COSTAR TECHNOLOGIES, INC.

Notice of 2018 Annual Meeting of Stockholders
to be Held on October 23, 2018

Dear Stockholders of Costar Technologies, Inc.:

The 2018 Annual Meeting of Stockholders of Costar Technologies, Inc. will be held at the offices of Costar Technologies, Inc., 101 Wrangler Drive, Suite 201, Coppell, Texas 75019, on Tuesday, October 23, 2018 at 10:00 a.m., local time, for the following purposes:

1. to elect five directors to serve for a term of one year;

2. to ratify the selection of BKD LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2018; and

3. to transact such other business as may properly come before the annual meeting.

The record date for determining stockholders entitled to vote at the annual meeting is the close of business on September 10, 2018. Whether or not you plan to attend the annual meeting, please sign and date the enclosed proxy and promptly return it in the pre-addressed envelope provided for that purpose, or vote your shares via the Internet. Any stockholder may revoke his or her proxy at any time before the annual meeting by giving written notice to such effect, by submitting a subsequently dated proxy or by attending the annual meeting and voting in person.

Sincerely,

Scott Switzer
Secretary

Coppell, Texas
September 20, 2018

COSTAR TECHNOLOGIES, INC.
101 WRANGLER DRIVE, SUITE 201
COPPELL, TEXAS 75019

PROXY STATEMENT

Questions and Answers Regarding This Proxy Statement

When is the annual meeting and where is it located? The meeting will take place on Tuesday, October 23, 2018, at 10:00 a.m., local time, at the offices of Costar Technologies, Inc., 101 Wrangler Drive, Suite 201, Coppell, Texas 75019.

Who is soliciting your proxy? The proxy solicitation is being made by the Board of Directors of Costar Technologies, Inc. (When we use the terms "we", "us", "our", "Costar" and "the Company", we are referring to Costar Technologies, Inc.) Proxies may also be solicited by our officers and employees, but such persons will not be specifically compensated for such services. Original solicitation of proxies by mail may be supplemented by telephone, telegram or other electronic means.

When will the proxy statement be mailed to stockholders? This proxy statement will first be mailed to stockholders on or about September 20, 2018.

What is the record date and who may attend the annual meeting? Our Board of Directors has selected the close of business on September 10, 2018 as the record date for determining the stockholders of record who are entitled to attend and vote at the annual meeting. This means that all stockholders of record as of the close of business on September 10, 2018 may vote their shares of common stock at the Annual Meeting. As of the record date, we had 1,559,191 shares of common stock outstanding. If your shares are held through a broker and you would like to attend, please bring a copy of your brokerage account statement reflecting your ownership of our shares on the record date or an omnibus proxy (which you can get from your broker) and we will permit you to attend the annual meeting.

Who is paying for the solicitation of proxies? We will pay all expenses of preparing and soliciting proxies. We may also reimburse brokerage houses, nominees, custodians and fiduciaries for expenses in forwarding proxy materials to the beneficial owners of shares of our common stock held of record. Although we have not yet done so, it may retain a firm to assist in the solicitation of proxies in connection with the annual meeting. We would pay such firm, if any, customary fees, which we expect would be no more than $10,000 plus related expenses.

Who may vote at the annual meeting? If you are a holder of common stock as of the close of business on September 10, 2018, you will have one vote for each share of common stock that you hold on each matter that is presented for action at the annual meeting. If you have common stock that is registered in the name of a broker, your broker will forward your proxy materials and will vote your shares as you indicate. You may receive more than one proxy card if your shares are registered in different names or are held in more than one account.

How do you vote? Sign and date each proxy card you receive and return it in the prepaid envelope. Stockholders who hold their shares through a bank or broker can also vote via the Internet if this option is offered by the bank or broker. Any stockholder may revoke his or her proxy, whether he or she votes by mail or the Internet, at any time before the annual meeting by written notice to such effect received by us at the address set forth above, attn: corporate secretary, by delivery of a subsequently dated proxy or by attending the annual meeting and voting in person.

How will your shares be voted? All properly completed and unrevoked proxies that are received prior to the close of voting at the annual meeting will be voted in accordance with the instructions made.

Brokers, banks, or other nominees that hold shares of common stock in “street name” for a beneficial owner of those shares typically have the authority to vote in their discretion if permitted by the stock exchange or other organization of which they are members. Brokers, banks, and other nominees are permitted to vote the beneficial owner's proxy in their own discretion as to certain "routine" proposals when they have not received instructions from the beneficial owner, such as the ratification of the appointment of BKD LLP as the independent registered public accountant of the Company for the fiscal year ending December 31, 2018. If a broker, bank, or other nominee votes such "uninstructed" shares for or against a "routine" proposal, those shares will be counted towards determining whether or not a quorum is present and are considered entitled to vote on the "routine" proposals. However, where a proposal is not "routine," a broker, bank, or other nominee is not permitted to exercise its voting discretion on that proposal without specific instructions from the beneficial owner. These non-voted shares are referred to as "broker non-votes" when the nominee has voted on other non-routine matters with authorization or voted on routine matters. These shares will be counted towards determining whether or not a quorum is present, but will not be considered entitled to vote on the "non-routine" proposals.

Please note that brokers, banks, and other nominees cannot use discretionary authority to vote shares on the election of directors if they have not received specific instructions from their clients. For your vote to be counted in the election of directors, you will need to communicate your voting decisions to your broker, bank, or other nominee before the date of the meeting.

Broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained. Abstentions have no effect on the election of directors. For the purpose of determining whether stockholders have approved all other matters, abstentions have the same effect as votes against such matters being voted on at the meeting.

Is your vote confidential? Proxy cards, ballots and voting tabulations that identify individual stockholders are mailed or returned directly to the transfer agent and are handled in a manner that protects your voting privacy. Your vote will not be disclosed except as needed to permit the transfer agent to tabulate and certify the vote and as required by law. Additionally, all comments written on the proxy card or elsewhere (including through Internet voting) will be forwarded to management. Your identity will be kept confidential, unless you ask that your name be disclosed.

What constitutes a quorum? The presence at the annual meeting, in person or by proxy, of holders of a majority of the issued and outstanding shares of common stock as of the record date is considered a quorum for the transaction of business. If you submit a properly completed proxy or if you appear at the annual meeting to vote in person, your shares of common stock will be considered part of the quorum. Directions to withhold authority to vote for any director, abstentions, and broker non-votes will be counted as present to determine if a quorum for the transaction of business is present. Once a quorum is present, voting on specific proposals may proceed. In the absence of a quorum, the annual meeting shall be adjourned.

As of the close of business on September 10, 2018, 1,559,191 shares of common stock were issued and outstanding. The common stock is our only class of securities entitled to vote, each share being entitled to one non-cumulative vote.

How many votes are needed to approve each proposal? The Company has adopted a majority voting policy for the election of directors. Each director will be elected by the vote of a majority of the votes cast, meaning that the number of shares voted "for" a director's election exceeds 50% of the number of votes cast with respect to that director's election, and includes votes to withhold authority; provided that in the event the number of nominees exceeds the number of directors to be elected, such as in the case of a contested election, the directors shall be elected by the vote of a plurality of the votes properly cast at the annual meeting. Abstentions and broker non-votes will not be treated as votes cast and therefore have no effect on the proposal. The approval of the measure to ratify our independent auditors requires the affirmative vote of a majority of the votes cast at the annual meeting. Abstentions and broker non-votes will not be treated as votes cast and therefore have no effect on the proposal.

Where can I find the voting results of the Annual Meeting? We intend to announce the preliminary voting results at the annual meeting and will publish the final results in a press release within four business days of the annual meeting.

PROPOSAL 1

ELECTION OF DIRECTORS

At the annual meeting, you will vote on the election of five individuals to our Board of Directors (the "Board"). Each director will hold office until the next annual meeting and until his respective successor is elected and qualified. In the event that any nominee for director withdraws or for any reason is not able to serve as a director, we will vote your proxy for the remainder of those nominated for director (except as otherwise indicated in your proxy) and for any replacement nominee designated by the Board.

The Board, at the recommendation of the Nominating and Corporate Governance Committee, has nominated the five individuals listed below to serve as directors of the Company. Set forth below is information about our nominees, including their name and age, recent employment or principal occupation, their period of service as a Company director, the names of other public companies for which they currently serve as a director or have served as a director within the past five years, and a summary of their specific experience that led to the Board's conclusion that they are qualified to serve as a director on our Board at this time. All of the nominees are currently members of the Board.

Information Concerning Nominees

Name	Age	Position with the Company	Director Since
Rory J. Cowan	65	Chairman of the Board of Directors (1)(2)(3)	2001
James D. Pritchett	72	President, Chief Executive Officer and Director (4)	2009
Jared L. Landaw	53	Director (2)(3)(4)	2008
Gregory T. Hradsky	58	Director (1)(3)(4)	2008
Jeffrey S. Wald	44	Director (1)(2)	2010

(1) Member of Audit Committee
(2) Member of Nominating and Corporate Governance Committee
(3) Member of Compensation Committee
(4) Member of Strategic Committee (Mr. Pritchett is a non-voting member)

Mr. Rory J. Cowan has served as one of our directors since March 2001 and was appointed our Chairman in June 2003. Mr. Cowan is the founder of Lionbridge Technologies, Inc., a provider of globalization products and services for worldwide deployment of technology and information-based products, where he has served as Chairman of the Board and Chief Executive Officer since September 1996. Lionbridge was traded on NASDAQ from 1999 until its sale in 2017 to HIG, a private equity firm. He continues to Chair the Board of Directors of Lionbridge. Before founding Lionbridge, Mr. Cowan served on the board of Interleaf, Inc., a document management software company, from 1995 until its sale in 2000. He also served as its interim Chief Executive Officer from October 1996 until January 1997. From May 1995 to June 1996, Mr. Cowan served as Chief Executive Officer of Stream International, Inc., a software and services provider and a division of R.R. Donnelley & Sons, a provider of commercial print and print-related services. Mr. Cowan joined R.R. Donnelley in 1988 and served in a variety of leadership positions, including Executive Vice President, and member of the Management Committee from 1991 to 1996. During his career, Mr. Cowan served on the boards of multiple public and private companies, most recently serving as Chairman of the Board of Lojack, Inc. until its sale to CalAmp Corporation (NASDAQ: CAMP) in March 2016. We believe Mr. Cowan is qualified to serve on our Board due to his extensive leadership experience and industry knowledge.

Mr. James D. Pritchett has served as our President and Chief Executive Officer and as one of our directors since January 2009. Mr. Pritchett previously served as the President of Costar Video Systems, LLC from June 2006 until January 2009. Prior to that, he was the President of Video Solutions Technology Center, LLC and a director of Southern Imaging, Inc. from March 2001 until June 2006. Mr. Pritchett served as an independent business consultant from 1999 until March 2001. From 1988 until March 1999, Mr. Pritchett was an executive officer of Ultrak, Inc., a then-publicly-traded company that manufactured and sold products for the security and surveillance and industrial video markets, serving as the Executive Vice-President and Chief Operating Officer from 1988-1997 and as the President and Chief Executive Officer from 1997 until March 1999. We believe Mr. Pritchett is qualified to serve on our Board due to his experience as an executive and his knowledge of our business and industry.

Mr. Jared L. Landaw has served as one of our directors since June 2008. He is the Chief Operating Officer and General Counsel of Barington Capital Group, L.P., an investment firm that has extensive experience investing in manufacturing and industrial companies, where he has been employed since 2004. From 1998 until 2003, Mr. Landaw worked at International Specialty Products Inc. (formerly NYSE: ISP), a manufacturer of specialty chemicals and performance enhancing products, where he was the Vice President of Law. At ISP, Mr. Landaw was responsible for counseling its business groups and handling all M&A and strategic transactions for ISP and its affiliate, GAF Materials Corporation, a manufacturer of building materials and roofing products. He was also the recipient of the Chairman's Award for "outstanding work and notable contribution to the affairs of the company." Prior to that, he was an attorney in the Mergers & Acquisitions Practice Group at Skadden, Arps, Slate, Meagher & Flom LLP. From September 2014 until January 2018, Mr. Landaw was an officer and a director of Barington/Hilco Acquisition Corp. (NASDAQ: BHAC), a blank check acquisition company. Mr. Landaw is a frequent speaker on public company corporate governance. He received a J.D. from Columbia Law School, where he was a Harlan Fiske Stone Scholar, and a B.A. from Colgate University, where he was elected to Phi Beta Kappa. We believe Mr. Landaw is qualified to serve on our Board due to his legal and business experience, his extensive knowledge of public company corporate governance, and his experience in mergers and acquisitions.

Mr. Gregory T. Hradsky has served as one of our directors since June 2008. He has been an independent financial consultant since February 2006. Between May 2003 and February 2006, Mr. Hradsky was a Vice President of Avenue Capital Group, a global investment firm, where he managed a portfolio of distressed securities, post-reorganization equities and other investments. From 1999 until 2003, Mr. Hradsky was the founder and Managing Partner of Bellport Capital, an investment firm specializing in distressed securities. Prior to that, Mr. Hradsky was a Managing Director and Head of the Distressed Securities Group at UBS Securities LLC from 1993 until 1998. Mr. Hradsky joined UBS in 1991 as a research analyst focusing on distressed credits. Prior to UBS, Mr. Hradsky held positions at CS First Boston and T. Rowe Price Associates. Mr. Hradsky is a director of Cyclacel Pharmaceuticals, Inc. (NASDAQ: CYCC), a biopharmaceutical company developing oral therapies for the treatment of cancer and other serious diseases where he is a member of the Audit Committee. We believe Mr. Hradsky is qualified to serve on our Board due to his financial and investment experience.

Mr. Jeffrey S. Wald has served as one of our directors since October 2010. He is the Founder of Work Market, an enterprise software platform that enables companies to efficiently and compliantly, organize, manage and pay freelancers (purchased by ADP). From May 2008 until May 2010, Mr. Wald served as a Managing Director with Barington Capital Group, L.P., an investment firm. From March 2007 through May 2008, Mr. Wald was the Co-Founder of Spinback, Inc., an internet commerce company (sold to Buddy Media Corporation). From January 2003 to March 2007, he was a Vice President at The GlenRock Group, an Israeli venture capital firm. Earlier in his career, Mr. Wald held various positions in the Mergers and Acquisitions department at J. P. Morgan Chase & Co. Mr. Wald is a director of ModusLink Global Solutions, Inc. (NASDAQ: MLNK), the global leader in outsourced supply chain logistics, and is a former director of Peerless Systems Corporation (NASDAQ: PRLS), a software licensing company and Register.com L.P., a provider of domain registration, website and business web hosting services. Mr. Wald holds an MBA from Harvard University and an MS and BS from Cornell University. He also formerly served as an officer in the Auxiliary Unit of the New York City Police Department. Jeff is the author of "The Birthday Rules", the upcoming book "The End of Jobs: The Rise of Agile Companies and the On-Demand Worker" as well as the screenwriter for the upcoming film "Day 39". Jeff is a regular writer in Huffington Post and Forbes and speaks widely at conferences and television on startups and labor issues. Mr. Wald was named "One of the 100 Most Influential People in Staffing" by the Staffing Industry Analysts in 2017 and 2018. We believe Mr. Wald is qualified to serve on our Board due to his executive experience and his experience in the technology industry.

Our Board of Directors unanimously recommends that you vote *FOR* the election of each of the nominees listed above.

Board of Directors and Committees of the Board of Directors

Our business is managed under the direction of the Board. The Board consists of a single class of directors who are elected for a term of one year, such term beginning and ending at each annual meeting of stockholders. The Board presently consists of five members. There are no family relationships among any of our directors or executive officers. The Board has determined that each of our directors, with the exception of Mr. Prtichett, is independent under the rules and regulations promulgated by the SEC.

Audit Committee. We have a separately designated standing Audit Committee. The current members of our Audit Committee are Gregory Hradsky, Rory Cowan and Jeffrey Wald. The Board determined that each member of the Audit Committee is "independent" under Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is "financially literate," and that Mr. Hradsky qualifies as an "Audit Committee Financial Expert" as defined under the Exchange Act. In addition, no member of our Audit Committee has participated in the preparation of the financial statements for the Company or a current subsidiary during the last three fiscal years. Mr. Hradsky currently serves as Chair of the Audit Committee.

The Audit Committee retains our independent registered public accounting firm and is charged with the responsibility of overseeing our accounting and financial reporting process. In the course of performing its functions, the Audit Committee reviews, with management and the independent accountants, our internal accounting controls, the annual and periodic financial statements, the report and recommendations of the independent accountants, the scope of the audit (if any) and the qualifications and independence of the auditors. A copy of the Audit Committee charter is available on our website at www.costartechnologies.com.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee currently consists of Jared Landaw, Rory Cowan and Jeffrey Wald. Mr. Landaw currently serves as Chair of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee is responsible for identifying individuals who are qualified to become directors, recommending nominees for membership on the Board and committees of the Board, promulgating minimum qualifications that it believes must be met by director nominees, reviewing and considering director candidates recommended or nominated by stockholders, and developing, recommending to the Board and overseeing corporate governance guidelines. Copies of the Nominating and Corporate Governance Committee charter and our Corporate Governance Guidelines are available on our website at www.costartechnologies.com.

The Nominating and Corporate Governance Committee has established a process for identifying and evaluating director nominees. The Nominating and Corporate Governance Committee may solicit recommendations from any or all of the following sources: non-management directors, the Chief Executive Officer, other executive officers, stockholders, third-party search firms or any other source it deems appropriate. The Nominating and Corporate Governance Committee will then, without regard to the source of the initial recommendation of such proposed director candidate, review and evaluate the qualifications of any such proposed director candidate and conduct inquiries it deems appropriate. While we do not have a stand-alone diversity policy, in considering whether to recommend any director nominee, including candidates recommended by stockholders, we believe that the backgrounds and qualifications of the directors, considered as a group, should provide an appropriate mix of experience, knowledge, abilities and perspectives that will allow our Board to effectively fulfill its responsibilities. Upon identifying individuals qualified to become members of the Board, consistent with the minimum qualifications and other criteria approved by the Board from time to time, and provided that we are not legally required to provide third parties with the ability to nominate individuals for election as a member of the Board, the Nominating and Corporate Governance Committee will then recommend that the Board select the director nominees for election at each annual meeting of stockholders.

The Nominating and Corporate Governance Committee will review and consider director candidates recommended by our stockholders. Recommendations must include the proposed nominee's name, detailed biographical data, work history, qualifications and corporate and charitable affiliations. Stockholders of record may also nominate candidates for election to the Board by following the procedures set forth in the Company's By-laws.

During 2018, under the leadership of the Nominating and Corporate Governance Committee, we updated our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Insider Trading Policy and Insider Trading Procedures, Stock Ownership Guidelines Policy, Audit Committee Charter, Compensation Committee Charter and Nominating and Corporate Governance Committee Charter, and added an Anti-Corruption Policy, Related Party Transaction Policy and Strategic Committee Charter in order to ensure that our corporate governance policies and practices are up-to-date and provide an appropriate framework to facilitate risk management and sound business practices.

Compensation Committee. The Compensation Committee currently consists of Rory Cowan, Gregory Hradsky and Jared Landaw. The Board has determined that each member is a "non-employee director" under Rule 16b-3 of the Exchange Act and an "outside director" as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended. Mr. Cowan currently serves as Chair of the Compensation Committee.

The Compensation Committee is solely responsible for determining our Chief Executive Officer's compensation. Our Chief Executive Officer is not present during this process. For our other executive officers, our Chief Executive Officer prepares and presents to the Compensation Committee performance assessments and compensation recommendations, which the Compensation Committee considers as one factor in its deliberations. The other executive officers are not present during this process. The Compensation Committee administers our equity incentive plans and executive compensation programs, determines eligibility for, and awards under, such plans and programs, and makes recommendations to the Board with regard to the adoption of new employee benefit plans, equity incentive plans and executive compensation plans. A copy of the Compensation Committee charter is available on our website at www.costartechnologies.com.

Strategic Committee. In 2009, the Board created a Strategic Committee in order to explore various strategic alternatives to improve stockholder value, including, without limitation, a strategic acquisition, merger or sale of all or a portion of the Company. The Strategic Committee consists of Jared Landaw, Gregory Hradsky and James Pritchett, with Mr. Pritchett being a non-voting member of the committee. Consistent with its mandate, the Strategic Committee meets from time to time in order to review and evaluate various strategic options available to the Company. A copy of the Strategic Committee charter is available on our website at www.costartechnologies.com.

Code of Business Conduct and Ethics. The Company has a Code of Business Conduct and Ethics which applies to our directors, officers and employees. Any amendments or waivers to the Code will be publicly disclosed on a timely basis to the extent required by the applicable rules and regulation of the SEC on our website. A copy of the Code of Business Conduct and Ethics is available on our website at www.costartechnologies.com or can be obtained, free of charge, by writing to Costar Technologies, Inc., 101 Wrangler Drive, Suite 201, Coppell, Texas 75019; Attn: Secretary.

CEO Succession Plan

The Board has adopted a CEO Succession Plan. The purpose of the plan is to help ensure organizational stability and leadership continuity at the CEO level which is critical to the ongoing successful operations of our Company. The plan also sets forth procedures for the appointment of an acting CEO in the event of an unplanned and extended absence of the CEO. The CEO Succession Plan was reviewed and updated by the Board in the past year.

Minimum Stock Ownership Policy

The Board has adopted a minimum stock ownership guideline policy for the Company’s directors and members of senior management. The policy provides that each person subject to the policy must own shares of common stock of the Company meeting certain minimum value thresholds established by the Nominating and Corporate Governance Committee. Further details of the plan are available on the Company’s website at www.costartechnologies.com.

Compensation Claw Back Policy

The Board has adopted an incentive compensation clawback policy. The policy is designed to ensure that incentive compensation is paid based on accurate financial and operating data and the correct calculation of the Company's performance against incentive targets. The policy permits the Company's Compensation Committee to seek the recovery of incentive compensation in the event of fraud or misconduct or a restatement of the financial or operating results of the Company that, in either case, results in the payment of inflated incentive compensation. The Company’s clawback policy is available on the Company’s website at www.costartechnologies.com.

Stockholder Communication with Board Members

We maintain contact information for stockholders, both telephone and email, on our website under the heading “Contact Us.” By following the “Contact Us” link, a stockholder will be given access to our telephone number and mailing address, as well as links for providing email correspondence to our management. Communications specifically marked as a communication for our Board of Directors will be forwarded to the Board or specific members of the Board as directed in the stockholder communication. In addition, communications sent directly to us via telephone, facsimile or email for our Board of Directors will be forwarded to the Board by an officer.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

The Company's executive compensation programs for the year ending December 31, 2017, which applied to the Company's Named Executive Officers (as hereinafter defined), emphasized the achievement of revenue, profitability and strategic goals. These programs, which were established by the Compensation Committee with the assistance of an executive compensation consultant, seek to provide a balanced mix of short and long-term incentive compensation combined with a competitive base salary. A large portion of total compensation is tied to the achievement of performance goals based on financial, operational and strategic metrics established annually by the Compensation Committee of our Board of Directors. Our 2017 program included four key components:

- **Base Salary.** Base salaries for the Company's executive officers are based upon the scope of the individual's responsibilities, taking into consideration competitive market compensation for the industry and geography. Base salaries for the President and Chief Executive Officer and Chief Financial Officer increased 6.2% and 3.0% in 2017 compared to 2016, respectively. The Company believes the base salaries of its executive officers are in line with its competitors.

- **Non-Equity Incentive Plan Compensation.** The Company established a bonus plan based upon the achievement of specific short-term financial and operational performance metrics for the Company's executive officers. For 2017, the Company did not achieve the financial performance metrics established as part of the executive bonus plan. As a result, only non-financial based incentive-based compensation bonuses were earned by the Named Executive Officers for the year ending December 31, 2017.

- **Long-Term Equity-Based Compensation.** The Company believes that the issuance of long-term equity incentive grants are an integral part of its overall executive compensation program and that the Company's long-term performance will be enhanced through the use of equity awards that reward executive officers for maximizing stockholder value over time. The Company adopted the 2014 Omnibus Performance Award Plan (the "Plan"), which authorizes the grant of awards relating to 150,000 shares of the Company's Common Stock. In May 2017, the Compensation Committee of the Board of Directors granted restricted stock awards to the President and Chief Executive Officer and the Chief Financial Officer pursuant to the provisions of the Plan. All of the 2017 awards are subject to a two year time-vesting schedule and 75% are subject to the achievement of performance targets relating to EBITDA growth for the years ending December 31, 2017 and 2018. The Summary Compensation Table below reflects the fair market value of the vested awards based upon the time vesting schedule at December 31, 2017.

- **Retirement, Health and Welfare Benefits and Other Perquisites.** The President and Chief Executive Officer is entitled to a specified retirement/severance benefit pursuant to his employment agreement as detailed below. Executive officers are eligible to participate in the Company's employee benefit plans offered to all of its employees, including medical, dental, group life, disability, accidental death insurance and the Company's sponsored 401(k).

The individual compensation of non-executive officers and other employees is determined by our executive officers or non-executive officers, depending on the employee, based upon the compensation plan approved by our Compensation Committee. Furthermore, these same executive officers make recommendations with respect to equity incentive awards to people at these levels, which are then submitted to our Compensation Committee for final determination. The Compensation Committee determines the compensation of our named executive officers in executive session.

Employment Contracts and Termination of Employment

Effective January 1, 2017, the Company entered into an employment agreement with Mr. Pritchett whereby Mr. Pritchett has been engaged to continue to serve as our President and Chief Executive Officer. The agreement has an initial two year term ending December 31, 2018. The initial two year term may be extended for additional one year periods upon the mutual written consent of the parties. The agreement provides that Mr. Pritchett is to receive (i) an initial base salary of $385,000 per annum and (ii) a performance bonus in an amount not to exceed 115% of current base salary determined pursuant to performance goals and other terms and conditions established by the Board of Directors. Mr. Pritchett is also entitled to at least 5 weeks paid vacation and reimbursement of travel and business expenses incurred in connection with the performance of his duties. Pursuant to the terms of the agreement, we granted Mr. Pritchett 7,000 shares of restricted stock upon execution of the employment agreement and 7,000 shares of restricted stock upon the first anniversary of the date of the agreement. The agreement is subject to early termination as follows: (a) by us (i) due to Mr. Pritchett's death or total disability, (ii) without "cause" or (iii) for "cause," and (b) by Mr. Pritchett for "good reason." "Cause" and "good reason" are defined in the agreement. In the event that the agreement is terminated by us by reason of the death or total disability of Mr. Pritchett or for "cause," or by Mr. Pritchett other than for "good reason," then we shall be obligated to pay Mr. Pritchett (or his spouse or estate, as the case may be) (a) any accrued but unpaid base salary for services rendered to the date of termination, (b) any accrued but unpaid reimbursable expenses, (c) any accrued but unpaid vacation time and (d) for each full bonus eligible year worked by Mr. Pritchett, any performance bonus due and payable under the agreement. In the event the agreement is terminated by us without "cause" or by Mr. Pritchett for "good reason," then we shall be obligated to pay Mr. Pritchett (a) any accrued but unpaid base salary for services rendered to the date of termination, (b) any accrued but unpaid reimbursable expenses, (c) any accrued but unpaid vacation time, (d) Mr. Pritchett's base salary for a period of twelve months following the date of termination and (e) for each full bonus eligible year worked by Mr. Pritchett, any performance bonus due and payable under the agreement. Mr. Pritchett is also bound by various restrictive covenants, including a confidentiality, non-competition and non-solicitation covenant.

Summary Compensation Table

The following table provides information as to compensation paid by the Company to our current President and Chief Executive Officer (principal executive officer) and our current Chief Financial Officer (principal financial officer) (collectively, the "Named Executive Officers"), for services rendered for the fiscal years ended December 31, 2017, 2016 and 2015:

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	All Other Compensation	Total
James Pritchett	2017	$385,000	$109,581	$65,800		$537,881
President and Chief	2016	$362,500	$498,270	$58,450	$25,000(2)	$944,220
Executive Officer	2015	$362,500	$1,376	$7,919		$371,795
Scott Switzer	2017	$237,000	$38,416	$37,600		$306,016
Chief Financial	2016	$230,000	$179,716	$33,400	$35,000(2)	$478,116
Officer	2015	$225,000	$1,376	$4,525		$230,901

(1) Represents the dollar amount recognized for financial statement reporting purposes for restricted stock awards vested during the fiscal years ended December 31, 2017 and 2016 in accordance with ASC 718. See Note 11 to the Company's Consolidated Financial Statements for the fiscal year ended December 31, 2017 for a further discussion of the valuation assumptions used for purpose of the calculation.

(2) Represents cash paid in relation to the acquisition of stock of Innotech Security Inc.

Outstanding Equity Awards at Fiscal Year-End Table

The following table provides summary information concerning stock options held by the Named Executive Officers as of December 31, 2017:

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested[(1)]	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested	Equity Incentive Plan Awards: Market of Payout Value of Unearned Shares That Have Not Vested[(1)]
James Pritchett	2,400[(2)]		$6.50	2/9/2018	875[(8)]	$8,225	2,625[(9)]	$24,675
	8,000[(3)]		$1.50	1/22/2019				
	8,000[(4)]		$1.05	4/26/2020				
	20,000[(5)]		$1.425	1/18/2022				
	3,333[(6)]		$2.10	4/2/2023				
	3,125[(7)]	208[(7)]	$11.50	3/19/2024				
Scott Switzer	4,688[(7)]	312[(7)]	$11.50	3/19/2024	500[(8)]	$4,700	1,500[(9)]	$14,100

(1) Based on the closing market price of our Common Stock as of December 31, 2017 ($9.40).
(2) Such options vested immediately upon grant on February 9, 2008.
(3) Represents options granted upon being appointed President, Chief Executive Officer and a director of the Company on January 20, 2009 and which vested annually in 3 equal installments.
(4) Such options were granted on April 26, 2010 and vested annually in 3 equal installments.
(5) Such options were granted on January 18, 2012 and vested annually in 3 equal installments.
(6) Such options were granted on April 2, 2013 and vest annually in 4 equal installments.
(7) Such options were granted on March 19, 2014 and vest annually in 4 equal installments.
(8) Time-based restricted stock awards granted on May 16, 2017 that vest on December 31, 2018.
(9) Performance-based restricted stock awards granted on May 16, 2017 that vest on December 31, 2018 based on the Company's achievement of 10% EBITDA growth from fiscal year 2017 to fiscal year 2018.

Director Compensation

The following table contains information concerning the compensation of our non-employee directors for the fiscal year ended December 31, 2017. James Pritchett is not included in this table as he is an employee and thus receives no compensation for his services as a director. The compensation received by Mr. Pritchett is shown above under the heading "Summary Compensation Table."

Name	Fees Earned or Paid in Cash	Options Awards[1]	All Other Compensation	Total
Rory Cowan	$33,000	$16,191[2]	—	$49,191
Jared Landaw	$21,500	$14,874[3]	—	$36,374
Gregory Hradsky	$29,500	$14,874[4]	—	$44,374
Jeffrey Wald	$22,000	$16,212[5]	—	$38,212

(1) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2017 in accordance with SFAS 123(R). A discussion of valuation assumptions used for purposes of the SFAS 123(R) calculation is included under Note 2 to our Consolidated Financial Statements set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which can be accessed at www.sec.gov.

(2) As of December 31, 2017, Mr. Cowan owned options to purchase an aggregate of 14,000 shares of our common stock.

(3) As of December 31, 2017, Mr. Landaw owned options to purchase an aggregate of 12,000 shares of our common stock.

(4) As of December 31, 2017, Mr. Hradsky owned options to purchase an aggregate of 15,000 shares of our common stock.

(5) As of December 31, 2017, Mr. Wald owned options to purchase an aggregate of 8,000 shares of our common stock.

Our 2017 director compensation policy entitles each non-employee director to cash compensation of $15,000 upon initial election and annually thereafter during their term of service, with our Chairman receiving an additional $10,000 annually. Furthermore, non-employee directors are entitled to fully vested options to purchase 2,000 shares of common stock upon initial election and fully vested options to purchase up to 2,000 shares of common stock annually thereafter during their term of service. Non-employee directors are also paid $1,000 per meeting of the Board attended during their term of service. In addition, attendance at committee meetings is compensated at the rate of $1,000 per meeting with the exception of Audit Committee meetings, where the chairperson receives $2,000 per meeting.

During 2018, the Compensation Committee modified our director compensation policy to include cash compensation of $25,000 upon initial election and annually thereafter during their term of services, with our Chairman receiving an additional $10,000 annually. Directors can receive up to 50% of their annual cash compensation in stock at their election. Non-employee directors are entitled to fully vested options to purchase 3,000 shares of common stock upon initial election and fully vested options to purchase 3,000 shares of common stock granted at the annual meeting date. Non-employee directors are also paid $1,000 per meeting of the Board attended during their term of service. In addition, attendance at committee meetings is compensated at the rate of $1,000 per meeting with the exception of the Audit Committee meetings, where the chairperson receives $2,000 per meeting.

SECURITY OWNERSHIP OF MANAGEMENT

The following table presents information with respect to beneficial ownership of the common stock as of September 10, 2018 by:

- individuals serving as our Named Executive Officers;
- each of our directors; and
- all executive officers and directors as a group.

Except as otherwise noted, the address of each person/entity listed in the table is c/o Costar Technologies, Inc., 101 Wrangler Drive, Suite 201, Coppell, Texas 75019. The table includes all shares of common stock issuable within 60 days of September 10, 2018 upon the exercise of options and other rights beneficially owned by the indicated stockholders on that date. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to all shares of common stock. To our knowledge, except under applicable community property laws or as otherwise indicated, the persons named in the table have sole voting and sole investment control with respect to all shares of common stock beneficially owned. The applicable percentage of ownership for each stockholder is based on 1,559,191 shares of common stock outstanding as of September 10, 2018. Shares of common stock issuable upon exercise of options and other rights beneficially owned are deemed outstanding for the purpose of computing the percentage ownership of the person holding those options and other rights, but are not deemed outstanding for computing the percentage ownership of any other person. We no longer disclose information with respect to beneficial ownership of our common stock by persons who beneficially own more than 5% of our common stock, as such persons, if any, are no longer required to publicly disclose their ownership of our company as a result of the suspension of our reporting requirements under the Exchange Act.

Name of Beneficial Owner	**Number of Shares**	**Percent**
James Pritchett	88,698(1)	5.50
Scott Switzer	38,140(2)	2.43
Jeffrey Wald	26,600(3)	1.69
Jared L. Landaw	25,280(4)	1.61
Gregory T. Hradsky	22,280(5)	1.41
Rory J. Cowan	20,000(6)	1.27
All executive officers and directors as a group (consisting of 6 persons)	220,998 (7)	13.16

(1) Includes 42,666 shares of common stock issuable upon the exercise of options and 10,500 shares of restricted stock subject to vesting.

(2) Includes 5,000 shares of common stock issuable upon the exercise of options and 6,000 shares of restricted stock subject to vesting.

(3) Includes 11,000 shares of common stock issuable upon the exercise of options.

(4) Includes 13,000 shares of common stock issuable upon the exercise of options. Mr. Landaw is the Chief Operating Officer and General Counsel of Barington Capital Group, L.P. ("Barington"), which, based upon the information available, beneficially owns together with its affiliated entities approximately 15% of our outstanding common stock.

(5) Includes 16,000 shares of common stock issuable upon the exercise of options.

(6) Includes 16,000 shares of common stock issuable upon the exercise of options.

(7) Includes 103,666 shares of common stock issuable upon the exercise of options and 16,500 shares of restricted stock subject to vesting.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than as set forth below, in the last fiscal year, there has not been nor are there currently proposed any transactions or a series of similar transactions to which the Company was or is to be a party in which the amount involved exceeds $120,000 and in which any director, executive officer, holder of more than 5% of our common stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

Transactions with Related Persons

Jared L. Landaw, a director, is the Chief Operating Officer and the General Counsel of Barington, and Jeff Wald, a director, is a former Managing Director of Barington. Based upon the information available, we believe Barington and its affiliated entities beneficially own approximately 15% of the Company's outstanding common stock.

Review, Approval or Ratification of Transactions with Related Persons

Pursuant to the Charter of the Audit Committee, the Audit Committee is charged, on behalf of the Board of Directors, with conducting an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, and the approval of the Audit Committee is required for all such transactions.

PROPOSAL 2

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board of Directors has appointed BKD LLP as our independent registered public accounting firm for 2018. We expect a representative of BKD LLP to attend the 2018 Annual Meeting of Stockholders. Such representative will have an opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions.

Stockholder Ratification

We are not required to submit the appointment of BKD LLP for ratification by our stockholders. However, we are doing so as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such an appointment would be in our best interests and that of our stockholders.

The Board of Directors, based upon the recommendation of the Audit Committee, unanimously recommends a vote *FOR* the ratification of the appointment of BKD LLP as the independent registered public accounting firm of the Company for 2018.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

RSM US LLP served as our independent registered public accounting firm to perform the review of our financial statements for all quarters in 2017 and 2016 and the audits of our financial statements for the year ending December 31, 2016. BKD LLP served as our independent registered public accounting firm to perform the audit of our financial statements for the year ending December 31, 2017, all fees billed in 2018.

The table below sets forth the aggregate audit fees, audit-related fees, tax fees and all other fees billed for services rendered by RSM US LLP in our fiscal years ended December 31, 2017 and 2016.

Fee Category	**Fiscal 2017**	**Fiscal 2016**
Audit Fees(1)	$95,498	$81,595
Audit-Related Fees	—	—
Tax Fees(2)	$19,950	$17,350
All Other Fees(3)	$417,105	$491,679
Total Fees	$532,553	$590,624

(1) Audit fees consist of fees billed for professional services rendered for the audit of our annual financial statements and review of our interim quarterly financial statements and for services normally provided in connection with statutory and regulatory filings.

(2) These consist of fees billed for professional services for tax compliance, tax advice and tax planning.

(3) Included in all other fees is $182,000 in capital purchases for network, computer and other IT-related equipment and software license fees, fees billed for professional services in connection with network upgrades and implementation and IT outsourcing services. All consulting services were competitively bid prior to engagement.

Pre-Approval Policies and Procedures of Audit Committee

The Audit Committee has responsibility for the appointment, compensation and oversight of the work of the independent accountant. As part of this responsibility, the Audit Committee must pre-approve all permissible services to be performed by the independent accountant.

The Audit Committee has adopted an auditor pre-approval policy which sets forth the procedures and conditions pursuant to which pre-approval may be given for services performed by the independent auditor. Under the policy, the Committee must give prior approval for all auditing services and the terms thereof (which may include providing comfort letters in connection with securities underwritings) and non-audit services (other than non-audit services prohibited under Section 10A(g) of the Exchange Act or the applicable rules of the SEC or the Public Company Accounting Oversight Board) to be provided. Prior approval need not be given with respect to the provision of non-audit services if certain “de minimis” provisions of Section 10A(i)(1)(B) of the Exchange Act are satisfied. The Audit Committee may delegate to one or more of its members authority to approve a request for pre-approval provided the member reports any approval so given to the Audit Committee at its next scheduled meeting.

ANNUAL REPORT

In March 2010, the Company terminated the registration of its common stock under the Exchange Act. As a result, the Company’s obligation to file reports under the Exchange Act, including an annual report under Form 10-K, has been suspended. The Company will continue to make unaudited quarterly and reviewed or audited annual financial information available to its stockholders by press release and through its website located at http://www.costartechnologies.com.

OTHER MATTERS

Our Board of Directors knows of no other matters to be brought before the meeting. However, if other matters should come before the meeting, it is the intention of each person named in the proxy to vote such proxy in accordance with his or her judgment on such matters.