan, no adjustment will be made for dividends or distributions with respect to such Incentive Awards as to which there is a record date preceding the date the Participant becomes the holder of record of such shares, except as the Committee may determine in its discretion.

12.3. Restrictions on Transfer. Except pursuant to testamentary will or the laws of descent and distribution or as otherwise expressly permitted by the Committee or the Plan, no right or interest of any Participant in an Incentive Award prior to the exercise or vesting of such Incentive Award will be assignable or transferable, or subjected to any lien; during the lifetime of the Participant, either voluntarily or involuntarily, directly or indirectly by operation of law or otherwise. A Participant will, however, be entitled to designate a beneficiary to receive an Incentive Award upon such Participant's death, and in the event of a Participant's death, payment of any amounts due under the Plan will be made to, and exercise of any Options may be made by, the Participant's legal representatives, heirs and legatees.

12.4. Non-Exclusivity of the Plan. Nothing contained in the Plan is intended to modify or rescind any previously approved compensation plans or programs of the Company or create any limitations on the power or authority of the Board to adopt such additional or other compensation arrangements as the Board may deem necessary or desirable.

12.5. Securities Law and Other Restrictions. Notwithstanding any other provision of the Plan or any agreements entered into pursuant to the Plan, the Company will not be required to issue any shares of Common Stock under this Plan, and a Participant may not sell, assign, transfer or otherwise dispose of shares of Common Stock issued pursuant to Incentive Awards granted under the Plan, unless (a) there is in effect with respect to such shares a registration statement under the Securities Act and any applicable state securities laws or an exemption from such registration under the Securities Act and applicable state securities laws, and (b) there has been obtained any other consent, approval or permit from any other regulatory body which the Committee, in its sole discretion, deems necessary or advisable. The Company may condition such issuance, sale or transfer upon the receipt of any representations or agreements from the parties involved, and the placement of any legends on certificates representing shares of Common Stock, as may be deemed necessary or advisable by the Company in order to comply with such securities law or other restrictions.

13. Plan Amendment, Modification and Termination. The Board may suspend or terminate the Plan or any portion thereof at any time, and may amend the Plan from time to time in such respects as the Board may deem advisable in order that Incentive Awards under the Plan will conform to any change in applicable laws or regulations or in any other respect the Board may deem to be in the best interests of the Company; provided, however, that (a) the Board will not have the authority to amend the eligibility requirements for Options granted pursuant to Section 7.7 of the Plan, or to modify the number of shares, exercise price, exercisability, duration, manner of payment or other terms with respect to such Options, more than once every six months, other than to comply with changes in the Code, the Employee Retirement Income Security Act or the rules promulgated thereunder; and (b) no amendments to the Plan will be effective without approval of the stockholders of the Company if stockholder approval of the amendment is then required pursuant to Rule 16b-3 under the Exchange Act, Section 422 of the Code or the rules of the New York Stock Exchange. No termination, suspension or amendment of the Plan may adversely affect any outstanding Incentive Award without the consent of the affected Participant; provided, however, that this sentence will not impair the right of the Committee to take whatever action it deems appropriate under Sections 5.3 and 11 of the Plan.

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14. Effective Date and Duration of the Plan. The Plan is effective as of the Effective Date, as set forth above. The Plan will terminate at midnight on the ten (10) year anniversary of the Effective Date, and may be terminated prior to such time to by Board action, and no Incentive Award will be granted after such termination. Incentive Awards outstanding upon termination of the Plan may continue to be exercised, or become free of restrictions, in accordance with their terms.

15. Miscellaneous.

15.1. Governing Law. The validity, construction, interpretation, administration and effect of the Plan and any rules, regulations and actions relating to the Plan will be governed by and construed exclusively in accordance with the laws of the State of Utah.

15.2. Successors and Assigns. The Plan will be binding upon and inure to the benefit of the successors and permitted assigns of the Company and the Participants.

Adopted by the Board of Directors on January 19, 2013.