

COSTAR TECHNOLOGIES, INC.

**Notice of 2015 Annual Meeting of Stockholders
to be Held on November 17, 2015**

Dear Stockholders of Costar Technologies, Inc.:

The 2015 Annual Meeting of Stockholders of Costar Technologies, Inc. will be held at the offices of McGladrey LLP, 1185 Avenue of the Americas, New York, New York 10036, on Tuesday, November 17, 2015 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 McGladrey LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2015; 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 October 13, 2015. 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
October 13, 2015

**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, November 17, 2015, at 10:00 a.m., local time, at the offices of McGladrey LLP, 1185 Avenue of the Americas, New York, New York 10036.

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 October 19, 2015.

What is the record date and who may attend the annual meeting? Our Board of Directors has selected the close of business on October 13, 2015 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 October 13, 2015 may vote their shares of common stock at the Annual Meeting. 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.

Who may vote at the annual meeting? If you are a holder of common stock as of the close of business on October 13, 2015, 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 McGladrey LLP as the independent registered public accountant of the Company for the fiscal year ending December 31, 2015. 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 October 13, 2015, 1,471,459 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 but excludes abstentions and broker non-votes with respect to that director's election; 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. The approval of the measure to ratify our independent auditors requires the affirmative vote of the holders of a majority of the voting power of our common stock that are present in person or by proxy at the annual meeting.

PROPOSAL 1

ELECTION OF DIRECTORS

At the annual meeting, you will elect 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. All of the nominees are currently members of the Board.

Information Concerning Nominees

<u>Name</u>	<u>Age</u>	<u>Position with the Company</u>	<u>Director Since</u>
Rory J. Cowan	62	Chairman of the Board of Directors ⁽¹⁾⁽²⁾⁽³⁾	2001
James D. Pritchett	69	President, Chief Executive Officer and Director ⁽⁴⁾	2009
Jared L. Landaw	50	Director ⁽²⁾⁽³⁾⁽⁴⁾	2008
Gregory T. Hradsky	55	Director ⁽¹⁾⁽³⁾⁽⁴⁾	2008
Jeffrey S. Wald	41	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. From September 1996 to March 2000, Mr. Cowan also served as President 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 most recently as Executive Vice President from 1991 to 1996. During his career, Mr. Cowan has served on the boards of multiple public and private companies, and is currently serving as Chairman of the Board of Lojack, Inc.

Mr. James D. Pritchett has served as our President and Chief Executive Officer and as one of our directors since January 2009. Mr. Pritchett has previously served as the President of Costar Video Systems, LLC since June 2006. 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.

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 where he has been employed since 2004. From 1998 until 2003, Mr. Landaw worked at International Specialty Products Inc., a manufacturer of specialty chemicals and performance enhancing products, where he was the Vice President of Law and a 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 the law firm Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Landaw is an officer and a director of Barington/Hilco Acquisition Corp. (NASDAQ: BHAC), a blank check acquisition company.

Mr. Gregory T. Hradsky 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.

Mr. Jeffrey S. Wald is the Co-Founder and President of Work Market, Inc., a web-based platform for managing variable labor resources. From May 2008 until May 2010, Mr. Wald served as a Managing Director with Barington Capital Group. From March 2007 through May 2008, Mr. Wald was the Co-Founder of Spinback, Inc., an internet commerce company, which was 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 private company which specializes in domain registration, website and business web hosting. Mr. Wald holds an MBA from Harvard University and an MS and BS from Cornell University. Mr. Wald formerly served as an officer in the Auxiliary Unit of the New York Police Department and is a producer of the Tony Award winning Best Musical, "A Gentleman's Guide to Love and Murder". He is also a regular writer in the Huffington Post and Forbes and speaks on television and at conferences regarding startups and labor issues.

Our Board of Directors unanimously recommends that you vote *FOR* the election 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.

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 has determined that each member is "independent" and is "financially literate," and that Mr. Hradsky qualifies as an Audit Committee Financial Expert under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and applicable rules and regulations promulgated under the Exchange Act.

The Audit Committee hires our independent accountants and is charged with the responsibility of overseeing our 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 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 the Company's 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. The Board has determined that each member is “independent.”

The 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, establishing policies for considering director candidates recommended by stockholders, implementing procedures for stockholders in submitting recommendations for director candidates and developing and recommending to the Board corporate governance guidelines.

The Committee has established a process for identifying and evaluating nominees for director. The Committee may solicit recommendations from any or all of the following sources: non-management directors, the Chief Executive Officer, other executive officers, third-party search firms or any other source it deems appropriate. The 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. 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 Committee will then recommend that the Board select the director nominees for election at each annual meeting of stockholders.

The Committee will consider director candidates recommended by our stockholders. A stockholder wishing to propose a nominee should submit a recommendation in writing to our Secretary at least 120 days before the mailing date for proxy material applicable to the annual meeting for which such nomination is proposed for submission, setting forth, among other things required by the Committee’s charter, (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee for the past five years, (iii) the consent of the proposed director candidate to be named in the proxy statement relating to our annual meeting of stockholders and to serve as a director if elected at such annual meeting and (iv) any additional information regarding director nominees pursuant to the rules of the SEC. The Committee anticipates that it would use all of the above sources to identify candidates in the future.

Copies of the Nominating and Corporate Governance Committee charter and the Corporate Governance Guidelines are available on the Company’s website at www.costartechnologies.com.

Compensation Committee. The Compensation Committee currently consists of Rory Cowan, Gregory Hradsky and Jared Landaw. The Board has determined that each member is “independent.”

The Compensation Committee sets the compensation of our Chief Executive Officer and other senior executives, 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 the Company’s 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.

Code of Business Conduct and Ethics

The Company has a Code of Business Conduct and Ethics which applies to our directors, officers and employees. A copy of the Code of Business Conduct and Ethics is available on the Company’s 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.

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, 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, 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

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, 2014, 2013 and 2012:

Name and Principal Position	Year	Salary	Bonus	Options Awards ⁽¹⁾	All Other Compensation	Total
James Pritchett ⁽²⁾ President and Chief Executive Officer	2014	\$332,500	\$375,501	\$7,167	\$75,000	\$790,168
	2013	\$317,500	\$306,970	\$586	—	\$625,056
	2012	\$300,000	\$158,304	\$8,037	\$12,500	\$478,841
Scott Switzer ⁽³⁾ Chief Financial Officer	2014	\$202,000	\$150,506	\$10,751	\$50,000	\$413,257
	2013	\$190,000	\$117,855	\$879	—	\$308,734
	2012	\$150,000	\$50,833	\$2,109	\$7,500	\$210,442

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- (1) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2014 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 the Company’s Consolidated Financial Statements set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which can be accessed at www.sec.gov.
- (2) All Other Compensation paid to Mr. Pritchett in 2014 includes \$75,000 in cash related to the acquisition of the assets of CohuHD and in 2012 includes \$12,500 in cash related to the acquisition of the assets of Industrial Vision Source.
- (3) All Other Compensation paid to Mr. Switzer in 2014 includes \$50,000 in cash related to the acquisition of the assets of CohuHD and in 2012 includes \$7,500 in cash related to the acquisition of the assets of Industrial Vision Source.

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, 2014:

Name	Option Awards			
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
James Pritchett	1,480 ⁽¹⁾		\$13.6875	6/20/2016
	3,400 ⁽²⁾		\$8.125	9/24/2017
	2,400 ⁽³⁾		\$6.50	2/9/2018
	8,000 ⁽⁴⁾		\$1.50	1/22/2019
	8,000 ⁽⁵⁾		\$1.05	4/26/2020
	13,333 ⁽⁶⁾	6,667 ⁽⁶⁾	\$1.425	1/18/2022
	833 ⁽⁷⁾	2,500 ⁽⁷⁾	\$2.10	4/2/2023
		3,333 ⁽⁸⁾	\$11.50	3/19/2024
Scott Switzer	800 ⁽⁹⁾		\$8.125	9/24/2017
	2,000 ⁽¹⁰⁾		\$1.125	10/20/2015
	2,000 ⁽¹¹⁾	2,000 ⁽¹¹⁾	\$1.875	4/5/2022
	1,250 ⁽⁷⁾	3,750 ⁽⁷⁾	\$2.10	4/2/2023
		5,000 ⁽⁸⁾	\$11.50	3/19/2024

(1) Such options were granted on June 20, 2006 and vested annually in 3 equal installments.

(2) Such options were granted on September 24, 2007 and vested annually in 3 equal installments commencing on the grant date.

(3) Such options vested immediately upon grant on February 9, 2008.

(4) Represents options granted upon being appointed President, Chief Executive Officer and a director of the Company on January 20, 2009 and vest annually in 3 equal installments.

(5) Such options were granted on April 26, 2010 and vested annually in 3 equal installments.

(6) Such options were granted on January 18, 2012 and vest annually in 3 equal installments.

(7) Such options were granted on April 2, 2013 and vest annually in 4 equal installments.

(8) Such options were granted on March 19, 2014 and vest annually in 4 equal installments.

(9) Such options were granted on September 24, 2007 and vested annually in 4 equal installments commencing on the grant date.

(10) Such options were granted on October 20, 2010 and vested annually in 3 equal installments commencing on the grant date.

(11) Such options were granted on April 5, 2012 and vest annually in 4 equal installments.

Employment Contracts and Termination of Employment

Effective January 1, 2015, the Company entered into a new 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, 2016. The initial two year term may be extended for additional one year periods upon the mutual consent of the parties. The agreement provides that Mr. Pritchett is to receive (i) an initial base salary of \$362,500 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 restricted shares of common stock upon execution of the employment agreement and 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," 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 (f) for each full bonus eligible year worked by Mr. Pritchett, any performance bonus due and payable under the agreement. In the event that the agreement is terminated 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.

Director Compensation

The following table contains information concerning the compensation of our directors for the fiscal year ended December 31, 2014. James Pritchett is not included in this table as he is paid as 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."

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Options Awards⁽¹⁾</u>	<u>All Other Compensation</u>	<u>Total</u>
Rory Cowan	\$42,500	\$23,095 ⁽²⁾	—	\$65,595
Jared Landaw	\$30,500	\$19,081 ⁽³⁾	\$10,000 ⁽⁴⁾	\$59,581
Gregory Hradsky	\$39,500	\$19,081 ⁽⁵⁾	\$5,000 ⁽⁶⁾	\$63,581
Jeffrey Wald	\$26,000	\$20,872 ⁽⁷⁾	—	\$46,872

(1) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2014 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, 2014, Mr. Cowan owned options to purchase an aggregate of 18,000 shares of our common stock.

(3) As of December 31, 2014, Mr. Landaw owned options to purchase an aggregate of 6,736 shares of our common stock.

(4) All Other Compensation paid to Mr. Landaw in 2014 includes \$10,000 in cash related to the acquisition of the assets of CohuHD.

(5) As of December 31, 2014, Mr. Hradsky owned options to purchase an aggregate of 9,000 shares of our common stock.

(6) All Other Compensation paid to Mr. Hradsky in 2014 includes \$5,000 in cash related to the acquisition of the assets of CohuHD.

(7) As of December 31, 2014, Mr. Wald owned options to purchase an aggregate of 2,000 shares of our common stock.

Our 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 4,000 shares of common stock upon initial election and 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.

SECURITY OWNERSHIP OF MANAGEMENT

The following table presents information with respect to beneficial ownership of the common stock as of October 13, 2015 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 October 13, 2015 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 1,471,459 shares of common stock outstanding as of October 13, 2015. 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.

<u>Name of Beneficial Owner</u>	<u>Number of Shares</u>	<u>Percent</u>
James Pritchett	64,037 ⁽¹⁾	4.22
Rory J. Cowan	22,000 ⁽²⁾	1.48
Jeffrey Wald	19,600 ⁽³⁾	1.33
Jared L. Landaw	19,016 ⁽⁴⁾	1.28
Scott Switzer	16,390 ⁽⁵⁾	1.11
Gregory T. Hradsky	15,280 ⁽⁶⁾	1.03
All executive officers and directors as a group (consisting of 6 persons)	156,323 ⁽⁷⁾	9.97

(1) Includes 45,780 shares of common stock issuable upon the exercise of options.

(2) Includes 20,000 shares of common stock issuable upon the exercise of options.

(3) Includes 4,000 shares of common stock issuable upon the exercise of options.

(4) Includes 8,736 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, upon information and belief, beneficially owns greater than 15% of our outstanding common stock.

- (5) Includes 7,550 shares of common stock issuable upon the exercise of options.
- (6) Includes 11,000 shares of common stock issuable upon the exercise of options.
- (7) Includes 97,066 shares of common stock issuable upon the exercise of options.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

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 to Barington. Upon information and belief, Barington and its affiliates, beneficially own greater than 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, 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 McGladrey LLP as our independent accountants for 2015. We expect a representative of our independent accountants to attend the 2015 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 McGladrey 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 McGladrey LLP as the independent registered public accounting firm of the Company for 2015.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The public accounting firm of Rothstein Kass & Company, P.C. served as our independent accountant to perform the review of our financial statements for the fiscal year ended December 31, 2013. McGladrey LLP served as our independent accountant to perform the review of our financial statements for the second and third quarter of 2014 and an audit of our financial statements for the year ending December 31, 2014. The table below sets forth the aggregate audit fees, audit-related fees, tax fees and all other fees billed for services rendered by our principal accountants in our fiscal years ended December 31, 2014 and 2013.

<u>Fee Category</u>	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>
Audit Fees ⁽¹⁾	\$70,000	\$46,750
Audit-Related Fees ⁽²⁾	\$15,000	—
Tax Fees ⁽³⁾	\$10,500	\$30,000
Total Fees	<u>\$95,500</u>	<u>\$76,750</u>

(1) Fiscal 2013 audit fees consist of fees billed for professional services rendered for the review of our annual financial statements and compilation of our interim quarterly financial statements and for services normally provided in connection with statutory and regulatory filings. Fiscal 2014 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 one time audit fees relating to the acquisition of the assets of CohuHD.

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

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.