

Costar Technologies, Inc.
Stock Ownership Guidelines Policy

Purpose

The Board of Directors (“Board”) of Costar Technologies, Inc. (“Costar” or the “Company”) believes that it is in the best interest of Costar and its stockholders to align the financial interests of Costar executives and non-employee members of the Board (“Directors”) with those of the Company’s stockholders, and to further promote the Company’s commitment to sound corporate governance. In this regard, the Nominating and Corporate Governance Committee of the Board (the “Corporate Governance Committee”) has adopted the minimum stock ownership guidelines described in this Stock Ownership Guidelines Policy (this “Policy”).

This Policy shall be administered, interpreted and construed by the Corporate Governance Committee, who shall have the authority to implement, enforce and carry out this Policy in accordance with its terms and conditions. The Corporate Governance Committee has the authority to amend, modify or waive this Policy or any portion thereof, and to designate other officers and employees to be subject to the provisions of this Policy or to remove individuals or classes of officers.

The Corporate Governance Committee shall review the thresholds and other terms and conditions of this Policy from time to time.

Applicability

This Policy is applicable to all Directors and members of senior management (“Management” and together with the Directors, “Participants”) for as long as they continue to serve as a Director or a member of Management, as the case may be.

Timeframe

Participants shall have five years from May 7, 2013 to meet the stock ownership guidelines described in this Policy. Newly appointed Participants shall have five years from the time they are elected, appointed or promoted (in the case of incremental guidelines), as the case may be, to meet these guidelines. Once achieved, ownership of the minimum guideline amount must be maintained for as long as the Participant is subject to this Policy, subject to the Valuation Methodology described below.

Minimum Ownership Requirements

Participants must own shares of common stock of the Company in accordance with the following schedule:

Leadership Position	Value of Shares
Non-Employee Chairman of the Board	\$25,000
Non-Employee Member of the Board	\$15,000
Chief Executive Officer	\$100,000
Direct Reports to CEO (CFO and CTO)	\$25,000
Vice President of Sales	\$12,500

Unless the Participant has achieved the applicable guideline level of share ownership, the Participant is required to retain an amount equal to not less than 50% of the net shares received as a result of the exercise, vesting or payment of any equity awards granted to the Participant that satisfy the ownership guidelines as described in this Policy. "Net shares" are those shares that remain after shares are sold or withheld, as the case may be, to pay any applicable exercise price for the award and satisfy any tax obligations arising in connection with the exercise, vesting or payment of the award.

Valuation Methodology

Share prices of all companies are volatile. It would be unfair to require a Participant to buy more shares simply because the share price of the common stock of Costar drops. Consequently, the value of a share, whether purchased by a Participant prior to or subsequent to the adoption of this Policy, for purposes of satisfying the minimum ownership guidelines applicable to such Participant, shall be measured as the greater of (a) the then current market price of a share or (b) the purchase price of such share.

Satisfaction of Guidelines

Participants may satisfy their ownership guidelines with common stock in these categories:

- Shares owned directly or owned by his or her immediate family members residing in the same household;
- Shares owned indirectly by any of the above (e.g., by a trust or family limited partnership);
- Shares represented by amounts invested in a 401(k) plan or deferred compensation plan maintained by Costar or an affiliate;
- Vested time-vested restricted stock, restricted stock units or phantom stock; and
- Shares granted to Participants from the Company in lieu of compensation or bonus.

Unexercised options (whether vested or unvested) and unearned performance shares are not counted toward meeting the guidelines.

Compliance

Violations of this Policy may result in the Participant not receiving future grants of long-term incentive plan awards or annual equity retainer.

The Corporate Governance Committee will evaluate whether exceptions to this Policy should be made for any Participant who, due to his or her unique financial circumstances, would incur a hardship by having to comply with this Policy.