

MILLER ENERGY RESOURCES, INC.
Form DEFA14A
September 19, 2014

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

SCHEDULE 14A

(Amendment No. 1)

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a party other than the
Registrant
Check the appropriate box:

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

Miller Energy Resources, Inc.
(Name of Registrant as Specified in Its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
Per unit price or other underlying value of transaction computed pursuant to Exchange Act
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 - (4) Proposed maximum aggregate value of the transaction:
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- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
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-

EXPLANATORY NOTE

We are filing this Amended and Restated Proxy Statement of Miller Energy Resources, Inc. to reflect certain changes since the filing of our Proxy Statement on August 28, 2014 in the membership of our Board of Directors (the “Board”) and executive management team including the resignation and retirement of our Founder and former Executive Chairman of the Board, Deloy Miller, the resignation of our former Chief Executive Officer, Scott M. Boruff, and his appointment as Executive Chairman of the Board, the appointment of Carl Giesler as our Chief Executive Officer and a member of the Board, and the appointment of A. Haag Sherman as a member of the Board. In connection with these changes, our Board modified their previous resolution regarding the size of the Board and determined to set the size of the Board at seven members, effective as of September 14, 2014.

The Board further decided to recommend for election a slate of seven candidates at the Annual Meeting of Shareholders for the fiscal year ending April 30, 2014 to be held on October 30, 2014 as described in more detail later in this Amended and Restated Proxy Statement.

In addition to the changes described above, we are also including updates regarding changes to our corporate governance and executive and director compensation. On September 14, 2014, the Board determined to eliminate the position of Lead Director because there was no family relationship between our new Executive Chairman, Mr. Boruff, and our new Chief Executive Officer, Mr. Giesler, in contrast to the former relationship of Mr. Miller and Mr. Boruff. Mr. Miller was the step-father of Mr. Boruff’s late wife. With respect to the disclosure in our Compensation Discussion and Analysis section, we are providing updates regarding compensation paid or to be paid to Mr. Miller, Mr. Boruff, and Mr. Giesler in connection with their respective retirement, resignation and change in position, and hiring. We are also providing updated disclosure regarding stock option grants to Messrs. Sherman, Hannahs, and Stivers.

We have updated the disclosure regarding the beneficial ownership of our executive officers and directors to reflect the changes described in the immediately preceding paragraph, except where such disclosure is dated as of a date preceding September 14, 2014. For example, and for the avoidance of doubt, some information presented in this Amended and Restated Proxy Statement is for our fiscal year ended April 30, 2014, and therefore reflects values or calculations as of April 30, 2014.

Finally, we are adding a proposal to increase the number of shares of our common stock available for grant under our 2011 Equity Compensation Plan. This proposal and its accompanying required disclosure are set forth under “Proposal 3.”

Other than the changes set forth above and updates to the date of notice for the meeting and the date of this Amended and Restated Proxy Statement, there are no other changes to the Proxy Statement.

To Our Shareholders:

You are cordially invited to attend our annual meeting of shareholders (the “Annual Meeting”) of Miller Energy Resources, Inc. (the “Company”) for the fiscal year ended April 30, 2014 which will be held at the Rothchild Catering and Conference Center, 8807 Kingston Pike, Knoxville, TN 37923 on October 30, 2014, beginning at 9:00 a.m., local time.

Items of business to be considered at the meeting will include:

the election of seven directors from amongst the nominees named in the accompanying proxy statement (the “Amended and Restated Proxy Statement”);
the ratification of the appointment of our independent registered public accounting firm;
the adoption of an amendment to our 2011 Equity Compensation Plan; and
any other business that may be properly brought before the Annual Meeting or any adjournments or postponements thereof.

The accompanying Amended and Restated Proxy Statement is designed to answer your questions and provide you with important information regarding the Board of Directors of the Company and senior management and the matters that will be voted on at the Annual Meeting.

Whether or not you plan to attend the Annual Meeting, your vote is important. Instructions regarding the various methods of voting are contained on the proxy card, including voting by toll-free telephone number or the Internet. If you received a paper copy of your proxy card by mail, you may also vote your shares by marking your votes on the proxy card, signing and dating it and mailing it in the envelope provided.

On behalf of the Board of Directors, we would like to express our appreciation for your continued interest in the affairs of our Company. We look forward to greeting in person as many of our shareholders as possible. If you have any questions or require any assistance with voting your shares, or if you need additional copies of the proxy materials, please contact:

ISSUER DIRECT

500 Perimeter Park Drive, Suite D
Morrisville, NC 27560

Please reference: MILLER ENERGY RESOURCES, INC. 2014 ANNUAL MEETING

Shareholders May Call:

(866) 752-8683 to vote or to request materials

(919) 481-4000 for all other proxy-related matters, or assistance with voting

The initial Proxy Statement was dated and filed on August 28, 2014. We amended and restated the Proxy Statement on September 19, 2014, and the Amended and Restated Proxy Statement is first being mailed to shareholders on or about September 19, 2014.

Sincerely,

/s/ Carl F. Giesler, Jr.
Carl F. Giesler, Jr.
Chief Executive Officer

September 19, 2014

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON OCTOBER 30, 2014

We will hold the annual meeting of shareholders (the “Annual Meeting”) of Miller Energy Resources, Inc. (the “Company”) at the Rothchild Catering and Conference Center, 8807 Kingston Pike, Knoxville, TN 37923 on October 30, 2014, beginning at 9:00 a.m., local time. At the Annual Meeting you will be asked to vote on the following matters:

1. to elect seven directors from amongst the nominees named in the accompanying Amended and Restated Proxy Statement;
2. to ratify the appointment of KPMG LLP as our independent registered public accounting firm;
3. to adopt an amendment to our 2011 Equity Compensation Plan; and
4. to consider and act upon any other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board of Directors of the Company (the “Board of Directors”) recommends that you vote FOR all of the Company’s nominees for director in Proposal 1. The Board of Directors also recommends that you vote FOR Proposals 2 and 3.

The Company cordially invites all shareholders to attend the Annual Meeting in person. The Board of Directors has fixed the close of business on August 28, 2014, as the record date for determining the shareholders that are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

YOUR VOTE IS IMPORTANT. Whether or not you personally plan to attend the Annual Meeting, please take a few minutes now to vote by telephone or by Internet by following the instructions on the enclosed proxy card, or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope provided. If you are a beneficial owner (i.e., you hold your shares in “street name”), please follow the voting instructions provided by your bank, broker or other nominee. Regardless of the number of Company shares you own, your vote is important.

By Order of the Board of Directors

/s/ Carl F. Giesler, Jr.
Carl F. Giesler, Jr.
Chief Executive Officer

Knoxville, TN
September 19, 2014

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on October 30, 2014: This amended and restated proxy statement, along with our Annual Report on Form 10-K for the year ended April 30, 2014, as amended, are available free of charge on our website www.millerenergyresources.com.

MILLER ENERGY RESOURCES, INC.

AMENDED AND RESTATED PROXY STATEMENT

2014 ANNUAL MEETING OF SHAREHOLDERS

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Shareholders Should Read the Entire Amended and Restated Proxy Statement
Carefully Prior to Submitting Their Proxies

AMENDED AND RESTATED PROXY STATEMENT OF MILLER ENERGY RESOURCES, INC.
FOR
ANNUAL MEETING OF SHAREHOLDERS

THIS SOLICITATION IS BEING MADE BY THE BOARD OF DIRECTORS OF
MILLER ENERGY RESOURCES, INC. AND NOT ON BEHALF OF ANY OTHER PERSON OR ENTITY

QUESTIONS AND ANSWERS

Following are some commonly asked questions raised by our shareholders and answers to each of those questions.

Why did I receive these proxy materials?

Our Board of Directors has made these materials available to you on the Internet or, upon your request, has delivered printed versions to you by mail, in connection with the solicitation of proxies by the board for the Annual Meeting of Shareholders which will be held on October 30, 2014 (the "Annual Meeting"). Proxies are solicited to give all shareholders of record at the close of business on August 28, 2014 an opportunity to vote on matters that come before the Annual Meeting.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?

As permitted by the rules adopted by the Securities and Exchange Commission ("SEC"), we are making this proxy statement and our annual report available on the Internet. On September 19, 2014, we mailed a Notice of Internet Availability of Proxy Materials to our shareholders containing instructions on how to access the proxy statement and annual report and vote online. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing the documents to you. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

What may I vote on at the Annual Meeting?

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

- to elect seven directors from amongst the nominees named in this Amended and Restated Proxy Statement;
- to ratify the appointment of KPMG LLP as our independent registered public accounting firm;
- to adopt an amendment to our 2011 Equity Compensation Plan; and
- to consider and act upon any other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Who is entitled to vote?

Shareholders of record as of the close of business on August 28, 2014, the Record Date, are entitled to vote on matters that come before the meeting. Shares can be voted only if the shareholder is present in person or is represented by proxy.

How many votes do I have?

Each share of the Company's common stock that you own as of the Record Date entitles you to one vote on each matter before the Annual Meeting. On August 28, 2014, there were 46,308,971 shares of our common stock outstanding.

What is the difference between holding shares as a shareholder of record and as a beneficial owner of shares held in street name?

Shareholders of Record. If your shares are registered directly in your name with our transfer agent, Interwest Transfer Company, Inc., you are considered the shareholder of record with respect to those shares.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in "street name," and the proxy materials, as applicable, are being forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

How do I vote?

All shareholders may vote by proxy over the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials, or, if you request printed copies of the proxy materials by mail, you can also vote by mail, by telephone or by facsimile.

If you are a shareholder of record, you may vote in person at the Annual Meeting. We will give you a ballot when you arrive. However, you may vote by proxy before the meeting and still attend, if you prefer.

If you are a beneficial owner of shares held in street name and you wish to vote in person at the Annual Meeting, you must obtain a valid proxy from the organization that holds your shares. If you do not obtain a valid proxy from your bank or broker, you will not be entitled to vote your shares, but you can still attend the Annual Meeting if you bring a recent bank or brokerage statement showing that you were the beneficial owner of shares of our common stock on the Record Date for voting.

What happens if I do not give specific voting instructions?

Shareholders of Record. If you are a shareholder of record and you:

• indicate when voting that you wish to vote as recommended by our Board of Directors; or
• if you sign and return a proxy card without giving specific voting instructions,

then the proxy holder will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Amended and Restated Proxy Statement and as the proxy holder may determine in his discretion with respect to any other matters properly presented for a vote at the meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of the New York Stock Exchange, the organization that holds your shares may generally vote on discretionary matters but cannot vote on non-discretionary matters. The ratification of the selection of independent registered public accounting firms is considered a routine matter for which brokerage firms may vote shares for which they have not received voting

instructions. This is called a “broker discretionary vote.” When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a “broker non-vote.” The election of directors is not considered a routine matter for which brokerage firms may vote shares for which they have not received voting instructions. Therefore, if you are a street name stockholder and do not provide voting instructions to your broker with respect to this matter, it will result in a broker non-vote with respect to the election of directors. In the case of votes on non-routine matters (all matters except for the proposal regarding ratification of the auditor), broker non-votes will not be counted for purposes of determining whether a quorum is present for action on these matters, and will not otherwise be counted. We encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the notice.

Can I change my vote?

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting.

Shareholders of Record. If you are a record holder, you may do this by completing and returning a new proxy card with a later date, by voting on a later date by using the Internet or by telephone, or by attending the Annual Meeting and voting in person. Only your latest proxy submitted prior to the Annual Meeting will be counted. Your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote at the Annual Meeting or specifically request in writing that your prior proxy be revoked.

Beneficial Owners. If you are a beneficial owner, you may change your vote by submitting new voting instructions to your broker in accordance with such broker's procedures.

What does it mean if I get more than one proxy card?

If you receive multiple proxy statements or proxy cards, your shares are likely registered differently or are in more than one account, such as individually and also jointly with your spouse. To serve you more efficiently, we encourage you to have all your accounts registered in the same name and address by contacting our transfer agent, Interwest Transfer Company, Inc., 1981 Murray Holladay Road, Suite 100, Salt Lake City, UT 84117, telephone (801) 272-9294, or, if your shares are held by your broker or bank in "street name," you should contact the broker or bank who holds your shares.

Why did I receive only one set of proxy materials although there are multiple shareholders at my address?

If one address is shared by two or more of our shareholders, we send only one set of proxy materials to that address unless we receive instructions to the contrary from any shareholder at that address. This practice, known as householding, is used to reduce our printing and postage costs. If a shareholder of record residing at such an address wishes to receive a separate set of proxy materials in the future, he or she may contact our Corporate Secretary. If you are a beneficial owner of shares held in street name, you can request or cancel householding by contacting your bank, broker, or nominee. For additional information, please see "Householding of Proxy Materials" on page 70 of this Amended and Restated Proxy Statement.

What constitutes a quorum?

The presence of a majority of the votes entitled to be cast on a matter constitutes a quorum, which is required in order to hold the Annual Meeting and conduct business. Presence may be in person or by proxy, regardless of whether the proxy has authority to vote on all matters. You will be considered part of the quorum if you voted on the Internet, by telephone, or by properly submitting a proxy card or voting instruction form by mail, or if you are present at the Annual Meeting.

Abstentions are counted as present and entitled to vote for determining whether a quorum is present. For the purpose of determining whether the shareholders have approved a matter, abstentions are not treated as votes cast affirmatively or negatively, and therefore have no effect on the outcome of any matter being voted on at the Annual Meeting.

If a broker does not have discretionary authority to vote on a particular matter, the affected shares will be treated as not present and not entitled to vote for such matter, and the same shares will not be considered present for quorum purposes with regard to such matter.

What is required to approve each proposal?

Election of directors: The nominees receiving a plurality of the votes cast for the election of directors will be elected. Any shares not voted (whether by broker non-vote or otherwise) have no impact on the vote. A withheld vote in the election of directors for one or more of the nominees will not be considered to have been voted for the director nominee and will result in those nominees receiving fewer votes.

Ratification of the appointment of KPMG LLP: The ratification of this appointment is approved if the votes cast in favor exceed the votes cast against. Abstentions are not treated as votes cast affirmatively or negatively, and therefore will have no effect on the outcome of the vote. If you hold your shares in street name and do not provide timely voting instructions, your broker may exercise discretionary authority, thereby avoiding a broker non-vote.

Adoption of an amendment to our 2011 Equity Compensation Plan: The adoption of the amendment to our 2011 Equity Compensation Plan is approved if the votes cast in favor exceed the votes cast against. Any shares not voted (whether by broker non-vote or otherwise) have no impact on the vote. Abstentions are not treated as votes cast affirmatively or negatively, and therefore will have no effect on the outcome of the vote.

Other Matters: Approval of any unscheduled matter, such as a matter incident to the conduct of the meeting, would require the votes cast in favor to exceed the votes cast against. Any shares not voted (whether by broker non-vote or otherwise) have no impact on the vote. Abstentions are not treated as votes cast affirmatively or negatively, and therefore will have no effect on the outcome of the vote.

What are the Board of Directors' recommendations on the proposals?

The Board of Directors recommends that you vote FOR all of its nominees for director in Proposal 1. The Board of Directors also recommends that you vote FOR Proposals 2 and 3.

How can I attend the Annual Meeting?

You are invited to attend the Annual Meeting only if you were a Company shareholder or joint holder as of the close of business on the Record Date, or if you hold a valid proxy for the Annual Meeting.

If you are a shareholder of record, you may vote in person at the Annual Meeting. Your name will be verified against the list of registered shareholders on the Record Date prior to your being admitted to the Annual Meeting.

If you are a beneficial owner of shares held in street name and you wish to vote in person at the Annual Meeting, you must obtain a valid legal proxy from the organization that holds your shares. If you do not obtain a valid legal proxy from your bank or broker, you will not be entitled to vote your shares at the Annual Meeting, but you can still attend the Annual Meeting if you provide proof of beneficial ownership as of the Record Date, such as your account statement showing that you owned our stock as of the Record Date, a copy of the voting instruction form provided by your broker, trustee or nominee, or other similar evidence of ownership.

The meeting will begin at 9:00 a.m. local time. Check-in will begin at 8:30 a.m. local time. To be admitted, you will also need a form of photo identification.

How will we solicit proxies and who is paying for this proxy solicitation?

The cost of soliciting proxies will be borne by us. These costs will include the expense of preparing, assembling, printing and mailing the notice to shareholders of record and beneficial owners and printed proxy materials to shareholders who specifically request them, and reimbursements paid to brokerage firms and others for their reasonable out-of-pocket expenses for forwarding proxy materials to shareholders and obtaining beneficial owners' voting instructions. We have not retained a proxy solicitor in conjunction with the Annual Meeting. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone. We may also solicit proxies by email from shareholders who are our employees or who previously requested to receive proxy materials electronically.

Where can I find voting results of the Annual Meeting?

We will publish voting results in a Current Report on Form 8-K to be filed with the SEC within four business days from the date of the meeting.

May other matters be raised at the Annual Meeting?

We have not received proper notice of, and are not aware of, any business to be transacted at the Annual Meeting other than as indicated in this Amended and Restated Proxy Statement. Under Tennessee law and our governing documents, no other business aside from procedural matters may be raised at the Annual Meeting unless proper notice has been given to us by the shareholders seeking to bring such business before the meeting. If any other item or proposal properly comes before the Annual Meeting, the proxies received will be voted on such matter in accordance with the discretion of the proxy holders.

The Chairman of the Board of Directors has broad authority to conduct the Annual Meeting so that the business of the meeting is carried out in an orderly and timely manner. In doing so, he has broad discretion to establish reasonable rules for discussion, comments and questions during the meeting. The Chairman of the Board of Directors is also entitled to rely upon applicable law regarding disruptions or disorderly conduct to ensure that the Annual Meeting proceeds in a manner that is fair to all participants.

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How may I communicate with the Board of Directors or the non-management directors on the Board?

You may contact any of our directors by writing to them c/o Miller Energy Resources, Inc., 9721 Cogdill Road, Suite 302, Knoxville, TN 37932. Each communication should specify the applicable director or directors to be contacted as well as the general topic of the communication. We may initially receive and process communications before forwarding them to the applicable director. We generally will not forward to the directors a shareholder communication that is determined to be primarily commercial in nature, that relates to an improper or irrelevant topic, or that requests general information about the Company. Concerns about accounting or auditing matters or communications intended for non-management directors should be sent to the attention of the Chairman of the Audit Committee at the address above, or reported through our reporting website at <http://millerenergyresources.ethicspoint.com>. Our directors may at any time review a log of all correspondence received by us that is addressed to the independent members of the Board and request copies of any such correspondence.

What should I do if I have other questions?

If you have any questions or require any assistance with voting your shares, please contact:

ISSUER DIRECT

500 Perimeter Park Drive, Suite D

Morrisville, NC 27560

Please reference: MILLER ENERGY RESOURCES, INC. 2014 ANNUAL MEETING

Shareholders May Call:

(866) 752-8683 to vote or to request materials

(919) 481-4000 for all other proxy-related matters, or assistance with voting

CORPORATE GOVERNANCE

Summary of Corporate Governance Framework

Our Amended and Restated Bylaws (as amended, the “Bylaws”), the charters of each committee of our Board of Directors (the “Committee Charters”) our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and our Insider Trading Policy provide the framework for our corporate governance. Copies of our Bylaws, Committee Charters, Corporate Governance Guidelines, Code of Business Conduct and Ethics and Insider Trading Policy may be found on our website at www.millerenergyresources.com. Copies of these materials also are available without charge upon written request to our Corporate Secretary.

We are committed to maintaining the highest standards of honest and ethical conduct in running our business efficiently, serving our shareholders’ interests and maintaining our integrity in the marketplace. To further this commitment, we have adopted our Code of Business Conduct and Ethics, which applies to all our directors, officers and employees. Additionally, we have adopted our Insider Trading Policy, which prohibits disclosure of, or trading in our securities on the basis of, material, non-public information, trading in our securities during certain “black-out” periods surrounding our periodic reports and certain events, and imposes other restrictions on our directors, officers and employees. We also have adopted and published to all employees our Whistleblower Notice establishing procedures by which any employee may bring to the attention of our Audit Committee any concern regarding accounting, internal control or other auditing issues affecting our Company or any improper activities of any officer or employee. Reports may be made anonymously.

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics sets forth a broad statement of policy on our fundamental principles of honesty, loyalty, fairness, and forthrightness, and promotes our objectives of:

- Honest and ethical conduct, including the handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in all reports and documents required to be filed with governmental authorities and in other public communications;
- Compliance with the applicable government and self-regulatory organization laws, rules and regulations;
- Prompt internal reporting of violations; and
- Accountability for compliance with the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics applies to all of our directors, officers and employees, and each of them must certify in writing their commitment to comply with the Code of Business Conduct and Ethics.

Insider Trading Policy

Our Insider Trading Policy applies to directors, officers and employees of our Company, including our subsidiaries. Generally, these persons are prohibited from trading in our securities, directly or indirectly through family members or other persons or entities, if the person is aware of material non-public information relating to our Company. Similarly, these persons are prohibited from trading in the securities of any other company if they are aware of material non-public information about that company which was obtained in the course of the person’s employment with our Company, including our subsidiaries. These persons are also prohibited from passing on material non-public information to others or recommending the purchase or sale of any securities when they are aware of material non-public information - a practice sometimes known as “tipping.” In an effort to help prevent inadvertent violations of federal securities laws and avoid even the appearance of trading on the basis of material non-public information, all

directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934 and certain designated employees who have access to material non-public information are generally prohibited from trading in our securities during quarterly blackout periods which begin three weeks after the end of each fiscal quarter and end after the second full business day following the filing of that report, as well as during certain event-specific blackout periods. Directors and executive officers must also pre-clear all transactions in our securities with our Legal Department

Whistleblower Notice and Anonymous Reporting Hotline

We have contracted with a third-party service provider to administer a hotline and website that ensures complete anonymity for anyone wishing to express concerns or report inappropriate behavior. The reports are sent to designated members of our Legal and Accounting Departments, who investigate each report and bring their findings to senior management, and when warranted, to the Chairman of the Audit Committee of the Board of Directors.

BOARD OF DIRECTORS - NOMINEES

The following is biographical information on the current members of our Board of Directors who are nominated for re-election.

Scott M. Boruff (51): Mr. Boruff has served as a director since August 2008, and as our Executive Chairman of the Board of Directors since September 2014. Mr. Boruff was previously our Chief Executive Officer from August 2008 to September 2014. Mr. Boruff is a proven executive with a diverse business background in investment banking and real estate development. As a professional in investment banking, he specialized in consulting services and strategic planning with an emphasis on companies in the oil and gas field. Mr. Boruff was a director and 49% owner of Dimirak Securities Corporation, a broker-dealer and member of FINRA, from April 2009 until July 2012. In July 2012, Mr. Boruff sold his interest in Dimirak and is no longer an owner of that company. He has more than 20 years of experience in developing commercial real estate projects and from 2006 to 2007 Mr. Boruff successfully led transactions averaging \$150 to \$200 million in size while serving as a director of Cresta Capital Strategies, LLC. Mr. Boruff received a Bachelor of Science degree in Business Administration from East Tennessee State University.

Mr. Carl F. Giesler, Jr. (42): Mr. Giesler has served as our CEO and a director of the Company since September 2014. Prior to joining Miller, Mr. Giesler was Managing Director of Investments at Harbinger Group Inc. (HGI), where he had primary responsibility for its energy investments. He helped found, structure, build and served as chairman of its private E&P MLP, Compass Production Partners LP. Prior to joining HGI in October 2011, Mr. Giesler was the primary oil & gas analyst at Harbinger Capital Partners (HCP), an affiliate of HGI. Prior to joining HCP in December 2008, Mr. Giesler served as Managing Director at AIG Financial Products Corp. (AIG FP), where he led the energy team's oil & gas investing efforts. Prior to joining AIG FP in September 2007, Mr. Giesler worked eight years in Morgan Stanley's energy investment banking group. He also served as a member of the board of directors of North American Energy Partners Inc. (NYSE: NOA) from April 2012 to May 2014. Mr. Giesler has a J.D. from Harvard Law School and a B.A. from the University of Virginia. He is also a CFA charterholder.

Bob G. Gower (77): Dr. Gower has been a member of our Board of Directors since April 2014. He has more than 50 years of business and senior management experience across a range of industries, including energy, chemical, and technology. He is the current Chairman of Ensysce Biosciences, Inc., a company he founded in 2008, which is focused on the use of carbon nanotubes as delivery agents in cancer treatment. In 2000, Dr. Gower co-founded Carbon Nanotechnologies, Inc. and served as its Chief Executive Officer until it merged with Unidym in 2007. He was Chief Executive Officer of Lyondell Petrochemical Company from 1988 to 1996, where he also served as Chairman of the Board from 1994 to 1997 and as President from 1985 to 1994. He was Senior Vice President at Atlantic Richfield Company from 1984 to 1985. Dr. Gower was Senior Vice President of ARCO Chemical Company from 1979 to 1984 and Vice President from 1977 to 1979. Since 1998, Dr. Gower has served on the Board of Directors of Kirby Corporation. He received his Bachelor's and Master's degrees from Southern Illinois University, and his doctorate in organic chemistry from the University of Minnesota.

Gerald Hannahs (62): Mr. Hannahs has been a member of our Board of Directors since July 2012. Mr. Hannahs brings more than 30 years of diverse experience as a successful entrepreneur and oil and gas business leader. Since 1993, Mr. Hannahs has been a private investor in companies and served as First Vice President for EF Hutton, Prudential and Paine Webber from 1982 to 1986. In 1983, Mr. Hannahs co-founded Texarkoma Crude & Gas Company, which operated in Tennessee and Alabama and was acquired in 1985 by Cross Timbers. Previously, he was a professional pitcher for the Montreal Expos, the Los Angeles Dodgers and the Minnesota Twins baseball teams before retiring from professional sports. Mr. Hannahs received a Bachelor of Science degree from the University of Arkansas.

Governor William B. Richardson (66): Governor Richardson has been a member of our Board of Directors since April 2014. He is the former Governor of New Mexico (2003-2011), and sought the Democratic nomination for President of the United States in 2008. Since entering life as a private citizen in 2011, Governor Richardson has been a consultant to, and has been appointed or elected to several boards of directors of both for-profit and non-profit companies, including the publicly traded Abengoa Yield, plc (since May 2014), Amp Holding, Inc. (since March 2013), Blue Earth Inc. (since October 2013), and Car Charging Group, Inc. (since December 2012). In addition, he is active with two foundations he founded, The Richardson Center for Global Engagement, and the Foundation to Preserve New Mexico Wildlife, which he co-founded with Robert Redford. Prior to his governorship, he served as the U.S. Secretary of Energy in the Clinton administration (1998-2001); he also served as U.S. Ambassador to the United Nations from 1997-1998, and as a member of the U.S House of Representatives for New Mexico from 1983 to 1997. Governor Richardson has also served as chairman of the 2004 Democratic National Convention, and chairman of the Democratic Governors Association. As Governor of New Mexico, Governor Richardson made the state the “Clean Energy State” by requiring utilities to meet 20% of New Mexico’s electrical demand from renewable sources. In addition, he established a Renewable Energy Transmission Authority to deliver New Mexico’s world-class renewable resources to market. During his first term in Congress, Governor Richardson won a coveted seat on the Energy and Commerce Committee, which is of particular importance to New Mexico. In the 101st Congress, he supported a plan to promote the use of non-gasoline cars, parts of which were included in the Clean Air Act re-authorization. As a member of the Interior and Insular Affairs Committee, he supported expansion of national parks and the designation of wild and scenic rivers. By the 103rd Congress, Richardson had risen to the position of Chief Deputy Whip and led the fight in the House for the North American Free Trade Agreement (NAFTA). He wrote articles advocating NAFTA for important national newspapers and encouraged President Clinton to work with Mexico on improving the environmental portions of the agreement in order to gain support for NAFTA in Congress. Richardson also played a key role in passing President Clinton’s 1993 Deficit Reduction package and the 1994 Crime Bill. In addition to his seat on the Energy Commerce Committee, Richardson was the second-ranking Democrat on the Select Intelligence Committee and served on the Natural Resources Committee, where he chaired the Native American Affairs Subcommittee which was created in the 103rd Congress. In January 2000, he oversaw the largest return of federal lands, 84,000 acres (340 km²), to an Indian Tribe (the Northern Ute Tribe of Utah) in more than 100 years. Richardson also directed the overhaul of the Department’s consultation policy with Native American tribes and established Tribal Energy Program. Richardson has been recognized for negotiating the release of hostages, American servicemen, and political prisoners in North Korea, Iraq, and Cuba, and has been nominated for the Nobel Peace Prize several times. He is the author of several books, including *How to Sweet-Talk a Shark: Strategies from a Master Negotiator*, *Between Worlds*, and *Leading by Example*. Governor Richardson received a B.A. from Tufts and an M.A. from Tufts’s Fletcher School of Law and Diplomacy.

A. Haag Sherman, Age 48. Mr. Sherman was appointed to our Board of Directors on September 14, 2014. His diverse business experience, including roles as a practicing attorney, accountant, registered investment advisor and businessman, brings a wealth of skills and perspective to our Board. Since 2012, Mr. Sherman has focused on his personal investments and building a company he co-founded, Bigfoot Energy Services, LLC, which with affiliates provides disposal, trucking and related services to E&P companies. In 2002, Mr. Sherman co-founded Salient Partners, L.P., a high-growth firm specializing in innovative financial solutions. At Salient, he served in various executive capacities, including CEO and Chief Investment Officer, from its founding until 2011. From 1998 to 2002, Mr. Sherman served as Executive Vice President of The Redstone Companies, L.P., of which he was a co-founding partner. In addition to these roles, Mr. Sherman was a registered representative at PaineWebber, Inc. from 1996 to 1998, a corporate and securities attorney at Akin, Gump, Strauss, Hauer & Feld, LLP from 1992 to 1996, and a public accountant in the audit practice of PriceWaterhouse LLP from 1988 to 1989. He currently serves on the boards of four other public companies, including Hilltop Corporation (since 2012), ZaZa Energy (since 2012), Salient MLP & Energy Infrastructure (since 2011), and Salient Midstream & MLP Fund (since 2012). Mr. Sherman is the author of *Shattering Orthodoxies: An Economic & Foreign Policy Blueprint for America*. He received a B.B.A. in Accounting and Economics cum laude from Baylor University, and a J.D. with honors from the University of Texas School of

Law, where he is currently an adjunct professor. He is a member of the State Bar of Texas and a Texas Certified Public Accountant.

Charles M. Stivers (52): Mr. Stivers has been a member of the Company's Board of Directors since 2004 and served as the Company's Chief Financial Officer from 2004 until January 2006. He brings more than 27 years of expertise in accounting and more than 23 years of professional experience in the oil and gas industry. Since 1990, he has been the owner and sole operator of Charles M. Stivers, C.P.A., a firm specializing in energy accounting, with clients across fourteen states in the U.S. Mr. Stivers previously served as Treasurer and Chief Financial Officer for Clay Resource Company and Senior Tax and Audit Specialist for Gallaher and Company. He received a Bachelor of Science degree from Eastern Kentucky University.

There are no family relationships between any of the executive officers and directors or nominees, except as set forth above. Each director is elected at our Annual Meeting and holds office until the next Annual Meeting or until his successor is elected and qualified.

Board of Directors Leadership Structure and Role in Risk Oversight

The Board of Directors oversees our business affairs and monitors the performance of management. In accordance with our Corporate Governance Guidelines, the Board of Directors does not involve itself in day-to-day operations. The directors keep themselves informed through discussions with management, by reading the reports and other materials sent to them by management and by participating in meetings of the Board of Directors and its committees. Directors are elected for a term of one year. Our directors hold office until their successors have been elected and duly qualified unless the director resigns or by reason of death or other cause is unable to serve in the capacity of director. If any director resigns, dies or is otherwise unable to serve out his or her term, or if the Board of Directors increases the number of directors, the Board of Directors may fill the vacancy by a vote of a majority of the directors then in office, although less than a quorum may exist. A director elected to fill a vacancy shall serve for the unexpired term of his or her predecessor.

While our Chairman of the Board of Directors and Chief Executive Officer positions are held by two different individuals, Mr. Boruff, our Chairman, is also an executive officer of our Company and is therefore not independent. In July 2010 our independent directors created the position of Lead Director. Individuals eligible to serve as our Lead Director must be independent members of our Board of Directors, and the director appointed as Lead Director serves for a one year term or until his successor has been appointed. In April 2014, Dr. Gower was appointed as Lead Director. In connection with the retirement of Mr. Deloy Miller, our Founder and former Executive Chairman of the Board, our Board revisited whether the position of Lead Director would continue to add value to our Company. The Board ultimately determined to eliminate the position of Lead Director because there was no family relationship between our new Executive Chairman, Mr. Boruff, and our new Chief Executive Officer, Mr. Giesler, in contrast to the former relationship of Mr. Miller and Mr. Boruff, as Mr. Miller was the step-father of Mr. Boruff's late wife. We believe that the separation of the duties of Chairman and CEO allows Mr. Boruff to lead the Board while Mr. Giesler focuses on our day to day business and strategy. In addition, because Mr. Boruff and Mr. Giesler are the only non-independent directors on our Board of seven directors, we believe that the independent supermajority of our directors is able to provide solid independent advice and oversight of management without the need of a formalized Lead Director position.

To assist in its governance, our Board of Directors has formed three standing committees composed entirely of independent directors: the Audit, Compensation, and Nominating and Corporate Governance committees. A discussion of each committee's function is set forth below beginning on page 11.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including credit risk, liquidity risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of the risks the Company faces, while the Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. To do this, the Audit Committee meets regularly with management to discuss strategy and risks we face. Our Chief Financial Officer and our General Counsel attend many of the Board of Directors meetings and are available to address any questions or concerns raised by the directors on risk management and any other matters. The independent members of the Board of Directors work together to provide strong, independent oversight of our management and affairs through its standing committees and, when necessary, special meetings of independent directors.

Board of Directors Meetings and Attendance

During fiscal 2014, the Board of Directors held 24 meetings. No director attended, either in person or via telephone, fewer than 75% of the aggregate of all meetings of the Board of Directors and committees, if any, on which such

director served.

Annual Meeting Attendance

Our common stock is listed on the New York Stock Exchange. Rules of the New York Stock Exchange require that we hold an annual meeting no later than one year after the end of our fiscal year. We do not have a policy requiring directors to attend the annual meeting, but we encourage them to do so. Seven of our ten then-serving Directors, Messrs. Miller, Boruff, Gettelfinger, Hannahs, Hall, Stivers, and Voyticky attended our last annual meeting held on April 16, 2014. In addition, Dr. Gower, who was elected to the Board of Directors at that meeting, attended.

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DIRECTOR INDEPENDENCE

The Board of Directors has determined that a majority of our current directors and nominees have no relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and are “independent directors” as defined in the New York Stock Exchange Listed Company Manual. In determining the independence of our directors and our nominees, the Board of Directors has adopted independence standards specified by applicable laws and regulations of the SEC and the listing standards of the New York Stock Exchange. In making the determination of the independence of our directors and our nominees, the Board of Directors considered all known transactions in which we and any director had any interest, including any discussed under “Certain Relationships and Related Transactions” below. The Board of Directors has determined that Messrs. Gower, Hannahs, Richardson, Sherman, and Stivers are independent. The Board of Directors has determined that former directors, Messrs. Leary and Schlumberger were independent during their service on the Board.

The corporate governance rules of the New York Stock Exchange require that our independent directors must meet in regularly scheduled executive sessions at which only independent directors are present. Each independent director has access to the members of our management team or other employees as well as full access to our books and records. We have no policy limiting, and exert no control over, meetings of our independent directors.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors as well as persons who beneficially own more than 10% of a registered class of our equity securities to file with the SEC initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common shares and other equity securities, on Forms 3, 4 and 5, respectively. Executive officers, directors and greater than 10% shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based on our review of the copies of such forms received by us, and to the best of our knowledge, all executive officers, directors, and persons holding greater than 10% of our issued and outstanding stock have filed the required reports in a timely manner during fiscal 2014, other than Forms 3 filed late by Messrs. Schlumberger and Brawley, and a Form 4 filed late by Mr. Schlumberger. These forms were subsequently filed.

BOARD COMMITTEES

The Board of Directors has standing Audit, Compensation and Nominating and Corporate Governance committees. Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee has a written charter. The charters are available on our website at www.millerenergyresources.com. Messrs. Miller and Boruff, who are not independent directors, are not members of any committee of our Board of Directors. Information concerning the current membership and function of each committee, as of September 19, 2014, is as follows:

Board of Directors Committee Membership

| Director | Audit Committee Member | Compensation Committee Member | Nominating and Governance Committee Member |
|------------------------------|---------------------------|----------------------------------|--|
| Bob G. Gower | ü1 | ü | ü |
| Gerald Hannahs | ü | ü1 | ü |
| William B. Richardson | | | |
| A. Haag Sherman ² | | | |
| Charles M. Stivers | ü | ü | ü1 |

1 Denotes Chairperson.

2 Mr. Sherman was appointed to the Board on September 14, 2014. His committee assignments have not yet been determined.

Audit Committee. The Audit Committee assists the Board of Directors in fulfilling its oversight responsibility relating to:

- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;

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the qualifications, independence, and performance of our independent registered public accountants; and
the performance of our internal audit function.

The Audit Committee is composed of three directors, all of whom have been determined by the Board of Directors to be “independent,” as defined by the New York Stock Exchange Listed Company Manual. The Board of Directors determined that Mr. Turkleson and Mr. Leary, both former members of our Board of Directors and members of the Audit Committee during fiscal 2014, along with Dr. Gower and Mr. Stivers, two of the current members of the Audit Committee, each qualify as “audit committee financial experts” as defined by the SEC. The report of the committee is included in this Amended and Restated Proxy Statement. During fiscal 2014, the Audit Committee held 18 meetings.

Compensation Committee. The Compensation Committee is responsible for overseeing our compensation programs and practices, including our executive compensation plans and incentive compensation plans, as well as the compensation of our Chief Executive Officer and other executive officers. The Chief Executive Officer provides input to the Compensation Committee with respect to the individual performance and compensation recommendations for the other executive officers. The Compensation Committee is composed of at least three directors, all of whom have been determined by the Board of Directors to be “independent,” as defined by the New York Stock Exchange Listed Company Manual. During fiscal 2014, the Compensation Committee held 14 meetings. In making its compensation decisions, the Compensation Committee considered information from a wide range of sources, including outside advisors.

Subsequent to the end of fiscal 2014, the Compensation Committee engaged Frederic W. Cook & Co., Inc. (“FWC”), an independent, third-party compensation consultant, to provide executive compensation advisory services for the Compensation Committee. No other services were provided by FWC to the Company or its affiliates. The decision to engage FWC was not made or recommended by management, and no conflicts of interest were raised by the engagement of FWC. FWC was tasked with reviewing the competitiveness of the Company’s current compensation levels for its top executives, including the named executive officers discussed below in “Compensation Discussion and Analysis” (except for Mr. Perry), and with developing a peer group for assessing competitiveness of compensation, providing feedback regarding competitiveness and appropriateness of compensation levels, suggesting changes to compensation levels if appropriate, and providing a framework for annual incentives. The substance of the report authored by FWC and presented to the Compensation Committee is discussed below under “Compensation Discussion and Analysis: V. Subsequent to July 28, 2014: General Compensation Philosophy.” The engagement of any compensation consultant rests exclusively with the Compensation Committee, which has sole authority to retain and terminate any compensation consultant or other advisor that it uses. The compensation committee has assessed the independence of FWC and concluded that no conflicts of interest exist that would prevent FWC from providing independent and objective advice to the compensation committee. In making these determinations, our compensation committee reviewed and considered all factors that could reasonably and negatively impact upon the FWC’s independence and provision of services, including those required under the New York Stock Exchange Listing Rules.

The Compensation Committee analyzes on an annual basis the actual or anticipated effect (including, as appropriate, a deterrent effect) that our compensation policies and practices have had or may have on our employees with respect to creating any excessive and undesirable risk-taking in the performance of their duties for us. The Compensation Committee then makes a determination, on an annual basis, as to whether any of our compensation policies and practices create risks that are reasonably likely to have a material adverse effect on our Company. On September 17, 2014, the Compensation Committee reviewed our current compensation policies and practices and determined that they do not create any such risks. No changes to our compensation policies and practices have been made since the date of the Compensation Committee’s review.

The Compensation Committee seeks to discourage and deter inappropriate risk taking through the compensation programs it adopts and implements for our named executive officers and our employees generally. We believe that the

compensation-related programs employed by us are consistent with those objectives and align our employees' incentives for risk taking with the long-term best interests of our shareholders. These programs provide a holistic approach to compensation that provides a mix of fixed and variable compensation, with the variable component impacting both short-term cash compensation and long-term equity compensation.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee:

- recommends the slate of director nominees for election to our Board of Directors;
- identifies and recommends candidates to fill vacancies occurring between annual shareholder meetings;
- reviews the composition of committees of the Board of Directors; and
- monitors compliance with, reviews, and recommends changes to our various corporate governance policies and guidelines.

The committee also prepares and supervises the Board of Directors' annual review of director independence and the Board of Directors' annual self-evaluation. The Nominating and Corporate Governance Committee is composed of three directors, all of whom have been determined by the Board of Directors to be "independent," as defined by the New York Stock Exchange Listed Company Manual. The Nominating and Corporate Governance Committee held 7 meetings in fiscal 2014.

The Nominating and Corporate Governance Committee considers all qualified candidates for our Board of Directors identified by members of the Nominating and Corporate Governance Committee, by other members of the Board of Directors, by senior management and by our shareholders. The committee reviews each candidate including each candidate's independence, skills and expertise based on a variety of factors, including the person's experience or background in management, finance, regulatory matters, and corporate governance. Further, when identifying nominees to serve as director, while we do not have a policy regarding the consideration of diversity in selecting directors, the Nominating and Corporate Governance Committee seeks to create a Board of Directors that is strong in its collective knowledge and has a diversity of skills and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge, and corporate governance. The Committee does not have any specific minimum qualifications but considers each candidate holistically in light of the current mix of experience, skills, and needs of the Board at the time of nomination. In addition, prior to recommending to the Board that an existing director be nominated for re-election to the Board of Directors, the Nominating and Corporate Governance Committee will consider and review an existing director's attendance and performance, length of service, experience, skills and contributions that the existing director brings to the Board of Directors, equity ownership in our Company and independence.

The committee follows the same process and uses the same criteria for evaluating candidates proposed by shareholders, members of the Board of Directors and members of senior management. Based on its assessment of each candidate, the committee recommends candidates to the Board of Directors. However, there is no assurance that there will be any vacancy on the Board of Directors at the time of any submission or that the Nominating and Corporate Governance Committee will recommend any candidate to the Board of Directors for nomination.

On August 21, 2014, the Nominating and Corporate Governance Committee discussed and approved its recommendation that the Board of Directors approve an eight-member slate, consisting of all of the directors elected by shareholders at the last annual meeting, for nomination in connection with the election of directors at the 2014 Annual Meeting. This recommendation was considered by the Board at a meeting on August 26, 2014. At that meeting, the Board of Directors also considered an alternative proposal for a six member slate, which would not have included Mr. Leary and Mr. Schlumberger. The Board of Directors ultimately determined to reconvene on August 28, 2014 for additional discussion of the two proposals. At the August 28, 2014 meeting, the Board of Directors voted on the recommendation of the Nominating and Corporate Governance Committee, which was not adopted. The Board of Directors then voted on the proposed six-member slate for election at the 2014 Annual Meeting, which was adopted by a majority of the Board of Directors. Both Mr. Leary and Mr. Schlumberger elected to tender their resignations from the Board of Directors following the adoption of the six-member slate.

On September 14, 2014, the Board of Directors met to consider the employment of Mr. Giesler, the resignation of Mr. Boruff and change in his positions, the resignation and retirement of Mr. Miller, and the appointment of Mr. Sherman to the Board of Directors. The Board voted to appoint Mr. Sherman and Mr. Giesler to the Board, and to name Mr. Boruff as Executive Chairman. The Board also adopted a resolution modifying the August 28, 2014 resolutions which provided for a Board of Directors consisting of seven members, effective immediately, and a seven member slate of director nominees as included herein.

Shareholder Nominations

Shareholders who would like to propose a candidate may do so by submitting the candidate's name, resume and biographical information to the attention of our Corporate Secretary. All proposals for nomination received by the Corporate Secretary will be presented to the committee for appropriate consideration. It is the policy of the Nominating and Corporate Governance Committee to consider director candidates recommended by shareholders who appear to be qualified to serve on the Company's Board of Directors. The Nominating and Corporate Governance Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Nominating and Corporate Governance Committee does not perceive a need to increase the size of the Board of Directors. In order to avoid the unnecessary use of the Nominating and Corporate Governance Committee's resources, the Nominating and Corporate Governance Committee will consider only those director candidates recommended in accordance with the procedures set forth below. To submit a recommendation of a director candidate to the Nominating and Corporate Committee, a shareholder should submit the following information in writing, addressed to the Corporate Secretary of our Company at our main office:

1. The name and address of the person recommended as a director candidate;

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2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;
 3. The written consent of the person being recommended as a director candidate to be named in the Proxy Statement as a nominee and to serve as a director if elected;
- As to the person making the recommendation, the name and address, as they appear on our books, of such person, and number of shares of our common stock owned by such person; provided, however, that if the person is not a
4. record holder of our common stock, the person should submit his or her name and address along with a current written statement from the record holder of the shares that reflects the recommending person's beneficial ownership of our common stock; and
 5. A statement disclosing whether the person making the recommendation is acting with or on behalf of any other person and, if applicable, the identity of such person.

DIRECTOR COMPENSATION

Executive officers of our Company or its subsidiaries who are also members of the Board of Directors do not receive any compensation specifically for their services as directors.

It has been our practice that upon appointment or election to the Board of Directors, each new director receives a grant of stock options vesting over three years. Those grants have ranged in size from 100,000 shares to 250,000 shares.

On May 27, 2011, the Board of Directors adopted a compensation policy for its outside directors, consisting of certain cash payments and an annual grant of an option to purchase 40,000 shares of our common stock at a price equal to the price at the close of business on the date of award, vesting in one year. The cash component of the director compensation is comprised of an annual retainer of \$20,000 and \$1,000 for attendance in person of a meeting of the Board of Directors. An outside director is also paid \$500 for attendance in person at a committee meeting and \$500 for telephonic attendance of a meeting of the Board of Directors. Instead of the \$20,000 retainer, our lead independent director receives a \$30,000 annual retainer. The Chairman of each of our committees receives an additional retainer as follows: Audit Committee, \$7,500; Compensation Committee, \$5,000; and Nominating and Corporate Governance Committee, \$2,500.

On April 17, 2014, the Compensation Committee of the Board of Directors adopted a revision to the annual stock option grant portion of the compensation policy for outside directors, increasing the option amount to 60,000 shares, which will now vest over three years instead of over one year. No other changes were made to the policy.

The following table provides information about compensation paid to our non-employee directors during fiscal 2014 for their services as directors. The value of the securities issued reflects the aggregate grant date fair value computed in accordance with ASC Topic 718. While options were granted to these individuals as described below, because not all of these options have vested by the end of fiscal 2014 and the grant is subject to continued service on the Board of Directors, under generally accepted accounting principles, we recognize compensation expense for these grants over the vesting period. Mr. Sherman is not included in the table as he was not serving as a director during fiscal 2014. On September 14, 2014, Mr. Sherman was granted an option to purchase 100,000 shares of our common stock at an exercise price of \$4.90, vesting over three years.

| Name (a) | Fees Paid or Earned in Cash (b) | Stock Awards (c) | Option Awards (d) | Non-Equity Incentive Plan Compensation (e) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (f) | All Other Compensation (g) | Total (h) |
|---|---|------------------------|-------------------------|---|--|----------------------------------|--------------|
| Herman E. Gettelfinger ¹ | \$31,500 | \$— | \$105,550 | \$ — | \$ — | \$ — | \$137,050 |
| Bob G. Gower ² | 3,563 | — | 842,718 | — | — | — | 846,281 |
| Gerald E. Hannahs, Jr. ³ | 53,250 | — | 105,550 | — | — | — | 158,800 |
| Joseph T. Leary ⁴ | 2,833 | — | 337,087 | — | — | — | 339,920 |
| Merrill A. McPeak ⁵ | 46,000 | — | 105,550 | — | — | — | 151,550 |
| William B. Richardson ⁶ | 2,333 | — | 674,174 | — | — | — | 676,507 |
| Marceau N. Schlumberger ⁷ | 39,000 | — | 329,169 | — | — | — | 368,169 |
| Charles M. Stivers ⁸ | 53,125 | — | 105,550 | — | — | — | 158,675 |
| Don A. Turkleson ⁹ | 36,750 | — | 158,325 | — | — | — | 195,075 |

Mr. Gettelfinger was granted options to purchase an aggregate of 40,000 shares of our common stock at an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. This option was amended to be allowed to vest in Mr. Gettelfinger's estate subsequent to our fiscal year end. The aggregate number of option and stock awards held by Mr. Gettelfinger includes vested options to purchase 100,000 shares of common stock at \$5.94 per share expiring in April 2020, vested options to purchase 40,000 shares of common stock at an exercise price of \$5.89 that expire in May 2021, vested options to purchase 40,000 shares of common stock at \$3.84 per share expiring in July 2022 and an unvested option to purchase 40,000 shares of our common stock exercisable at \$4.34 which expires in July 2023. Mr. Gettelfinger passed away on May 17, 2014, and these shares will remain exercisable by his estate for a period of six months or one year, depending upon whether they were granted under the 2010 Plan or 2011 Plan. Dr. Gower was granted options to purchase an aggregate of 250,000 shares of our common stock at an exercise price of \$5.29 per share on April 17, 2014, vesting over three years. The aggregate number of option and stock awards held by Dr. Gower includes unvested options to purchase 250,000 shares of our common stock at an exercise price of \$5.29 per share that expire in April 2024, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024.

Mr. Hannahs was granted options to purchase an aggregate of 40,000 shares of our common stock at an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. The aggregate number of option and stock awards held by Mr. Hannahs includes a vested option to purchase 66,667 shares of our common stock at an exercise price of \$3.84, a vested option to purchase 40,000 shares of our common stock at an exercise price of \$4.34 which expires in July 2023, an unvested option to purchase 33,333 shares of our common stock at an exercise price of \$3.84 that expires in July 2023, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024. On September 14, 2014, Mr. Hannahs was granted an option to purchase 100,000 shares of our common stock at an exercise price of \$4.90, vesting over three years.

Mr. Leary was granted options to purchase an aggregate of 100,000 shares of our common stock at an exercise price of \$5.29 per share on April 17, 2014, vesting over three years. The aggregate number of option and stock awards held by Mr. Leary includes unvested options to purchase 100,000 shares of our common stock at an exercise price of

\$5.29 per share that expire in April 2024, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024. Mr. Leary resigned from the Board of Directors on August 28, 2014, and his unvested options terminated in accordance with their own terms.

General McPeak was granted options to purchase an aggregate of 40,000 shares of our common stock an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. The aggregate number of option and stock awards held by General McPeak includes vested options to purchase 200,000 shares of common stock at \$5.94 per share expiring in April 2020, options to purchase 100,000 shares of common stock at \$4.98 per share expiring in July 2020, vested options to purchase 40,000 shares of common stock at an exercise price of \$5.89 which expire in May 2021, options to purchase 40,000 shares

of common stock at an exercise price of \$3.84 that expire in July 2022, and an option to purchase 40,000 shares of common stock at an exercise price of \$4.34 which expires in July 2023. General McPeak's term on the Board of Directors ended on April 16, 2014.

Gov. Richardson was granted options to purchase an aggregate of 200,000 shares of our common stock at an exercise price of \$5.29 per share on April 17, 2014, vesting over three years. The aggregate number of option and stock awards held by Gov. Richardson includes unvested options to purchase 200,000 shares of our common stock at an exercise price of \$5.29 per share that expire in April 2024, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024.

Mr. Schlumberger was granted options to purchase 100,000 shares of our common stock at an exercise price of \$5.28 on July 25, 2013, vesting over three years. The aggregate number of option and stock awards held by Mr. Schlumberger includes vested options to purchase 33,334 shares of common stock at \$5.28 expiring in July 2023, and unvested options to purchase 66,666 shares of common stock at \$5.28 expiring in July 2023, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024. Mr. Schlumberger resigned from the Board of Directors on August 28, 2014, and his unvested options terminated in accordance with their own terms.

Mr. Stivers was granted options to purchase an aggregate of 40,000 shares of our common stock an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. The aggregate number of option and stock awards held by Mr. Stivers includes vested options to purchase 100,000 shares of common stock at \$5.94 per share expiring in April 2020, vested options to purchase 40,000 shares of common stock at an exercise price of \$5.89 which expire in May 2021, vested options to purchase 40,000 shares of common stock at an exercise price of \$3.84 that expire in July 2022, and vested options to purchase 40,000 shares of common stock at an exercise price of \$4.34 which expire in July 2023, and an unvested option to purchase 60,000 shares of our common stock at an exercise price of \$5.68 that vests over three years and expires in July 2024. On September 14, 2014, Mr. Stivers was granted an option to purchase 100,000 shares of our common stock at an exercise price of \$4.90, vesting over three years.

Mr. Turkleson was granted options to purchase an aggregate of 60,000 shares of our common stock an exercise price of \$4.34 per share on July 17, 2013, with a one year vesting schedule. The aggregate number of option and stock awards held by Mr. Turkleson includes vested options to purchase 100,000 shares of common stock at \$5.25 per share e