

GOODYEAR TIRE & RUBBER CO /OH/

Form 424B3

December 03, 2007

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Filed pursuant to Rule 424(b)(3)
Registration No. 333-147183

PROSPECTUS

THE GOODYEAR TIRE & RUBBER COMPANY

OFFER TO EXCHANGE
SHARES OF COMMON STOCK PLUS CASH
FOR
ANY AND ALL OF ITS OUTSTANDING
4.00% CONVERTIBLE SENIOR NOTES DUE JUNE 15, 2034
(CUSIP Nos. 382550AQ4 AND 382550AR2)

Upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, for each \$1,000 principal amount of our 4.00% Convertible Senior Notes due June 15, 2034, which we refer to herein as the convertible notes, we are offering to exchange the following offer consideration :

83.0703 shares of our common stock;

a cash payment of \$48.30 (the cash payment); and

accrued and unpaid interest to, but excluding, the exchange date, which is expected to be approximately \$19.44 payable in cash (the accrued and unpaid interest).

The convertible notes are currently convertible into shares of our common stock at a conversion rate of 83.0703 shares per \$1,000 principal amount of convertible notes, or a conversion price of approximately \$12.04 per share of common stock. The exchange offer allows current holders of convertible notes to receive the same number of shares of our common stock as they would receive upon conversion of the convertible notes, plus the cash payment and the accrued and unpaid interest.

The offer will expire at 5:00 p.m., New York City time, on December 5, 2007, unless extended or earlier terminated by us. You may withdraw convertible notes tendered in the exchange offer at any time prior to the expiration date. You must validly tender your convertible notes for exchange in the exchange offer on or prior to the expiration date to receive the offer consideration. You should carefully review the procedures for tendering convertible notes beginning on page 20 of this prospectus.

The exchange offer is subject to the conditions discussed under The Exchange Offer Conditions of the Exchange Offer. The exchange offer is not conditioned on any minimum aggregate principal amount of convertible notes being tendered.

As of the date of this prospectus, \$349,798,000 aggregate principal amount of convertible notes was outstanding. The convertible notes are not listed for trading on any national securities exchange. Our common stock is traded on the New York Stock Exchange under the symbol GT. The last reported sale price of our common stock on November 29, 2007, was \$28.24 per share. The shares of our common stock to be issued in the exchange offer have been approved

for listing on the New York Stock Exchange.

We urge you to carefully read the Risk Factors section beginning on page 5 before you make any decision regarding the exchange offer.

You must make your own decision whether to tender convertible notes in the exchange offer, and, if so, the amount of convertible notes to tender. Neither we, the exchange agent, the dealer manager nor any other person is making any recommendation as to whether or not you should tender your convertible notes for exchange in the exchange offer.

We are not asking you for a proxy and you are requested not to send us a proxy.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The dealer manager for the exchange offer is:

Goldman, Sachs & Co.

THE DATE OF THIS PROSPECTUS IS NOVEMBER 30, 2007

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We are incorporating by reference into this prospectus important business and financial information that is not included in or delivered with this prospectus. This information is available without charge to security holders upon written or oral request. Requests should be directed to The Goodyear Tire & Rubber Company, 1144 East Market Street, Akron, Ohio 44316-0001, (330) 796-3751, Attn: Investor Relations. **In order to ensure timely delivery of such documents, security holders must request this information no later than five business days before the date they must make their investment decision. Accordingly, any request for documents should be made by November 28, 2007 to ensure timely delivery of the documents prior to the expiration of the exchange offer.**

You should rely only on the information contained or incorporated by reference in this document. We have not authorized anyone to provide you with information that is different. You should assume that the information contained or incorporated by reference in this prospectus is accurate only as of the date of this prospectus or the date of the document incorporated by reference, as applicable. We are not making an offer of these securities in any jurisdiction where the offer is not permitted.

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FORWARD-LOOKING INFORMATION SAFE HARBOR STATEMENT

Certain information set forth herein and incorporated by reference herein (other than historical data and information) may constitute forward-looking statements regarding events and trends that may affect our future operating results and financial position. The words estimate, expect, intend and project, as well as other words or expressions of similar meaning, are intended to identify forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this prospectus. Such statements are based on current expectations and assumptions, are inherently uncertain, are subject to risks and should be viewed with caution. Actual results and experience may differ materially from the forward-looking statements as a result of many factors, including:

if we do not achieve projected savings from various cost reduction initiatives or successfully implement other strategic initiatives our operating results and financial condition may be materially adversely affected;

a significant aspect of our master labor agreement with the United Steelworkers (USW) is subject to court and possibly regulatory approvals, which, if not received, could result in the termination and renegotiation of the agreement;

we face significant global competition, increasingly from lower cost manufacturers, and our market share could decline;

our pension plans are significantly underfunded and further increases in the underfunded status of the plans could significantly increase the amount of our required contributions and pension expenses;

higher raw material and energy costs may materially adversely affect our operating results and financial condition;

continued pricing pressures from vehicle manufacturers may materially adversely affect our business;

pending litigation relating to our 2003 restatement could have a material adverse effect on our financial condition;

our long term ability to meet current obligations and to repay maturing indebtedness is dependent on our ability to access capital markets in the future and to improve our operating results;

we have a substantial amount of debt, which could restrict our growth, place us at a competitive disadvantage or otherwise materially adversely affect our financial health;

any failure to be in compliance with any material provision or covenant of our secured credit facilities and the indenture governing our senior secured notes could have a material adverse effect on our liquidity and our results of operations;

our capital expenditures may not be adequate to maintain our competitive position;

our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly;

we may incur significant costs in connection with product liability and other tort claims;

our reserves for product liability and other tort claims and our recorded insurance assets are subject to various uncertainties, the outcome of which may result in our actual costs being significantly higher than the amounts recorded;

we may be required to deposit cash collateral to support an appeal bond if we are subject to a significant adverse judgment, which may have a material adverse effect on our liquidity;

we are subject to extensive government regulations that may materially adversely affect our operating results;

our international operations have certain risks that may materially adversely affect our operating results;

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we have foreign currency translation and transaction risks that may materially adversely affect our operating results;

the terms and conditions of our global alliance with Sumitomo Rubber Industries, Ltd. (SRI) provide for certain exit rights available to SRI in 2009 or thereafter upon the occurrence of certain events, which could require us to make a substantial payment to acquire SRI s interest in certain of our joint venture alliances (which include much of our operations in Europe);

if we are unable to attract and retain key personnel, our business could be materially adversely affected;

work stoppages, financial difficulties or supply disruptions at our suppliers or our major original equipment, or OE, customers could harm our business; and

we may be impacted by economic and supply disruptions associated with global events including war, acts of terror, civil obstructions and natural disasters.

It is not possible to foresee or identify all such factors. We will not revise or update any forward-looking statement or disclose any facts, events or circumstances that occur after the date hereof that may affect the accuracy of any forward-looking statement.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission (SEC) a registration statement on Form S-4 under the Securities Act of 1933, as amended (the Securities Act), to register the shares of our common stock offered by this prospectus. This prospectus does not contain all of the information included in the registration statement and the exhibits to the registration statement. We strongly encourage you to read carefully the registration statement and the exhibits to the registration statement.

Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual contract, agreement or other document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

We are subject to the information reporting requirements of the Securities Exchange Act of 1934 (the Exchange Act) and, accordingly, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available at the SEC s website (<http://www.sec.gov>) or through our web site (<http://www.goodyear.com>). We have not incorporated by reference into this prospectus the information included on or linked from our website, and you should not consider it part of this prospectus. You may also read and copy any document we file with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates from the Public Reference Room of the SEC. You may call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY 10005.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference information into this document. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information

incorporated by reference in this prospectus is considered part of this prospectus. Any statement in this prospectus or incorporated by reference into this prospectus shall be automatically modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in a subsequently filed document that is incorporated by reference in this prospectus modifies or supersedes such prior statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

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We incorporate by reference the following documents that have been filed with the SEC (other than any portion of such filings that are furnished under applicable SEC rules rather than filed):

Annual Report on Form 10-K for the year ended December 31, 2006, as adjusted in the Current Reports on Form 8-K, dated May 3, 2007, May 9, 2007 (as amended on June 20, 2007) and August 24, 2007;

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007, as adjusted in the Current Report on Form 8-K, dated August 24, 2007;

Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007, as adjusted in the Current Report on Form 8-K, dated August 24, 2007;

Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007;

Current Reports on Form 8-K filed with the SEC on January 5, 2007, February 28, 2007, March 5, 2007, March 14, 2007, March 23, 2007, April 10, 2007, April 13, 2007, April 23, 2007, April 27, 2007 (Item 8.01 only), May 3, 2007, May 9, 2007 (as amended on June 20, 2007), May 22, 2007, May 30, 2007, August 1, 2007, August 13, 2007, August 24, 2007 and November 6, 2007; and

Definitive Proxy Statement on Schedule 14A filed on March 9, 2007.

All documents that we file with the SEC (other than any portion of such filings that are furnished under applicable SEC rules rather than filed) under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, from the date of this prospectus until the exchange offer is completed, or after the date of the registration statement of which this prospectus forms a part and prior to effectiveness of the registration statement, will be deemed to be incorporated in this prospectus by reference and will be a part of this prospectus from the date of the filing of such document.

You may request a copy of any documents incorporated by reference herein at no cost by writing or telephoning us at:

The Goodyear Tire & Rubber Company
1144 East Market Street
Akron, Ohio 44316-0001
Attention: Investor Relations
Telephone number: (330) 796-3751

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this prospectus. **In order to ensure timely delivery of documents, security holders must request this information no later than five business days before the date they must make their investment decision. Accordingly, any request for documents should be made by November 28, 2007 to ensure timely delivery of the documents prior to the expiration of the exchange offer.**

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SUMMARY

*The following summary contains basic information about the exchange offer. It may not contain all of the information that is important to you and it is qualified in its entirety by the more detailed information included or incorporated by reference in this prospectus. You should carefully consider the information contained in and incorporated by reference in this prospectus, including the information set forth under the heading **Risk Factors** in this prospectus. In addition, certain statements include forward-looking information that involves risks and uncertainties. See **Forward-Looking Information** **Safe Harbor Statement**.*

*On July 31, 2007, we consummated the sale of substantially all of the business activities and operations of our Engineered Products business to EPD Inc., a company controlled by Carlyle Partners IV, L.P., an affiliate of The Carlyle Group. Any financial data included or incorporated by reference in this prospectus present the results of our Engineered Products business, which was previously a reportable operating segment, as discontinued operations for all periods. Any operating or other information presented under **The Company** below excludes our Engineered Products business. For more information, please see **Recent Developments** **Sale of Engineered Products Business**.*

*In this prospectus, **Goodyear**, **Company**, **we**, **us**, and **our** refer to The Goodyear Tire & Rubber Company and its subsidiaries on a consolidated basis, except as otherwise indicated.*

The Company

We are one of the world's leading manufacturers of tires, engaging in operations in most regions of the world. Together with our U.S. and international subsidiaries and joint ventures, we develop, manufacture, market and distribute tires for most applications. We are also one of the world's largest operators of commercial truck service and tire retreading centers. In addition, we operate tire and auto service center outlets where we offer our products for retail sale and provide automotive repair and other services. We manufacture our tire and chemical products in 64 facilities in 26 countries, including the United States, and we have marketing operations in almost every country around the world. Our 2006 net sales were approximately \$18.8 billion.

Our Principal Executive Offices

We are an Ohio corporation, organized in 1898. Our principal executive offices are located at 1144 East Market Street, Akron, Ohio 44316-0001. Our telephone number is (330) 796-2121.

Recent Developments

***Sale of Engineered Products Business.** On July 31, 2007, we consummated the sale of substantially all of the business activities and operations of our Engineered Products business to EPD Inc., a company controlled by Carlyle Partners IV, L.P., an affiliate of The Carlyle Group. The purchase price was approximately \$1.475 billion in cash, subject to certain post-closing adjustments. The summary financial data and other financial information contained or incorporated by reference in this prospectus present the results of our Engineered Products business, which was previously a reportable operating segment, as discontinued operations for all periods presented. Any operating or other information presented under **The Company** above excludes our Engineered Products business.*

Purpose of Exchange Offer

The purpose of the exchange offer is to exchange any and all of the outstanding convertible notes, which are currently convertible into shares of our common stock, for the offer consideration. The exchange of convertible notes pursuant to the exchange offer will result in the reduction of our outstanding debt and will reduce our interest expense. See The Exchange Offer Purpose, Effect and Contemplated Benefits.

Sources of Payment of the Offer Consideration

Assuming full participation, we will need approximately \$24 million in cash to fund the cash portions of the offer consideration (including payment of the accrued and unpaid interest of approximately \$7 million on the convertible notes). We will use cash on hand to make these payments. The shares of our common stock to be issued in the exchange offer are available from our authorized but unissued shares of common stock.

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Summary Terms of the Exchange Offer

The material terms of the exchange offer are summarized below. In addition, we urge you to read the detailed descriptions in the sections of this prospectus entitled "The Exchange Offer," "Description of Our Common Stock" and "Description of the Convertible Notes."

Offeror	The Goodyear Tire & Rubber Company
Securities Subject to the Exchange Offer	Any and all of our outstanding convertible notes. As of the date of this prospectus, \$349,798,000 aggregate principal amount of convertible notes remain outstanding.
Exchange Offer	<p>Upon the terms and subject to the conditions set forth in this prospectus and in the related letter of transmittal, for each \$1,000 principal amount of outstanding convertible notes, we are offering to exchange the following offer consideration :</p> <p>83.0703 shares of our common stock;</p> <p>a cash payment of \$48.30; and</p> <p>accrued and unpaid interest to, but excluding, the exchange date, which is expected to be approximately \$19.44 payable in cash.</p> <p>The convertible notes currently are convertible at a rate of 83.0703 shares of common stock for each \$1,000 principal amount of convertible notes, which is equivalent to a conversion price of approximately \$12.04 per share of our common stock. The exchange offer allows current holders of convertible notes to receive the same number of shares of our common stock as they would receive upon conversion of the convertible notes, plus the cash payment and the accrued and unpaid interest.</p> <p>We will not issue fractional shares upon exchange. Instead, we will pay cash for such fractional shares based on the closing price per share of our common stock on the business day immediately preceding the expiration date. See "The Exchange Offer - Fractional Shares."</p>
Purpose of Exchange Offer	<p>The purpose of the exchange offer is to exchange any and all of the outstanding convertible notes, which are currently convertible into shares of our common stock, for the offer consideration. The exchange of convertible notes pursuant to the exchange offer will result in the reduction of our outstanding debt and will reduce our interest expense. See "The Exchange Offer - Purpose, Effect and Contemplated Benefits."</p>
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on December 5, 2007, unless extended or earlier terminated by us.
Withdrawal; Non-Acceptance	You may withdraw any convertible notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on December 5, 2007. In

addition, if not previously returned, you may withdraw any convertible notes tendered in the exchange offer that are not accepted by us for exchange after the expiration of 40 business days from November 6, 2007. If we decide for any reason not to accept any convertible notes tendered for exchange, the convertible notes will be returned to the registered holder at our expense promptly after the expiration or termination of the exchange offer. Any withdrawn or

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unaccepted convertible notes will be credited to the tendering holder's account at The Depository Trust Company, or DTC.

For further information regarding the withdrawal of tendered convertible notes, see *The Exchange Offer* *Withdrawal Rights*.

Conditions to the Exchange Offer

The exchange offer is subject to the conditions described in *The Exchange Offer* *Conditions to the Exchange Offer*. The exchange offer is not conditioned upon any minimum principal amount of convertible notes being tendered.

Procedures for Tendering Convertible Notes

If you are a holder of convertible notes and you wish to tender your convertible notes for exchange pursuant to the exchange offer, you must transmit to Wells Fargo Bank, N.A., as exchange agent, on or prior to the expiration date of the exchange offer:

(1) either:

a properly completed and duly executed letter of transmittal, which accompanies this prospectus, or a facsimile of the letter of transmittal, including all other documents required by the letter of transmittal, to the exchange agent at the address set forth on the cover page of the letter of transmittal; or

a computer-generated message transmitted by means of DTC's Automated Tender Offer Program system, or ATOP, and received by the exchange agent and forming a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal; and

(2) a timely confirmation of book-entry transfer of your convertible notes into the exchange agent's account at DTC pursuant to the procedure for book-entry transfers described in this prospectus under the heading *The Exchange Offer* *Procedures for Tendering Convertible Notes*.

See *The Exchange Offer* *Procedures for Tendering Convertible Notes* and *The Exchange Offer* *The Depository Trust Company Book-Entry Transfer*.

Special Procedures for Beneficial Owners

If you are a beneficial owner of convertible notes that are held by or registered in the name of a broker, dealer, commercial bank, trust company or other nominee or custodian and you wish to tender your convertible notes, you should contact your intermediary entity promptly and instruct it to tender the convertible notes on your behalf.

Consequences of Failure to Exchange Convertible Notes

Convertible notes not exchanged in the exchange offer will remain outstanding after consummation of the exchange offer and will continue to accrue interest in accordance with their terms. If a sufficiently large aggregate principal amount of convertible notes does not remain

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outstanding after the exchange offer, the trading market for the remaining outstanding principal amount of convertible notes may be less liquid.

On or after June 20, 2008, the convertible notes will be subject to optional redemption in full by us. Holders who do not tender their convertible notes in the exchange offer and who do not convert their convertible notes into shares of our common stock pursuant to the terms of the convertible notes prior to June 20, 2008, may lose the ability to receive common stock upon conversion of their convertible notes. See The Exchange Offer Consequences of Failure to Exchange Convertible Notes in the Exchange Offer.

Certain United States Federal Income Tax Considerations

The exchange should be treated as a recapitalization for United States federal income tax purposes. Accordingly, you should not recognize loss but may recognize gain on the exchange for federal income tax purposes. See the discussion below under the caption Certain United States Federal Income Tax Considerations.

Brokerage Commissions

No brokerage commissions are payable by the holders of the convertible notes to the dealer manager, the exchange agent or us.

Use of Proceeds

We will not receive any proceeds from the tender of convertible notes in the exchange offer.

No Appraisal Rights

Holders of convertible notes have no appraisal rights in connection with the exchange offer.

Market Trading

The convertible notes are not listed for trading on any national securities exchange. Our common stock is traded on the New York Stock Exchange under the symbol GT. The last reported sale price of our common stock on November 29, 2007 was \$28.24 per share. The shares of our common stock to be issued in the exchange offer have been approved for listing on the New York Stock Exchange.

Dealer Manager

Goldman, Sachs & Co. is serving as dealer manager in connection with the exchange offer.

Exchange Agent

Wells Fargo Bank, N.A. is serving as exchange agent in connection with the exchange offer.

Further Information

If you have questions about the terms of the exchange offer, please contact the dealer manager. If you have questions regarding the procedures for tendering convertible notes in the exchange offer or require assistance in tendering your convertible notes, please contact the exchange agent. The contact information for the dealer manager and the exchange agent are set forth on the back cover page of this prospectus. See also Where You Can Find Additional Information.

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RISK FACTORS

Any investment in our securities involves a high degree of risk. You should carefully consider the risks described below and all of the information contained in and incorporated by reference in this prospectus before making an investment decision. In addition, you should carefully consider, among other things, the matters discussed under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006, in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, June 30 and September 30, 2007, and in other documents that we file with the Securities and Exchange Commission prior to completion of this exchange offer, all of which are incorporated by reference in this prospectus. The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition and results of operations could suffer. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Forward-Looking Information Safe Harbor Statement.

Risks Related to the Exchange Offer

The price of our common stock may fluctuate significantly, which could negatively affect us and holders of our common stock.

The trading price of our common stock may fluctuate significantly in response to a number of factors, many of which are beyond our control. For instance, if our financial results are below the expectations of securities analysts and investors, the market price of our common stock could decrease, perhaps significantly. Other factors that may affect the market price of our common stock include:

- announcements relating to significant corporate transactions;
- fluctuations in our quarterly financial results;
- operating and stock price performance of companies that investors deem comparable to us; and
- changes in government regulation or proposals relating to us.

In addition, the U.S. securities markets have experienced significant price and volume fluctuations. These fluctuations often have been unrelated to the operating performance of companies in these markets. Market fluctuations and broad market, economic and industry factors may negatively affect the price of our common stock, regardless of our operating performance. The market price of our common stock could also be affected by additional sales of our common stock. See Future sales of our common stock in the public market could adversely affect the trading price of our common stock and our ability to raise funds in new equity offerings.

Upon consummation of the exchange offer, holders who tender their convertible notes in exchange for the offer consideration will lose their rights under the convertible notes, including, without limitation, their rights to future interest and principal payments and their rights as a creditor of the Company.

If you tender your convertible notes in exchange for the offer consideration pursuant to the exchange offer, you will be giving up all of your rights as a holder of convertible notes, including, without limitation, your right to future interest and principal payments with respect to the convertible notes. You will also cease to be a creditor of the Company.

Any shares of common stock that are issued upon exchange of the convertible notes will be, by definition, junior to claims of the Company's creditors which, in turn, are effectively subordinate to the claims of the creditors of the Company's subsidiaries. In addition, the Company may not be able to pay dividends on the common stock until after it has satisfied its debt obligations.

Future sales of our common stock in the public market could adversely affect the trading price of our common stock and our ability to raise funds in new equity offerings.

Sales by us or our shareholders of a substantial number of shares of our common stock in the public markets following this exchange offer, or the perception that these sales might occur, could cause the market price of our common stock to decline or could impair our ability to raise capital through a future sale of our equity securities.

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You may not receive dividends on shares of common stock.

We do not currently intend to pay any dividends on our common stock, but rather intend to retain earnings, if any, for future operations, expansion of our business and debt repayment. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, compliance with debt instruments, legal requirements and other factors as our board of directors deems relevant. We have not paid dividends to holders of our common stock since the fourth quarter of 2002. The terms of our principal credit agreements and other indebtedness also limit our ability to declare and pay cash dividends on our common stock under certain circumstances.

We may issue preferred stock with terms that could adversely affect the voting power or value of our common stock.

Our Articles of Incorporation and Code of Regulations authorize us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such preferences, powers and relative, participating, optional and other rights, including preferences over our common stock with respect to dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might afford holders of preferred stock the right to elect some number of our directors in all events or upon the occurrence of specified events or the right to vote on specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of our common stock.

Provisions of Ohio law and our Articles of Incorporation and Code of Regulations could delay or prevent a change in control of us, even if that change would be beneficial to our shareholders.

We are incorporated under the laws of the State of Ohio. Ohio law imposes some restrictions on mergers and other business combinations between us and holders of 10% or more of our outstanding common stock. In addition, provisions in our Articles of Incorporation and Code of Regulations may have the effect, either alone or in connection with each other, of making more difficult or discouraging a business combination or an attempt to obtain control of the Company that is not approved by our board of directors, even if such combination would be beneficial to our shareholders. These restrictions on attempts to obtain control of the Company may negatively affect the value of our common stock.

Our board of directors has not made a recommendation as to whether you should tender your convertible notes in exchange for the offer consideration in the exchange offer, and we have not obtained a third-party determination that the exchange offer is fair to holders of our convertible notes.

Our board of directors has not made, and will not make, any recommendation as to whether holders of convertible notes should tender their convertible notes in exchange for the offer consideration pursuant to the exchange offer. We have not retained and do not intend to retain any unaffiliated representative to act solely on behalf of the holders of the convertible notes for purposes of negotiating the terms of this exchange offer, or preparing a report or making any recommendation concerning the fairness of this exchange offer.

Risks Related to Holding Convertible Notes after the Exchange Offer

The liquidity of any trading market that currently exists for the convertible notes may be adversely affected by the exchange offer and holders of convertible notes who fail to tender their convertible notes may find it more difficult to sell their convertible notes.

There is currently a limited trading market for the convertible notes. To the extent that convertible notes are tendered and accepted in exchange pursuant to the exchange offer, the trading market for the remaining convertible notes will be even more limited or may cease altogether. A debt security with a small outstanding aggregate principal amount or float may command a lower price than would a comparable debt security with a larger float. Therefore, the market price for the unexchanged convertible notes may be adversely affected. The reduced float may also make the trading prices of the convertible notes more volatile.

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The convertible notes are unsecured and rank pari passu with our other senior debt; the convertible notes are effectively subordinated to our secured debt and will be structurally subordinated to all liabilities of our subsidiaries.

The convertible notes rank pari passu with our other senior debt, including our trade payables. The convertible notes are not secured by any of our assets or those of our subsidiaries. As a result, the convertible notes are effectively subordinated to any secured debt we may incur. In any liquidation, dissolution, bankruptcy or other similar proceeding, holders of our secured debt may assert rights against any assets securing such debt in order to receive full payment of their debt before those assets may be used to pay the holders of the convertible notes. At September 30, 2007, we had approximately \$5.1 billion of total debt (including capital leases), \$2.5 billion of which was secured.

Furthermore, our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the convertible notes or to make any funds available for that purpose. Holders of convertible notes will not have any claims as a creditor against our subsidiaries. As a result, the convertible notes will be structurally subordinated to all liabilities of our subsidiaries. Therefore, in the event of any bankruptcy, liquidation or reorganization of any subsidiary, the rights of the holders of the convertible notes to participate in the assets of such subsidiary will rank behind the claims of that subsidiary's creditors, including trade creditors (except to the extent we have a claim as a creditor of such subsidiary). The ability of our subsidiaries to pay dividends and make other payments to us may be restricted by, among other things, applicable corporate and other laws and regulations as well as agreements to which our subsidiaries may become a party. At September 30, 2007, total subsidiary liabilities, including guarantees of our indebtedness, was approximately \$8.0 billion.

The make-whole premium on convertible notes converted in connection with, or tendered for purchase upon, a change of control may not adequately compensate the holder for the lost option time value of the convertible notes.

If a fundamental change that constitutes a change of control occurs on or prior to June 15, 2011, holders of convertible notes will be entitled to a make-whole premium in respect of convertible notes converted in connection with, or (in certain circumstances) tendered for purchase upon, the change of control. The amount of the make whole premium will be determined based on the date on which the change of control becomes effective and the price paid per share of our common stock in the transaction constituting the change of control, as described below under Description of the Convertible Notes Determination of Make Whole Premium.

While the make-whole premium is designed to compensate the holder of convertible notes for the lost option time value of convertible notes as a result of a change of control, the amount of the make-whole premium is only an approximation of the lost value and may not adequately compensate the holder for such loss. In addition, if a change of control occurs after June 15, 2011 or if the price paid per share in the transaction constituting the change of control is less than or equal to \$9.26 (subject to adjustment), no make whole premium entitlement will arise.

We may be unable to repay or repurchase the convertible notes.

At maturity, the entire outstanding principal amount of the convertible notes will become due and payable by us. In addition, holders of the convertible notes will have the right to require us to repurchase all or a portion of their convertible notes on each June 15 of 2011, 2014, 2019, 2024 and 2029 or if a designated event, as defined in the indenture, occurs. A designated event would likely constitute an event of default and result in the acceleration of the maturity of our existing credit facilities. In addition, the repurchase of the convertible notes upon a designated event may constitute an event of default under our then-existing debt instruments. We cannot assure you that we will have sufficient financial resources, or will be able to arrange financing, to pay the principal amount or the repurchase price in cash with respect to any convertible notes tendered by holders for repurchase on any of these dates or upon a designated event. In addition, restrictions in our then-existing credit facilities or other indebtedness may not allow us

to repay or repurchase the convertible notes. Our failure to repay or repurchase the convertible notes when required would result in an event of default with respect to the convertible notes. Any such default, in turn, may cause a default under the terms of our other debt.

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The convertible notes are not protected by restrictive covenants.

The indenture governing the convertible notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the convertible notes could have the effect of diminishing our ability to make payments on the convertible notes when due. The indenture also contains no covenants or other provisions to afford protection to holders of the convertible notes in the event of a fundamental change involving us, except to the extent described under Description of the Convertible Notes Designated Event Permits Holders to Require Us to Purchase Notes.

The conditional conversion feature of the convertible notes could result in you receiving less than the value of the common stock into which a convertible note is convertible.

The convertible notes are convertible into shares of our common stock only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your convertible notes, and you may not be able to receive the value of the common stock into which the convertible notes would otherwise be convertible.

If you hold convertible notes, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold convertible notes, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting the common stock. You will only be entitled to rights on the common stock if and when we deliver shares of common stock to you upon conversion of your convertible notes. For example, in the event that an amendment is proposed to our Code of Regulations or Articles of Incorporation requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to your conversion of convertible notes, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock or other classes of capital stock.

The conversion rate of the convertible notes may not be adjusted for all dilutive events.

The conversion rate of the convertible notes is subject to adjustment for certain events, including but not limited to the issuance of stock dividends on our common stock, the issuance of rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, certain cash dividends and certain tender or exchange offers as described under Description of the Notes Conversion Rate Adjustments. The conversion rate will not be adjusted for other events, such as a third party tender or exchange offer or an issuance of common stock for cash, that may adversely affect the trading price of the convertible notes or the common stock. There can be no assurance that an event that adversely affects the value of the convertible notes, but does not result in an adjustment to the conversion rate, will not occur.

Our corporate structure may materially adversely affect our ability to meet our debt service obligations under the convertible notes.

A significant portion of our consolidated assets is held by our subsidiaries. We have manufacturing and/or sales operations in most countries in the world, often through subsidiary companies. Our cash flow and our ability to service our debt, including the convertible notes, depends on the results of operations of these subsidiaries and upon the ability of these subsidiaries to make distributions of cash to us, whether in the form of dividends, loans or otherwise. In recent years, our foreign subsidiaries have been a significant source of cash flow for our business. In

certain countries where we operate, transfers of funds into or out of such countries are generally or periodically subject to various restrictive governmental regulations and there may be adverse tax consequences to such transfers. In addition, our debt instruments in certain cases place limitations on the ability of our subsidiaries to make distributions of cash to us. While our debt instruments in certain cases limit our ability to enter into agreements that restrict our ability to receive dividends and other distributions from our subsidiaries, these limitations are subject to a number of significant exceptions, and we are generally permitted to enter into such agreements in connection with financing our foreign subsidiaries.

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QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

These answers to questions that you may have as a holder of our convertible notes are highlights of selected information included elsewhere or incorporated by reference in this prospectus. To fully understand the exchange offer and the other considerations that may be important to your decision about whether to participate in it, you should carefully read this prospectus in its entirety, including the section entitled Risk Factors, as well as the information incorporated by reference in this prospectus. See Incorporation by Reference. For further information about us, see the section of this prospectus entitled Where You Can Find More Information.

Why are you making the exchange offer?

We are making the exchange offer to reduce our outstanding debt and interest expense. The exchange offer allows current holders of convertible notes to receive the same number of shares of our common stock as they would receive upon conversion of their convertible notes, plus the cash payment and the accrued and unpaid interest.

What aggregate principal amount of convertible notes is being sought in the exchange offer?

We are offering shares of our common stock, the cash payment and the accrued and unpaid interest in exchange for any and all of our outstanding convertible notes. As of the date of this prospectus, \$349,798,000 aggregate principal amount of convertible notes was outstanding.

What will I receive in the exchange offer if I tender my convertible notes and they are accepted?

For each \$1,000 principal amount of convertible notes that you validly tender as part of the exchange offer and we accept for exchange, you will receive the following offer consideration:

83.0703 shares of our common stock;

a cash payment of \$48.30; and

accrued and unpaid interest to, but excluding, the exchange date, which is expected to be approximately \$19.44 payable in cash.

We will not issue fractional shares of common stock upon exchange of the convertible notes in the exchange offer. Instead, we will pay cash for all fractional shares based upon the closing price per share of our common stock on the business day immediately preceding the expiration date. See The Exchange Offer Fractional Shares.

Your right to receive the offer consideration in the exchange offer is subject to all of the conditions set forth in this prospectus and the related letter of transmittal.

How does the offer consideration I will receive, if I exchange my convertible notes in the exchange offer, compare to the payments I would receive on the convertible notes if I do not exchange now?

If you do not tender convertible notes for exchange pursuant to the exchange offer, you will continue to receive interest payments at an annual rate of 4.00%. Interest payments are made on June 15 and December 15 of each year until June 15, 2034, or until such earlier time as the convertible notes are converted into common stock or redeemed by us. See Description of the Convertible Notes General. You will also continue to have the right to convert your convertible notes into common stock in accordance with their terms. If you do not tender your convertible notes for

exchange in the exchange offer, you will not be entitled to receive any of the cash payment in connection with the conversion of your convertible notes.

If, however, you participate in the exchange offer, you will receive the offer consideration described above in What will I receive in the exchange offer if I tender my convertible notes and they are accepted?

What other rights will I lose if I exchange my convertible notes in the exchange offer?

If you validly tender your convertible notes and we accept them for exchange, you will lose the rights of a holder of convertible notes. For example, you would lose the right to receive semi-annual interest payments and principal payments. You would also lose your rights as our creditor.

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May I exchange only a portion of the convertible notes that I hold?

Yes. You do not have to exchange all of your convertible notes to participate in the exchange offer. However, you may only tender convertible notes for exchange in integral multiples of \$1,000 principal amount of convertible notes.

If the exchange offer is consummated and I do not participate in the exchange offer or I do not exchange all of my convertible notes in the exchange offer, how will my rights and obligations under my remaining outstanding convertible notes be affected?

The terms of your convertible notes, if any, that remain outstanding after the consummation of the exchange offer will not change as a result of the exchange offer. However, if a sufficiently large aggregate principal amount of convertible notes does not remain outstanding after the exchange offer, the trading market for the remaining outstanding principal amount of convertible notes may be less liquid.

What do you intend to do with the convertible notes that are converted in the exchange offer?

Convertible notes accepted for exchange by us in the exchange offer will be cancelled.

Are you making a recommendation regarding whether I should participate in the exchange offer?

We are not making any recommendation regarding whether you should tender or refrain from tendering your convertible notes for exchange in the exchange offer. Accordingly, you must make your own determination as to whether to tender your convertible notes for exchange in the exchange offer and, if so, the amount of convertible notes to tender. Before making your decision, we urge you to read this prospectus carefully in its entirety, including the information set forth in the section of this prospectus entitled "Risk Factors," and the other documents incorporated by reference in this prospectus.

Will the common stock to be issued in the exchange offer be freely tradable?

Yes. The shares of our common stock to be issued in the exchange offer have been approved for listing on the New York Stock Exchange under the symbol "GT." Generally, the common stock you receive in the exchange offer will be freely tradable, unless you are considered an "affiliate" of ours, as that term is defined in the Securities Act. For more information regarding the market for our common stock, see the section of this prospectus entitled "Price Range of Common Stock."

What are the conditions to the exchange offer?

The exchange offer is subject to the conditions described in "The Exchange Offer" "Conditions to the Exchange Offer."

The exchange offer is not conditioned upon any minimum amount of convertible notes being surrendered for exchange. We may waive certain conditions of this exchange offer. If any of the conditions are not satisfied or waived, we will not complete the exchange offer.

How will fluctuations in the trading price of our common stock affect the consideration offered to holders of convertible notes?

Our common stock is traded on the New York Stock Exchange under the symbol "GT." The last reported sale price of our common stock on November 29, 2007 was \$28.24 per share. At present, the convertible notes are convertible at a conversion rate of 83.0703 shares per \$1,000 principal amount of convertible notes, which is equivalent to a

conversion price of approximately \$12.04 per share. The exchange offer allows current holders of convertible notes to receive the same number of shares of our common stock as they would receive upon conversion of the convertible notes, plus the cash payment and the accrued and unpaid interest.

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If the market price of our common stock declines, the market value of the shares of common stock you would receive in the exchange for your convertible notes will also decline. However, the number of shares of common stock you would receive in the exchange offer will not vary based on the trading price of our common stock. The trading price of our common stock could fluctuate depending upon any number of factors, including those specific to us and those that influence the trading prices of equity securities generally. See Risk Factors Risks Related to the Exchange Offer The price of our common stock may fluctuate significantly, which could negatively affect us and holders of our common stock.

How will you fund the cash portion of the offer consideration?

Assuming full participation, we will need approximately \$24 million in cash to fund the cash portions of the offer consideration (including payment of the accrued and unpaid interest of approximately \$7 million on the convertibles notes). We will use cash on hand to make these payments.

When does the exchange offer expire?

The exchange offer will expire at 5:00 p.m., New York City time, on December 5, 2007, unless extended or earlier terminated by us.

Under what circumstances can the exchange offer be extended, amended or terminated?

We reserve the right to extend the exchange offer for any reason at all. We also expressly reserve the right, at any time or from time to time, to amend the terms of the exchange offer in any respect prior to the expiration date of the exchange offer. Further, we may be required by law to extend the exchange offer if we make a material change in the terms of the exchange offer or in the information contained in this prospectus or waive a material condition to the exchange offer. During any extension of the exchange offer, convertible notes that were previously tendered for exchange and not validly withdrawn will remain subject to the exchange offer. We reserve the right, in our sole and absolute discretion, to terminate the exchange offer at any time prior to the expiration date of the exchange offer if any condition to the exchange offer is not met. If the exchange offer is terminated, no convertible notes will be accepted for exchange and any convertible notes that have been tendered for exchange will be returned to the holder promptly after the termination. For more information regarding our right to extend, amend or terminate the exchange offer, see the section of this prospectus entitled The Exchange Offer Expiration Date; Extension, Termination; Amendment.

How will I be notified if the exchange offer is extended, amended or terminated?

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- (2) The dollar amounts in this column represent the compensation cost, adjusted as described below, recorded in our audited financial statements for fiscal 2010 of Common Stock option awards made to the directors. These amounts for Option Awards have been calculated in accordance with FASB ASC Topic 718 disregarding the estimates of forfeiture and using the Black Scholes option-pricing model. Assumptions used in the calculation of these amounts are included in Note 15 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 1, 2011. During 2010 all Board members elected to receive their Board, Committee Chair and Lead Director retainers, as applicable, in the form of non-qualified stock options instead of cash. On September 30, 2010 certain non-qualified stock options outstanding under the Company's 2003 Stock Option and Incentive Plan (the "2003 Plan") were re-priced. Messrs. Ebenstein, Rappaport and Waite each held stock options for 52,500 shares of Common Stock outstanding under the 2003 Plan, with grant dates ranging from July 1, 2004 to July 2, 2007, and with per share exercise prices ranging from \$7.89 per share to

\$11.52 per share. The exercise prices on these options were modified to \$2.19 per share, which was the closing price of the Common Stock on September 30, 2010, the date of the re-pricing. The compensation cost relating to the re-pricing recorded in the financial statements for fiscal 2010, as described above, is reflected in the Option Awards column. The number of stock options held by the Company's non-employee directors both currently and at the end of fiscal 2010 is as follows: Edward E. Barr – 91,866; Daniel S. Ebenstein – 134,741; Stanley E. Freimuth – 50,015; Steven N. Rappaport – 177,381; Donald C. Waite, III – 172,390.

BOARD OF DIRECTORS' MEETINGS

During fiscal 2010, the Board of Directors held seven meetings. During the year, each of the Company's directors attended at least seventy-five percent of the aggregate of the total number of meetings of the Board of Directors and of the total number of meetings of all committees on which each director served. In fact, all Board members attended 100% of Board meetings and meetings of Committees on which each director served. Additionally, all of the directors then serving attended the Annual Meeting of Stockholders in 2010. Directors are encouraged to attend the annual meeting of stockholders but are not required to do so.

BOARD OF DIRECTORS AND COMMITTEE INDEPENDENCE

The Board has determined, in accordance with Nasdaq Marketplace Rule 4200(a)(15), that each of the following directors is an "independent director" as such term is defined in Nasdaq listing standards: Messrs. Barr, Ebenstein, Freimuth, Rappaport and Waite. The Board of Directors has also determined that each member of the three standing committees of the Board meet the independence requirements applicable to those committees prescribed by Nasdaq.

COMMUNICATIONS WITH THE BOARD

The Company provides a process for stockholders to send communications to the Board. Information regarding stockholder communications with the Board can be found on the Company's Web site at <http://www.presstek.com/about-investor-hotline.htm>.

AUDIT COMMITTEE

The Company has an Audit Committee of the Board established in accordance with section 3(a)(58)(A) of the Securities Act of 1934, as amended. The Audit Committee, which oversees the audit and financial procedures of the Company, is directly responsible for the appointment, compensation, retention and oversight of the Company's independent registered public accounting firm. The Audit Committee is currently comprised of Mr. Rappaport as Chair and Messrs. Freimuth and Waite. The Company's Board of Directors has determined that Mr. Rappaport, who qualifies as an independent director under Nasdaq listing standards, is also "an audit committee financial expert" as such term is defined by a regulation of the Securities and Exchange Commission ("SEC"). The Audit Committee held six meetings during fiscal 2010. The Audit Committee operates under a written charter adopted by the Board, which is available on the Company's Web site at www.presstek.com. The Audit Committee chairperson reports on Committee actions and recommendations at Board meetings.

NOMINATING AND GOVERNANCE COMMITTEE

The Company has a Nominating and Governance Committee of the Board, which is comprised of Mr. Ebenstein as Chair and Messrs. Barr and Rappaport. The Nominating and Governance Committee held three meetings during fiscal 2010. The Board has adopted a written charter for the Nominating and Governance Committee, which is available on the Company's Web site at www.presstek.com.

The Nominating and Governance Committee makes recommendations to the Board regarding the size and composition of the Board and is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current size and make-up of the Board. This assessment includes issues of diversity in numerous factors such as age, understanding of and achievements in manufacturing, technology, finance and marketing and international experience. These factors, and any other qualifications considered useful by the Committee, are reviewed in the context of an assessment of the perceived

needs of the Board at a particular point in time. As a result, the priorities and emphasis of the Nominating and Governance Committee and of the Board may change from time to time to take into account changes in business and other trends, and the portfolio of skills and experience of current and prospective Board members. The Committee establishes procedures for the nomination process and recommends candidates for election to the Board. The Nominating and Governance Committee chairperson reports on Committee actions and recommendations at Board meetings.

Consideration of new Board nominee candidates typically involves a series of internal discussions, review of information concerning candidates and interviews with selected candidates. The Board is committed to a diversified membership, in terms of both the individuals involved and their various experiences and areas of expertise. The Company's Corporate Governance Guidelines provide that Directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the Company's stockholders. The Guidelines further provide that character, judgment, business acumen, as well as printing and publishing, financial and other significant business experience are among the relevant criteria for Board membership. The Board does not, however, have a formal policy with respect to diversity in identifying or selecting nominees for the Board, but in evaluating nominees, the Board assesses the background of each candidate in a number of different ways including how the individual's qualifications complement, strengthen and enhance those of existing Board members as well as the future needs of the Board. In general, candidates for nomination to the Board are suggested by Board members or by management. In fiscal year 2010, Presstek did not employ a search firm or pay fees to other third parties in connection with seeking or evaluating Board nominee candidates. The Nominating and Governance Committee will consider candidates who are proposed by stockholders and the Committee has from time to time received unsolicited candidate proposals from stockholders. The Committee evaluates candidates proposed by stockholders using the same criteria as used for other candidates. A stockholder seeking to recommend a prospective nominee for the Nominating and Governance Committee's consideration should submit the candidate's name and qualifications to Presstek, Inc., 10 Glenville Street, Greenwich, Connecticut 06831, Attention: Corporate Secretary.

THE COMPENSATION COMMITTEE

The Company has a Compensation Committee of the Board (the “Compensation Committee”), which is currently comprised of Mr. Waite as Chair and Messrs. Barr and Freimuth. The Board has adopted a written charter for the Compensation Committee, which is available on the Company’s Web site at www.presstek.com. The Compensation Committee held five meetings during fiscal 2010. The Compensation Committee sets the compensation of the executive officers of the Company and makes recommendations to the Board regarding the compensation of the members of the Board. Generally, management is not involved in the setting of compensation for the executive officers, except that the Chief Executive Officer participates in discussions related to compensation for all other executive officers. The Compensation Committee is comprised entirely of non-employee directors. The Compensation Committee chairperson reports on Committee actions and recommendations at Board meetings. The Compensation Committee has the authority to engage the services of outside advisors, experts and others to assist the Compensation Committee. In fiscal 2007, the Compensation Committee retained Pearl Meyer & Partners as a compensation consultant to provide the Committee with independent analysis and competitive market data in connection with the Committee’s negotiation of a compensation arrangement with Mr. Jacobson, who joined the Company in May 2007 as President and Chief Executive Officer. In fiscal 2008, the Committee used compensation survey data acquired from Radford Consulting in connection with the benchmarking of executive positions.

BOARD LEADERSHIP STRUCTURE AND ROLE IN RISK OVERSIGHT

As noted in the Company's Corporate Governance Guidelines, the Board does not have a policy with regard to whether the role of the Chairman and Chief Executive Officer should be separate or combined, or whether the Chairman should be selected from the independent Directors or be an employee. The Board believes that it is desirable to have the flexibility to decide whether the roles of Chairman of the Board and Chief Executive Officer should be combined or separate in light of the Company's circumstances from time to time. The Board currently combines the role of Chairman of the Board with the role of Chief Executive Officer. The Board believes this currently provides an efficient and effective leadership model for the company. The Company's independent directors, currently led by Lead Director Barr, bring experience, oversight and expertise from outside the company and both inside and outside the industry, while the Chief Executive Officer brings company-specific experience and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer promotes strategy development and execution, and facilitates information flow between management and the Board, which are essential to effective governance. The responsibilities of the Lead Director as established by the Board include, but are not limited to: assisting the Chairman in the setting of agendas for Board meetings; in the absence of the Chairman, chairing meetings of the Board; chairing meetings of independent Board members; in consultation with the Chairman, ensuring that information requested by Board members or Board committees is provided; and representing the independent directors in discussions with management on corporate governance issues and other matters.

The Audit Committee takes the lead in overseeing risk management at the Board level. The Audit Committee periodically reviews the Company's risk assessment and management, including the areas of internal auditing and financial controls, and the Committee assesses the risk of litigation and legal compliance matters as they relate to the Company’s financial statements. The Committee also receives reports from management and other advisors, including periodic risk assessment surveys by internal audit covering a broad range of business risks. Although the Board's primary risk oversight is performed by the Audit Committee, the full Board also periodically receives information about the Company's risk management and the most significant risks that the Company faces. In addition to ongoing compliance efforts, the Board encourages management to promote a corporate culture that understands risk management and incorporates it into the overall corporate strategy and day-to-day business operations.

EXECUTIVE OFFICERS

Executive officers serve at the discretion of the Board until their successors have been duly elected and qualified or until their earlier resignation or removal. The current executive officers of the Company and their ages are:

Name	Age	Position
Jeffrey Jacobson	51	Chairman, President, and Chief Executive Officer
Jeffrey A. Cook	56	Executive Vice President and Chief Financial Officer
Kathleen G. McHugh	52	Vice President and Chief Marketing Officer
Guy Sasson	44	President, Europe, Africa, and Middle East Region
James R. Van Horn	55	Vice President, General Counsel and Secretary

Biographical information for Messrs. Jacobson and Cook can be found above in the section entitled “Election of Directors”.

Kathleen G. McHugh was appointed Vice President and Chief Marketing Officer in May 2008. From August 2007 to May 2008 she served as Vice President and Regional Business Manager for the United States and Canada, Prepress Solutions at the Graphic Communications Group of Eastman Kodak Company (GCG). From June 2005 until August 2007 she served as Vice President-Global Marketing, Prepress Solutions for GCG. From November 2003 until June 2005 she served as Staff Vice President of Business Strategy Kodak Polychrome Graphics (KPG). Prior thereto she served as Vice President of Marketing of the United States and Canada for KPG.

Guy Sasson was appointed President of Presstek’s Europe, Africa, and Middle East Region in January 2009. Mr. Sasson’s background includes a decade of key international roles at Kodak’s Graphics Communications Group (“KGCG”) and Kodak Polychrome Graphics, a joint venture between the Eastman Kodak and Sun Chemical companies. In his most recent assignment Mr. Sasson served as Vice President of Service and Support of KGCG’s Europe, Middle East and Africa region. He is focused on expanding Presstek’s presence in this region.

James R. Van Horn was appointed Vice President and General Counsel of the Company in October 2007 and Secretary in December 2007. From January 2007 until October 2007 he served as a consultant to Sun-Times Media Group, Inc. From March 2004 to January 2007 he served as Vice President, General Counsel and Secretary of Sun-Times Media Group, Inc. Prior thereto he served as Chief Administrative Officer, General Counsel and Secretary of NUI Corporation.

EXECUTIVE COMPENSATION

Discussion of Executive Compensation

Compensation Philosophy and Objectives

The Company's compensation philosophy is to provide a total compensation package that motivates management to profitably achieve our strategic growth and annual operating objectives and enables us to attract and retain talented executives.

We seek to align management's interests with those of our stockholders by using equity-based long-term incentive awards. These awards generally consist of stock options that vest over time, and serve not only as a retention tool, but also as a means to encourage enhanced performance of our Common Stock since executives obtain the opportunity for financial rewards only when the stock price increases. The Company's philosophy is to base a significant portion of targeted annual cash incentive awards upon our annual performance against pre-established financial targets, so that executives receive greater incentive payments when the Company achieves its financial goals.

We seek to motivate management to achieve growth and operating objectives by designing compensation programs that reward the achievement of pre-determined performance objectives in areas that the Committee believes are critical to the Company's success.

We seek to attract and retain talented executives by ensuring that the compensation opportunities provided to them are competitive in relation to similar positions at comparable organizations and by ensuring retention through time-vested equity-based incentive awards. We do this by using compensation survey data for the relevant position, including levels within different elements of compensation (base salary, annual bonus, long-term incentives and fringe benefits), to make sure that the compensation package that we provide to an executive has a total value that is at least near the mid-point for total compensation within the applicable survey data, and that the various elements of compensation for the position present an appropriate mix for the position.

Components of the Compensation Program

The Company's executive compensation program is comprised of the following components, in support of our executive compensation philosophy.

Base Salary. Base salary is based upon competitive market data derived from compensation surveys, as well as compensation information derived from search firms in connection with the Company's recruitment of new executives. Our objective is to pay competitive base salaries in order to attract and retain talented executives. Increases in base salary are used to reward performance and/or to address changes in the market with respect to the competitive salary for a particular position.

Annual Incentive Program. Annual cash bonus opportunities for executives are based upon the achievement of targeted performance levels in specific categories. Bonus targets, expressed as a percentage of base salary, are established for each executive by the Compensation Committee, with reference to benchmarking data for comparable positions. Bonus targets for Mr. Jacobson are established in his employment agreement. These incentives are designed to reward performance and to provide market competitive compensation opportunities to executives. The Committee retains the discretion to reward achievement in the absence of meeting specific performance objectives if it deems such discretionary payments are warranted under the circumstances.

Long-Term Incentive Program. Time-vested equity compensation in the form of stock options and other equity based awards provided to executives are intended to reward performance, to serve as a retention tool, to align the interests of management with those of stockholders and to provide market competitive compensation opportunities to executives. The level of awards granted by the Compensation Committee are determined with reference to benchmarking data for each executive position, with input from the Chairman, President and Chief Executive Officer with respect to executives other than himself. The Board of Directors has adopted an Equity Award Policy and Procedures relating to the awarding of equity awards. If at the time proposed for an award the Company possesses material non-public information, the policy provides that awards will not be granted if the Compensation Committee reasonably anticipates that promptly following the grant the Company will release material information that it believes would result in an increase in the Company's stock price. While the policy provides for the granting of equity awards by unanimous written consent of the Compensation Committee, the policy also expresses the desire of the Board that awards shall be made at meetings of the Committee, either in person or by telephone; all awards made by the Compensation Committee since the adoption of the policy in December 2007 have been made at meetings of the Committee.

Benefits/Perquisites. We provide executives with generally the same benefits as those provided to all other salaried employees, such as health and dental insurance, life insurance, short- and long-term disability, 401(k) plan, and an employee stock purchase plan. In addition, we also provide certain executives, including the named executive officers, with a car allowance and reimbursement of gas expenses.

In addition, as described below in this proxy statement under the headings "Discussion Concerning Summary Compensation Table" and "Potential Payments Upon Termination Or Change In Control" we provide executive officers benefits in the event of a change in control and employment termination other than for cause under employment and severance agreements, stock grant agreements accompanying individual grants, and/or benefit plans available to employees generally. The amount the Company will pay under these arrangements is determined under the terms of the individual arrangements. These agreements help us to attract talented executives, reduce the potential for employment litigation and avoid the loss of our executives to our competitors and other companies.

Compensation Committee

The current members of the Committee are Donald C. Waite, III (Chairman), Edward E. Barr and Stanley E. Freimuth. The Committee's charter charges it with various duties and responsibilities, including responsibility for establishing annual and long-term performance goals for the Company's officers, including the compensation and evaluation of the performance of executive officers. The Committee's charter is reviewed annually and can be found on our website at www.prestek.com. The three primary elements of compensation for the named executive officers (annual base salary, long-term incentives and annual bonus) are considered by the Committee at least once each year.

Management's Role in Compensation

The Chairman, President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer and the Vice President, General Counsel and Secretary often attend Committee meetings to present matters for consideration by the Committee and to answer questions regarding those matters.

The Chairman, President and Chief Executive Officer recommends to the Committee increases or changes in compensation for executive officers other than himself, based on his assessment of each individual's performance, contribution to the Company's results, potential for future contributions to our success and market information. The Committee meets in executive session without any members of management present to review the performance and compensation of the Chairman, President and Chief Executive Officer, to evaluate compensation proposals made by management and to make decisions with respect to these proposals. The Committee has ultimate responsibility for approving and setting compensation levels for the Company's executive officers, other than the Chief Executive Officer, with respect to whom the Committee makes recommendations to the full Board.

Compensation Consultants

The Committee uses the services of compensation consultants from time to time.

Summary Compensation Table For Fiscal 2010 And Fiscal 2009

The following table sets forth the information required by SEC Regulation S-K Item 402 as to the compensation paid or accrued by us for the fiscal years ended January 1, 2011 ("fiscal 2010") and January 2, 2010 ("fiscal 2009") by our Chief Executive Officer and the four other most highly paid executive officers in fiscal 2010 (collectively, the "named executive officers"). We are voluntarily providing information with respect to four other executive officers rather than the two as permitted by SEC rules applicable to "smaller reporting companies."

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards _(\$)(2)_	Option Awards (\$)(2)	All Other Compensation ____(\$)(3)	Total (\$)
Jeffrey Jacobson, Chairman, President and Chief Executive Officer	2010	648,463	--	350,000	725,368	17,182	1,741,013
	2009	633,006	--	--	--	20,291	653,297
Jeffrey A. Cook, Executive Vice President and Chief Financial Officer	2010	311,924	--	115,000	283,431	16,747	727,602
	2009	305,000	--	--	--	17,776	322,776
Kathleen G. McHugh, Vice	2010	234,998	--	47,000	151,164	15,849	449,001
	2009	234,998	--	--	--	13,509	248,507

President and Chief Marketing Officer							
Guy Sasson, President, Europe, Africa, and Middle East Region							
	2010	240,714	--	51,217	120,629	41,366	453,926
(4)	2009	240,714	--	--	151,425	66,381	458,520
James R. Van Horn, Vice President, General Counsel and Secretary							
	2010	269,923	--	73,250	153,460	17,628	514,261
	2009	263,000	--	--	--	18,043	281,043

(1) Bonuses paid with respect to fiscal 2010 were paid in shares of the Company's Common Stock, after the application of tax withholding. As required by the applicable SEC rules, these bonus amounts are reflected in the Stock Awards column.

(2) The dollar amounts in the Stock Awards and Option Awards columns represent the aggregate grant date fair value of these awards to the named executive officers. These amounts for Option Awards have been calculated in accordance with FASB ASC Topic 718 disregarding the estimates of forfeiture and using the Black Scholes option-pricing model. Assumptions used in the calculation of these amounts are included in Note 15 to our audited financial statements included in our Annual Reports on Form 10-K for the fiscal years ended January 1, 2011 and January 2, 2010. On September 30, 2010 certain non-qualified stock options outstanding under the Company's 2003 Stock Option and Incentive Plan (the "2003 Plan") were re-priced. Messrs. Cook and Van Horn and Ms. McHugh each held stock options that were issued under the 2003 Plan, with grant dates ranging from February 27, 2007 to June 11, 2008, and with per share exercise prices ranging from \$5.97 per share to \$6.42 per share. The exercise prices on these options were modified to \$2.19 per share, which was the closing price of the Common Stock on September 30, 2010, the date of the re-pricing. The compensation cost relating to the re-pricing recorded in the financial statements for fiscal 2010, as described above, is reflected in the Option Awards column.

(3) The compensation represented by the amounts for 2010 set forth in the All Other Compensation column for the named executive officers are detailed in the following table.

Name	Life Insurance (\$)(a)	Pension Contributions (b)	Automobile Allowance (\$)(c)	Other Benefits (\$)(d)
Jeffrey Jacobson	1,863	--	12,000	3,319
Jeffrey A. Cook	2,412	--	12,000	2,335
Kathleen McHugh	1,159	--	12,000	2,690
Guy Sasson (4)	5,435	30,499	5,432	--
James R. Van Horn	1,242	--	12,000	4,386

(a) Consists of Company-paid premiums for life insurance benefits.

(b) Represents pension contributions required by French law.

(c) Consists of amounts in respect of car allowances paid to each named executive officer.

(d) Consists of reimbursements of expenses for gasoline.

(4) Amounts for Mr. Sasson in the Salary and All Other Compensation columns that were earned in euros have been converted at a rate of \$1.3373 per €1.00, which was the exchange rate in effect on the last business day of fiscal 2010.

Discussion Concerning Summary Compensation Table

Employment Agreements

Employment Agreement with Mr. Jacobson. We have entered into an amended and restated employment agreement with Mr. Jacobson. The terms of this agreement that relate to his compensation and benefits are described below. The terms that relate to termination and change in control are set forth in the section below entitled “Potential Payments Upon Termination or Change In Control.”

The Company and Mr. Jacobson entered into this amended and restated employment agreement on September 30, 2010 (referred to as the “effective date”). The agreement provides for a three-year term of employment for Mr. Jacobson commencing on the effective date and ending on September 29, 2013, unless terminated sooner in accordance with the provisions thereof, and allows for renegotiation and extension of the employment term as long as either the Company or Mr. Jacobson does not notify the other party of the decision not to extend the agreement by March 30, 2013. If the parties negotiate but fail to agree to the terms of an extended employment agreement by June 30, 2013, Mr. Jacobson’s employment will terminate as of September 29, 2013.

The agreement provides for the following compensation and benefits for Mr. Jacobson:

- The agreement sets forth an annual base salary of \$700,000, which will be reviewed at least annually. The base salary cannot be decreased without Mr. Jacobson’s consent.
- The agreement provides that Mr. Jacobson is eligible to receive an annual discretionary bonus targeted at 100% of his annual base salary. The target bonus will be paid based on Mr. Jacobson’s and/or the Company’s achievement of certain goals and objectives to be established by the Board or the Compensation Committee in consultation with Mr. Jacobson.
- Pursuant to the agreement, on the effective date, Mr. Jacobson was granted an option to purchase 250,000 shares of our common stock (the “Initial Grant”) and, on January 3, 2011, Mr. Jacobson was granted an option to purchase an additional 250,000 shares of our common stock (the “Second Grant”). The per share exercise price for these options will be determined by the closing price of a share of our common stock on (i) the effective date with respect to the Initial Grant, and (ii) January 3, 2011 with respect to the Second Grant. The shares of common stock subject to these options vest as follows (subject to accelerated vesting as provided in the employment agreement or in the stock option agreement): one-third of the Initial Grant and one-third of the Second Grant will vest on September 30, 2011, one-third of the Initial Grant and one-third of the Second Grant will vest on September 30, 2012, and one-third of the Initial Grant and one-third of the Second Grant will vest on September 30, 2013, in each case subject to the terms and conditions of the stock option agreement.
 - Mr. Jacobson is also entitled to participate in any plan or arrangement of the Company relating to stock options, stock purchases, pension, thrift, profit sharing benefits, other benefits under qualified or nonqualified deferred compensation plans, group life insurance, medical coverage, education or any other employee benefits that the Company in its sole discretion may adopt and elect to make available to employees. He is also entitled to a car allowance in the amount of \$1,000 per month and reimbursement for gasoline, along with reimbursement for reasonable business expenses in accordance with Company policy.

Employment Agreement with Mr. Cook. We have entered into an amended and restated employment agreement with Mr. Cook. The terms of this agreement that relate to his compensation and benefits are described below. The terms that relate to termination and change in control are set forth in the section below entitled “Potential Payments Upon Termination or Change In Control.”

The Company and Mr. Cook entered into this amended and restated employment agreement on September 30, 2010 (referred to as the “effective date”). The agreement provides for a three-year term of employment for Mr. Cook commencing on the effective date and ending on September 29, 2013, unless terminated sooner in accordance with the provisions thereof, and allows for renegotiation and extension of the employment term as long as either the Company or Mr. Cook does not notify the other party of the decision not to extend the agreement by March 30, 2013. If the parties negotiate but fail to agree to the terms of an extended employment agreement by June 30, 2013, Mr. Cook’s employment will terminate as of September 29, 2013.

The agreement provides for the following compensation and benefits for Mr. Cook:

- The agreement sets forth an annual base salary of \$335,000, which will be reviewed at least annually. The base salary cannot be decreased without Mr. Cook’s consent.
- The agreement provides that Mr. Cook is eligible to receive an annual discretionary bonus targeted at 70% of his annual base salary. The target bonus will be paid based on Mr. Cook’s and the Company’s achievement of certain goals and objectives to be established by the Board or the Compensation Committee in their sole discretion. No such bonus will be payable to Mr. Cook with respect to any year during which his employment is terminated, regardless of the manner of such termination.
- Pursuant to the agreement and in accordance with the terms of the Company’s 2003 Stock Option and Incentive Plan, the Company amended the per share exercise price of the stock option grant for 250,000 shares of our common stock provided to Mr. Cook on February 27, 2007 to a per share price equal to the closing price of a share of our common stock on the effective date. All other terms and conditions of this stock option grant remain unchanged.
- Mr. Cook is also entitled to participate in any plan or arrangement of the Company relating to stock options, stock purchases, pension, thrift, profit sharing benefits, other benefits under qualified or nonqualified deferred compensation plans, group life insurance, medical coverage, education or any other employee benefits that the Company in its sole discretion may adopt and elect to make available to employees. He is also entitled to a car allowance in the amount of \$1,000 per month and reimbursement for gasoline, along with reimbursement for reasonable business expenses in accordance with Company policy.

Employment Agreement with Mr. Sasson. We have entered into an employment agreement with Mr. Sasson. The terms of this agreement that relate to his compensation are described below. The terms that relate to termination are set forth in the section below entitled “Potential Payments Upon Termination or Change In Control.”

The Company and Mr. Sasson entered into this employment agreement on October 28, 2008 with employment specified to commence on January 5, 2009.

The agreement provides for the following compensation and benefits for Mr. Sasson:

- The agreement sets forth an initial base salary of €180,000, which will be reviewed at least annually. The base salary cannot be decreased without Mr. Sasson’s consent.
-

The agreement provides that Mr. Sasson will be entitled to an annual discretionary target bonus of up to 50% of his annual base salary. The actual amount of the bonus will be based 60% on the Company's performance and 40% on Mr. Sasson's business performance to include revenue, gross profit, working capital and expenses.

- Mr. Sasson is entitled to a monthly car allowance in the amount of €800 per month and reimbursement for reasonable business expenses in accordance with Company policy.
- Mr. Sasson is also entitled to participate in benefit plans, including retirement, contingency and medical plans, to the extent any such plans are adopted by the Company and made available for the benefit of executives in France.

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Employment Agreement with Mr. Van Horn. We have entered into a new employment agreement with Mr. Van Horn. The terms of this agreement that relate to his compensation and benefits are described below. The terms that relate to termination and change in control are set forth in the section below entitled “Potential Payments Upon Termination or Change In Control.”

The Company and Mr. Van Horn entered into this new agreement on September 30, 2010 (referred to as the “effective date”). The agreement provides for a three-year term of employment for Mr. Van Horn commencing on the effective date and ending on September 29, 2013, unless terminated sooner in accordance with the provisions thereof, and allows for renegotiation and extension of the employment term as long as either the Company or Mr. Van Horn does not notify the other party of the decision not to extend the agreement by March 30, 2013. If the parties negotiate but fail to agree to the terms of an extended employment agreement by June 30, 2013, Mr. Van Horn’s employment will terminate as of September 29, 2013.

The agreement provides for the following compensation and benefits for Mr. Van Horn:

- The agreement sets forth an annual base salary of \$293,000, which will be reviewed at least annually. The base salary cannot be decreased without Mr. Van Horn’s consent.
- The agreement provides that Mr. Van Horn is eligible to receive an annual discretionary bonus targeted at 50% of his annual base salary. The target bonus will be paid based on Mr. Van Horn’s and the Company’s achievement of certain goals and objectives to be established by the Board or the Compensation Committee in their sole discretion. No such bonus will be payable to Mr. Van Horn with respect to any year during which his employment is terminated, regardless of the manner of such termination.
- Pursuant to the agreement and in accordance with the terms of the Company’s 2003 Stock Option and Incentive Plan, the Company amended the per share exercise price of the stock option grant for 75,000 shares of our common stock provided to Mr. Van Horn on October 23, 2007 to a per share price equal to the closing price of a share of our common stock on the effective date. All other terms and conditions of this stock option grant remain unchanged.
- Mr. Van Horn is also entitled to participate in any plan or arrangement of the Company relating to stock options, stock purchases, pension, thrift, profit sharing benefits, other benefits under qualified or nonqualified deferred compensation plans, group life insurance, medical coverage, education or any other employee benefits that the Company in its sole discretion may adopt and elect to make available to employees. He is also entitled to a car allowance in the amount of \$1,000 per month and reimbursement for gasoline, along with reimbursement for reasonable business expenses in accordance with Company policy.

This summary of the employment agreements does not purport to be complete and is subject to and qualified in its entirety by reference to the text of the employment agreements.

Outstanding Equity Awards at End of Fiscal 2010

Name	Option Awards		Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)		
	Exercisable	Unexercisable		
Jeffrey Jacobson	200,000		6.14	May 10, 2012 (1)
	200,000		6.14	January 1, 2013 (1)
	200,000		6.14	January 1, 2014 (1)
	200,000		6.14	January 1, 2015 (1)
	200,000		6.14	January 1, 2016 (1)
	100,000	50,000	5.57	September 16, 2018
			225,000	2.40
Jeffrey A. Cook		125,000	2.19	September 30, 2020
		125,000	2.19	September 30, 2020
	166,666	83,334	2.19	February 27, 2017 (2)
	50,000	25,000	5.57	September 16, 2018
Kathleen G. McHugh		112,500	2.40	January 4, 2020
	37,500	37,500	2.19	June 11, 2018
	33,333	16,667	5.57	September 16, 2018
Guy Sasson		75,000	2.40	January 4, 2020
	18,750	56,250	3.21	January 5, 2019
James R. Van Horn		75,000	2.40	January 4, 2020
	56,250	18,750	2.19	October 23, 2017
	33,333	16,667	5.57	September 16, 2018

Potential Payments Upon Termination or Change In Control

The Company has entered into employment agreements that will require the Company to provide compensation to the current named executive officers, Messrs. Jacobson, Cook, and Van Horn in the event of a termination of employment or a change in control of the Company. The material provisions of these agreements are described below. In addition, the Company has agreed to make certain payments to Ms. McHugh and Mr. Sasson in the event of the termination of their employment other than for cause, and has agreed that all outstanding stock options will accelerate and become exercisable upon a change in control of the Company.

Termination Provisions of Employment Agreements with Messrs. Jacobson, Cook, and Van Horn

Termination Provisions of Mr. Jacobson's Employment Agreement. Under the terms of Mr. Jacobson's amended and restated employment agreement, if his employment is terminated by the Company without cause, by him with good reason, due to his death or disability, or if either the Company or Mr. Jacobson provides the other party with notice of the decision not to extend the employment term by March 30, 2013, Mr. Jacobson shall be entitled to the following payments and benefits upon his termination of employment:

- full vesting of all outstanding unvested stock options, restricted stock and other equity awards;
- 1.5 times the sum of Mr. Jacobson's then annual base salary, target annual bonus for the year of termination (assuming that 100% of the performance goals are achieved), and discretionary bonus (if any) paid during the year immediately preceding the year in which such termination occurs (or, in the case of a termination due to Mr. Jacobson's decision not to extend the employment term by March 30, 2013, 1.0 times Mr. Jacobson's then annual base salary), payable in equal monthly installments over the 18-month period following employment termination; and
- continued coverage for Mr. Jacobson and his family under the Company's health plans during the period that he is receiving severance (unless comparable coverage becomes available to Mr. Jacobson from a new employer), with the Company continuing to pay its portion of the applicable premiums during this period; provided that in the event that Mr. Jacobson's employment terminates due to his death, his immediate family will receive continued coverage under the Company's health plans at the Company's expense for the 18-month period following employment termination.

If Mr. Jacobson's employment terminates because the parties negotiate but fail to agree to the terms of an extended employment agreement by June 30, 2013, Mr. Jacobson will be entitled to severance payments equal to 1.5 times his then annual base salary, payable in equal monthly installments over the 18-month period following employment termination.

If Mr. Jacobson terminates his employment for good reason in connection with a change in control of the Company or in the event that Mr. Jacobson dies or becomes disabled within six months of a change in control, in lieu of the severance payments described above, he will be entitled to receive a lump sum cash payment equal to 2.99 times the annual average (calculated from the date of his initial employment) of his annual base salary, target annual bonus (assuming that 100% of the performance goals are achieved for the year in which the change in control occurs and had been paid without pro-ration in that year) and discretionary bonus (if any) (assuming that the discretionary bonus for the year in which the change in control occurs equals the discretionary bonus (if any) paid during the year immediately preceding the year in which such change in control occurs (or, at his option, treated as if a discretionary bonus had been paid without pro-ration for the year in which the change in control occurs)), minus the amount of any severance payments he has already received. The amount will be paid to him in a lump sum within 2-1/2 months following the end of the year in which occurs the later of the change in control or the first to occur of his termination

of employment, death, or disability, to the extent permitted by Section 409A of the Code (or, if the change in control does not constitute a “change in control” within the meaning of Section 409A of the Code, the amount will be paid at the first to occur of any event following the change in control that would be a permissible distribution event under Section 409A of the Code). In addition, upon the occurrence of a change in control, all equity awards held by Mr. Jacobson will vest in full.

To the extent that any benefits or payments provided to Mr. Jacobson are subject to the excise tax imposed under Section 4999 of the Code, he can elect to have the Company reduce such payments so that no payment will be subject to this excise tax. If he does not elect to reduce the payments, he will be responsible for the amount of this excise tax.

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For purposes of Mr. Jacobson's employment agreement, "cause" means his:

- conviction of a felony or theft from the Company;
- breach of fiduciary duty involving personal profit; or
- sustained and continuous conduct which adversely affects the Company's reputation or his failure to comply with the lawful directions of the Board, in each case that is not cured within 30 days after notice is given to him by the Company of such act or failure to act.

"Good reason" is defined as any one of the following, which is not cured within 30 days by the Company after receiving notice from Mr. Jacobson:

- any material diminution in his duties, title, authority or reporting line, or failure to reelect or reappoint him to the Board or failure to reelect him as Chairman of the Board;
 - a reduction in or failure to pay compensation when due;
 - a change in control (as defined below);
- a reduction of his benefits under any of the Company's benefit plans to less (subject to the Company's right to provide equivalent benefits in cash or otherwise in kind) than the benefits of 90% of the Company's employees, except if initiated by Mr. Jacobson or approved in his capacity as a Board member; or
- a relocation without consent to a principal work place that is more than 50 miles from the Company's executive offices in Greenwich, Connecticut.

"Disability" means Mr. Jacobson is unable, because of injury or sickness, to perform the material duties of his regular occupation for six consecutive months in any 12-month period.

"Change in control" means:

- individuals who constitute the members of the Board within 12 months before any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination thereof, cease to constitute a majority of the Board as a result of or in connection with such transaction or event;
- the consummation of a merger or consolidation of the Company, with or into another entity or any other corporate reorganization, if more than 50% of the combined voting power of the continuing or surviving entity's issued shares or securities outstanding immediately after such transaction is owned beneficially by persons other than shareholders who owned beneficially more than 50% of the combined voting power of the Company's securities immediately prior to such transaction; or
 - the sale, transfer or disposition of all or substantially all of the Company's assets.

Mr. Jacobson's right to receive severance payments and benefits is conditioned upon his execution of a release and compliance with the confidentiality and non-competition and non-solicitation covenants contained in his employment agreement. Among other things, Mr. Jacobson is required to refrain from competing with the Company for 18 months after a termination of his employment by the Company for cause or by him without good reason or if he elects not to extend the employment term. The period will be 12 months if the termination is by him with good reason as a result of a change in control, and if the termination is by the Company without cause or by him with good reason (other than

as a result of a change in control), the period will be six months following employment termination. Mr. Jacobson will not be subject to non-competition and non-solicitation covenants if his employment is terminated due to the Company electing not to extend the employment term or if the Company and Mr. Jacobson are unable to agree on the terms of an extended employment agreement. Mr. Jacobson has agreed to remain employed for up to six months following a change in control if so requested and any period in which he is so employed will count against the periods described in this paragraph.

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Termination Provisions of Mr. Cook's Employment Agreement. Under the terms of Mr. Cook's amended and restated employment agreement, if his employment is terminated by the Company without cause, by him for good reason, due to his death or disability, or if either the Company or Mr. Cook provides the other party with notice of the decision not to extend the employment term by March 30, 2013, Mr. Cook shall be entitled to full vesting of all outstanding unvested stock options, restricted stock and other equity awards. If his employment terminates for any of the above reasons (other than due to his death or disability), Mr. Cook shall also be entitled to one year of his then annual base salary, payable in equal monthly installments over the 12-month period following employment termination.

If his employment is terminated by the Company without cause or by him for good reason in connection with, or within the one and a half year period following, a change in control, in lieu of the severance payments described above, he will be entitled to lump sum cash payment equal to three times his then annual base salary. This lump sum amount will be paid to him within 2-1/2 months following the end of the year in which occurs the later of the change in control or his termination of employment, to the extent permitted by Section 409A of the Code (or, if the change in control does not constitute a "change in control" within the meaning of Section 409A of the Code, the amount will be paid at the first to occur of any event following the change in control that would be a permissible distribution event under Section 409A of the Code). In addition, upon the occurrence of a change in control, all stock options held by Mr. Cook will vest in full.

For purposes of Mr. Cook's employment agreement, "cause" means his:

- conviction of a felony or theft from the Company;
- breach of fiduciary duty involving personal profit; or
- sustained and continuous conduct which adversely affects the Company's reputation.

"Good Reason" is defined as any one of the following, without Mr. Cook's consent:

- any material diminution in his duties, title, authority or reporting line, or failure to reelect or reappoint him to the Board;
 - a reduction in or failure to pay compensation when due;
 - a change in control (as defined below);
- a reduction of his benefits under any of the Company's benefit plans to less (subject to the Company's right to provide equivalent benefits in cash or otherwise in kind) than the benefits of 90% of the Company's employees, except if initiated by Mr. Cook or approved in his capacity as a Board member; or
- a relocation without consent to a principal work place that is more than 50 miles from the Company's executive offices in Greenwich, Connecticut.

“Disability” means Mr. Cook is unable, because of injury or sickness, to perform the material duties of his regular occupation for a specified period and, solely due to injury or sickness, he is unable to earn more than the percentage of his “indexed covered earnings” (as defined in the Company’s long-term disability summary plan description) from working in his regular occupation. Thereafter, “disability” means that such injury or sickness makes him unable to perform the material duties of any occupation for which he may reasonably become qualified based on education, training or experience and, solely due to such injury or sickness, he is unable to earn more than the percentage of his indexed covered earnings. Mr. Cook shall be disabled as of the date he becomes entitled to disability benefits under the Company’s long-term disability plan.

For purposes of Mr. Cook’s employment agreement, “change in control” is defined in the same manner as Mr. Jacobson’s agreement.

Mr. Cook’s right to receive severance payments and benefits is conditioned upon his execution of a release and compliance with the confidentiality and non-competition and non-solicitation covenants contained in his employment agreement. Among other things, Mr. Cook is required to refrain from competing with the Company for 18 months after a termination of his employment by the Company for cause or by him without good reason or if he elects not to extend the employment term. The period will be 12 months if the termination is by him with good reason as a result of a change in control, and if the termination is by the Company without cause or by him with good reason (other than as a result of a change in control), the period will be six months following employment termination. Mr. Cook will not be subject to non-competition and non-solicitation covenants if his employment is terminated due to the Company electing not to extend the employment term.

Termination Provisions of Mr. Van Horn’s Employment Agreement. Under the terms of Mr. Van Horn’s new employment agreement, if his employment is terminated by the Company without cause, by him for good reason, due to his death or disability, or if either the Company or Mr. Van Horn provides the other party with notice of the decision not to extend the employment term by March 30, 2013, Mr. Van Horn shall be entitled to full vesting of all outstanding unvested stock options, restricted stock and other equity awards. If his employment terminates for any of the above reasons (other than due to death or disability), Mr. Van Horn shall also be entitled to one year of his then annual base salary, payable in equal monthly installments over a 12-month period following employment termination.

If his employment is terminated by the Company without cause or by him for good reason in connection with, or within the one and a half year period following, a change in control, in lieu of the severance payments described above, he will be entitled to lump sum cash payment equal to three times his then annual base salary. This lump sum amount will be paid to him within 2-1/2 months following the end of the year in which occurs the later of the change in control or his termination of employment, to the extent permitted by Section 409A of the Code (or, if the change in control does not constitute a “change in control” within the meaning of Section 409A of the Code, the amount will be paid at the first to occur of any event following the change in control that would be a permissible distribution event under Section 409A of the Code). In addition, upon the occurrence of a change in control, all stock options held by Mr. Van Horn will vest in full.

For purposes of Mr. Van Horn’s employment agreement, “cause” is defined in the same manner as Mr. Cook’s agreement.

“Good Reason” is defined as any one of the following, without Mr. Van Horn’s consent:

- any material diminution in his duties, title, authority or reporting line;
 - a reduction in or failure to pay compensation when due;
 - a change in control (as defined below);

- a reduction in his benefits under any of the Company's benefit plans to less (subject to the Company's right to provide equivalent benefits in cash or otherwise in kind) than the benefits of 90% of the Company's employees, except if initiated by Mr. Van Horn or approved in his capacity as a Board member; or
 - a relocation without consent to a principal work place that is more than more than 50 miles from the Company's executive offices in Greenwich, Connecticut.

For purposes of Mr. Van Horn's employment agreement, "disability" is defined in the same manner as Mr. Cook's agreement.

For purposes of Mr. Van Horn's employment agreement, "change in control" is defined in the same manner as Mr. Jacobson's agreement.

Mr. Van Horn's right to receive severance payments and benefits is conditioned upon his execution of a release and compliance with the confidentiality and non-competition and non-solicitation covenants contained in his employment agreement. The duration of Mr. Van Horn's restrictive covenants is identical to the restricted period for Mr. Cook described above.

Termination Provisions of Severance Arrangements with Ms. McHugh and Mr. Sasson

Severance Arrangements with Ms. McHugh. Under the arrangement with Ms. McHugh, in the event of her termination of employment, without cause, she will be entitled to receive an amount equal to one year's annual base salary. In addition, under the terms of Ms. McHugh's Non-Qualified Stock Option Agreements, in the event of a change in control of the Company, all outstanding unvested options shall become immediately vested and exercisable.

Severance Arrangements with Mr. Sasson. Under the employment contract between the Company and Mr. Sasson, he is entitled to a three month notice of termination of employment except in case of gross negligence or willful misconduct. In the absence of gross negligence or willful misconduct by Mr. Sasson, if his employment is terminated by the Company, he will be entitled to receive a lump sum payment in an amount equal to nine months of his base salary in effect during the last month of his full employment before his employment is terminated. In addition, under the terms of Mr. Sasson's Non-Qualified Stock Option Agreements, in the event of a change in control of the Company, all outstanding unvested options shall become immediately vested and exercisable.

This summary of the employment agreements does not purport to be complete and is subject to and qualified in its entirety by reference to the text of the employment agreements.

RELATED PERSON TRANSACTIONS

Mr. Ebenstein, who has been a director of the Company since November 1999, is a partner of the law firm of Amster, Rothstein & Ebenstein LLP and shares in the profits of that firm. Since the beginning of fiscal 2010, the Company has paid or incurred \$118,000 (including \$50,000 of pass-through expenses) in legal fees and expenses to Amster, Rothstein & Ebenstein LLP for services related to representing the Company on various intellectual property matters. During fiscal year 2009, the Company paid or incurred \$1.3 million (including \$0.5 million of pass-through expenses) in legal fees and expenses to Amster, Rothstein & Ebenstein LLP for such services.

The Board of Directors of the Company has adopted a policy for the review, approval or ratification of related party transactions involving the Company (including its subsidiaries and affiliates). The Audit Committee has responsibility for overseeing the policy and may review and amend the policy from time to time. The policy provides that all Related Party Transactions (as defined) shall be approved or ratified in accordance with this policy by the Audit Committee.

For purposes of the policy, Related Party Transactions are defined as any transaction, or a series of similar transactions, which is currently proposed or has been in effect at any time since the beginning of the last fiscal year, in which the Company was, or is proposed to be, a participant, in which a Related Party (as defined) had, has or will have a direct or indirect material interest and any material amendment or modification to the foregoing regardless of whether such transaction has previously been approved in accordance with this policy, provided that Related Party Transactions do not include executive officer compensation and benefit arrangements approved by the Board of Directors or the Compensation Committee; director compensation arrangements approved by the Board of Directors or the Compensation Committee; ordinary course business travel and expenses, advances and reimbursements; indemnification payments made by the company or on the company's behalf (including advancement of expenses) and payments under directors' and officers' indemnification insurance policies made pursuant to the Company's Certificate of Incorporation or By-Laws or pursuant to any policy, agreement or instrument.

For purposes of the policy, a Related Party is defined to mean any person who (1) is or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company; (2) who is a 5% Stockholder; or (3) who is an immediate family member of any of the foregoing persons.

Under the policy, executive officers and directors of the Company are required to notify the General Counsel of the Company as soon as reasonably practicable about any potential Related Party Transaction. The General Counsel shall

then determine whether a potential transaction or relationship constitutes a Related Party Transaction that requires compliance with the policy and/or disclosure as a Related Party Transaction in accordance with applicable SEC rules. If the General Counsel determines that the transaction or relationship constitutes a Related Party Transaction, the transaction will be referred to the Audit Committee for its consideration. In reviewing Related Party Transactions, the policy provides that the Audit Committee will be provided with full details of the Related Party Transaction, including: (1) the terms of the transaction; (2) the business purpose of the transaction; (3) the benefits to the Company and to the relevant Related Party; and (4) whether the transaction would require a waiver of the Company's Code of Business Conduct and Ethics.

In determining whether to approve a Related Party Transaction, the policy provides that the Audit Committee will consider, among other things, the following factors to the extent relevant to the Related Party Transaction: (1) whether the terms of the Related Party Transaction are fair to the Company and such terms would be on the same basis if the transaction did not involve a Related Party; (2) whether there are business reasons for the Company to enter into the Related Party Transaction; (3) whether the Related Party Transaction would impair the independence of an outside Director; (4) whether the Related Party Transaction would present an improper conflict of interest for any Director or Executive Officer of the Company, taking into account: (i) the size of the transaction, (ii) the overall financial position of the Director or Executive Officer, (iii) the direct or indirect nature of the Director's or Executive Officer's interest in the transaction (iv) the ongoing nature of any proposed relationship, and (v) any other factors deemed relevant; and (5) whether the Related Party Transaction is material, taking into account: (i) the importance of the interest to the Related Party, (ii) the relationship of the Related Party to the transaction and of Related Parties to each other, (iii) the dollar amount involved and (iv) the significance of the transaction to the Company's investors in light of all the circumstances.

Any member of the Audit Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chair of the Audit Committee, participate in some or all of the Committee's discussions of the Related Party Transaction.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of January 1, 2011, with respect to shares of the Common Stock authorized for issuance under awards made under equity compensation plans, including the Company's 1991 Stock Option Plan (the "1991 Plan"), the 1994 Stock Option Plan (the "1994 Plan"), the 1997 Interim Stock Option Plan (the "1997 Plan"), the 1998 Stock Option Plan (the "1998 Plan"), the 2003 Stock Option and Incentive Plan of Presstek, Inc. (the "2003 Plan"), the 2008 Omnibus Incentive Plan (the "2008 Plan") and the 2002 Employee Stock Purchase Plan (the "ESPP"). Except for the 1997 Plan and a non-plan option grant to our Chief Executive Officer described below, each of the foregoing equity compensation plans has been approved by the stockholders of the Company. Prior to January 1, 2011, no future awards were permitted to be made under the 1988 Plan, the 1991 Plan, the 1994 Plan or the 1997 Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders (3)	4,347,331 (1)	\$ 4.58 (1)	1,187,179 (2)
Equity compensation plans not approved by security holders (4)	1,007,225	6.14	--
Total	5,354,556	\$ 4.87	1,187,179 (2)

(1) Excludes purchase rights accruing as of January 1, 2011 under the ESPP.

(2) Includes shares available for future issuance under the 2003 Plan, the 2008 Plan and the ESPP. As of January 1, 2011, an aggregate of 412,658 shares of Common Stock were available for issuance pursuant to the ESPP. Under the ESPP, each eligible employee may purchase up to 750 shares of Common Stock each quarterly purchase period at a purchase price per share equal to 85% of the lower of the fair market value (as defined in the ESPP) of Common Stock on the first or last trading day of a purchase period.

(3) Consists of the 1991 Plan, the 1994 Plan, the 1998 Plan, the 2003 Plan, the 2008 Plan, the Director Plan and the ESPP.

(4) Consists of 7,225 shares issuable under awards made under the 1997 Plan and the grant of a non-plan stock option exercisable for 1,000,000 shares of Common Stock to Mr. Jacobson pursuant to Nasdaq Rule 4350(i)(1)(A)(iv) as an inducement material to Mr. Jacobson entering into employment with the Company. As required by SEC rules, since the 1997 Plan and the non-plan stock option were not approved by stockholders, information on such plan and option is set forth below.

1997 Interim Stock Option Plan

The 1997 Plan was adopted for the purpose of granting non-statutory options to any person that the Board believed had contributed, or who would contribute, to the success of the Company or its subsidiaries, including directors, officers, employees, independent agents, consultants and attorneys. A total of 250,000 shares of Common Stock were initially reserved for issuance under the 1997 Plan. The Company's ability to make additional option grants under the 1997 Plan terminated on September 22, 2002; however, the Plan continues to govern the options still outstanding under the 1997 Plan, all of which are fully vested. Pursuant to the terms of the plan, the price per share relating to each option granted under the 1997 Plan was established at the time of grant by the Board (or a committee thereof appointed to administer the plan); provided that the exercise price was not to be less than 100% of the fair market value per share of Common Stock on the date of grant. The 1997 Plan provides for adjustment of any outstanding options to prevent dilution or enlargement of rights, including adjustments in the event of changes in the outstanding Common Stock by reason of stock dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations, liquidations and the like.

Except as otherwise provided by the Board, options granted under the 1997 Plan may only be transferred by will or by the laws of descent and distribution. If an employee ceases to be employed by the Company (other than for cause or by death or disability), no further installments of the options granted to such employee under the 1997 Plan shall become exercisable, and such options shall, to the extent exercisable on the date of termination, remain exercisable for a period of 30 days following the date of termination. If an employee is terminated for cause or voluntarily leaves the employ of the Company without the Company's consent, options granted to such employee under the 1997 Plan shall automatically terminate and will no longer be exercisable. Upon termination of employment by reason of death, options granted to such employee under the 1997 Plan may be exercised, to the extent exercisable on the date of death, by the employee's beneficiary, at any time within one year after the date of the employee's death. In the event employment is terminated by reason of disability, options granted to such employee under the 1997 Plan shall, to the extent exercisable on the date of termination, remain exercisable for a period of 30 days following the date of termination. Notwithstanding any of the foregoing, no option granted under the 1997 Plan shall remain exercisable beyond the specified termination date of such option.

2007 Option Grant to Mr. Jacobson

The shares of Common Stock subject to the non-plan option grant made to Mr. Jacobson vest as follows: 20% of the shares subject to this option vested on the date of grant, with an additional 20% vesting on each of January 1, 2008, 2009, 2010 and 2011, subject to Mr. Jacobson remaining employed on each such date, except as provided as follows. The option will vest in full upon a termination of Mr. Jacobson's employment without cause, a termination of his employment by Mr. Jacobson with good reason or due to his disability or death, a change in control of the Company or the giving of a notice of non-renewal of the employment term by either party. Each portion of the option that vests will remain exercisable for five years after the applicable vesting date.

SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of the Common Stock as of April 5, 2011 (except as otherwise indicated in the notes below) by:

- each person known by the Company to be the beneficial owner of more than five percent of the outstanding shares of Common Stock;
- each of the named executive officers included in the Summary Compensation Table in the Executive Compensation section of this proxy statement;
- each of our current directors; and
- all current executive officers and directors as a group.

Name and Address of Beneficial Owner	Shares Beneficially Owned(1)	Percentage of Shares Beneficially Owned(2)
Peter Kellogg and IAT Reinsurance Company Ltd c/o IAT Reinsurance Company Ltd. 48 Wall Street New York, NY 10005	9,457,217(3)	25.4 %
Scott Kimelman and Daeg Capital Management LLC Daeg Capital Management LLC 100 Park Avenue New York, NY 10017	1,911,300 (4)	5.1
Edward E. Barr	76,866 (5)	*
Daniel S. Ebenstein	122,741 (6)	*
Stanley E. Freimuth	35,015 (7)	*
Jeffrey Jacobson	1,619,068 (8)	4.2
Steven N. Rappaport	192,381 (9)	*
Donald C. Waite, III	189,890 (10)	*
Jeffrey A. Cook	292,821 (11)	*
Kathleen G. McHugh	87,397 (12)	*
Guy Sasson	23,104 (13)	*
James R. Van Horn	145,424 (14)	*
All current executive officers and directors as a group (10 persons)	2,784,707 (15)	7.1 %

* Less than 1%.

- (1) Except as otherwise noted below, the Company believes that all persons referred to in the table have sole voting and investment power with respect to all shares of Common Stock reflected as beneficially owned by them.
- (2) Applicable percentage of ownership is based upon 37,269,361 shares of Common Stock outstanding as of April 5, 2010. Beneficial ownership is determined in accordance with applicable SEC rules. Options for shares of Common Stock which are currently exercisable or exercisable within 60 days of the record date are referred to below as “exercisable stock options.” Exercisable stock options are deemed outstanding for purposes of computing the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage of any other person.
- (3) As of April 15, 2010 based on Amendment No. 2 to a Schedule 13D filed with the SEC by Mr. Kellogg and IAT Reinsurance Company Ltd. (“IAT”) on April 2, 2010 (the “Amended Schedule 13D”) and a Form 4 filed by Mr. Kellogg on April 15, 2010. According to the Amended Schedule 13D: (i) Mr. Kellogg is the sole owner of the voting stock of IAT and is a director, President and CEO of IAT; (ii) 9,146,055 such shares were held by IAT (as to which shares Mr. Kellogg disclaims beneficial ownership) and its wholly-owned subsidiaries, (iii) 100,000 shares were held by a foundation controlled by Mr. Kellogg and his wife, (iv) 100,000 shares were held by Mr. Kellogg’s wife (as to which shares Mr. Kellogg disclaims beneficial ownership), (v) 92,000 shares were held by companies and partnerships controlled by Mr. Kellogg; (v) Mr. Kellogg had sole power to vote or direct the vote of, dispose of or direct the disposal of all but 200,000 of the shares reported in the Amended Schedule 13D, as to which he had such shared voting and investment power.
- (4) As of December 31, 2010 based a Schedule 13G/A (the “Amended Schedule 13G”) filed by Mr. Kimelman, Daeg Capital Management, LLC and Daeg Partners, L.P. with the SEC on February 4, 2011. According to the Amended Schedule 13G, Mr. Kimelman has sole voting and dispositive power with respect to 30,700 such shares and shared voting and dispositive power with respect to 1,880,600 such shares collectively with Daeg Capital Management, LLC and Daeg Partners, L.P.
- (5) Consists of shares issuable pursuant to exercisable stock options.
- (6) Consists of 119,741 shares issuable pursuant to exercisable stock options and 3,000 shares held of record by Mr. Ebenstein’s child with respect to which Mr. Ebenstein disclaims any beneficial ownership interest.
- (7) Consists of shares issuable pursuant to exercisable stock options.
- (8) Includes 1,100,000 shares issuable pursuant to exercisable stock options.
- (9) Includes 162,381 shares issuable pursuant to exercisable stock options.
- (10) Includes 157,390 shares issuable pursuant to exercisable stock options.
- (11) Includes 216,666 shares issuable pursuant to exercisable stock options.
- (12) Includes 70,833 shares issuable pursuant to exercisable stock options.
- (13) Includes 18,750 shares issuable pursuant to exercisable stock options.
- (14) Includes 89,583 shares issuable pursuant to exercisable stock options.
- (15) Includes 2,047,225 shares issuable pursuant to exercisable stock options.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's officers and directors, and persons who beneficially own more than ten percent of a registered class of the Company's equity securities (collectively, the "Reporting Persons"), to file reports of ownership and changes in ownership with the Securities Exchange Commission. Such Reporting Persons are required by SEC rules to furnish the Company with copies of all Section 16 forms they file. Based solely on its review of the copies of such filings and written representations from the Company's directors and executive officers, the Company believes that during the fiscal year ended January 1, 2011, all Reporting Persons timely filed all Section 16(a) reports required to be filed by them.

AUDIT COMMITTEE REPORT

The Audit Committee is comprised of Steven N. Rappaport as Chair, Stanley E. Freimuth and Donald C. Waite, III. The Audit Committee operates under a written charter adopted by the Board and reviewed by the Board for adequacy each year, a copy of which is posted on the Company's Web site at www.presstek.com. The Audit Committee, among other things: (i) reviews and discusses with management and the independent registered public accounting firm the adequacy and effectiveness of the accounting and financial controls of the Company; (ii) selects and evaluates the performance of the Company's independent registered public accounting firm; (iii) reviews and discusses with management and the independent registered public accounting firm the results of the year-end audit of the Company; and (iv) reviews and discusses with management and the independent registered public accounting firm the accounting policies of the Company and the Company's compliance with U.S. generally accepted accounting principles and certain legal and regulatory requirements.

The Audit Committee reviewed the audited consolidated balance sheets of the Company as of January 1, 2011 and January 2, 2010, and the related consolidated statements of operations, changes in stockholders' equity and comprehensive income and cash flows for the fiscal years ended January 1, 2011, January 2, 2010 and January 3, 2009, and the related notes thereto, and has discussed all of them with management and KPMG LLP, the Company's independent registered public accountants.

The Audit Committee has also discussed with KPMG LLP the matters required to be discussed by the Statement on Auditing Standard No. 61, as amended (AICPA, Professional Standards, Vol.1. AU section 380) as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has received the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with KPMG LLP the firm's independence.

Based on such reviews and discussions, the Audit Committee recommended to the Board of Directors of the Company that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2011 for filing with the Securities and Exchange Commission.

As specified in the Audit Committee Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. That is the responsibility of the Company's independent registered public accounting firm and management. In giving its recommendation to the Board of Directors, the Audit Committee has relied on (i) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles, and (ii) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Steven N. Rappaport, Chair
Stanley E. Freimuth
Donald C. Waite, III

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee has selected KPMG LLP to be the Company's independent registered public accountants for the fiscal year ended December 31, 2011. KPMG LLP has served as the Company's independent registered public accountants since 2006. A representative of KPMG LLP is expected to be present at the Annual Meeting and will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

Independent Auditor Fees

Set forth below are the fees billed to the Company by KPMG LLP for the fiscal periods indicated.

	Fiscal 2009	Fiscal 2010
Audit Fees (1)	\$1,148,500	\$956,000
Audit-Related Fees	--	--
Tax Fees	--	7,180
All Other Fees	--	19,500
Total Fees	\$1,148,500	\$982,680

(1) Audit Fees consist of fees for professional services provided in connection with the integrated audit of the Company's financial statements and internal control over financial reporting, and review of financial statements included in Forms 10-Q, and includes services that generally only the external auditor can reasonably provide, such as attest services, consents and assistance with and review of documents filed with the SEC.

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

PROPOSAL 2
RATIFICATION OF AUDITORS

The Audit Committee has selected KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2011 and has directed that management submit the selection of independent auditors to stockholders for ratification at the Annual Meeting. Representatives of KPMG LLP are expected to be present at the meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions. Stockholder ratification of the selection of KPMG LLP as the Company's independent auditors is not required by the Company's By-Laws or otherwise. However, we are submitting the selection of KPMG LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain KPMG LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent audit firm at any time during the year if it is determined that such a change would be in the best interests of the Company and its stockholders.

Board Recommendation

The Board recommends a vote FOR the ratification of the selection of KPMG LLP, and proxies received by the Company will be so voted unless stockholders specify a contrary choice in their proxies.

PROPOSAL 3
ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, we are providing the Company's shareholders the opportunity to vote on a non-binding, advisory resolution to approve the compensation of our executives (our "named executive officers" or "NEOs"), as described in this Proxy Statement under "Executive Compensation". Accordingly, the following resolution will be submitted for a shareholder vote at the 2011 Annual Meeting:

"RESOLVED, that the shareholders of Presstek, Inc. (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers, as described in the Proxy Statement for this Annual Meeting."

As described in the section titled "Executive Compensation," our executive compensation program is designed to provide a competitive level of compensation necessary to attract, motivate and retain talented and experienced executives and to motivate them to achieve short-term and long-term corporate goals that enhance shareholder value. In order to align executive pay with both the Company's financial performance and the creation of sustainable shareholder value, a significant portion of compensation paid to our NEOs is allocated to performance-based, short- and long-term incentive programs to make executive pay dependent on the Company's performance. Shareholders are urged to read the Executive Compensation section of this Proxy Statement which more thoroughly discusses how our compensation policies and procedures implement our compensation philosophy. The Compensation Committee and the Board believe that these policies and procedures are effective in implementing our compensation philosophy and in achieving its goals.

This vote is advisory and will not be binding upon the Company, the Board or the Board's Compensation Committee. However, the Board values constructive shareholder input on executive compensation and other important governance topics and encourages all shareholders to vote their shares on this matter.

Board Recommendation

The Board recommends a vote FOR the overall compensation of the Company's Named Executive Officers, and proxies received by the Company will be so voted unless stockholders specify a contrary choice in their proxies.

Vote Required

Approval of this resolution requires the affirmative vote of a majority of the votes cast at the Annual Meeting. While this vote is required by law, it will neither be binding on the Company or the Board, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, the Company or the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions.

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PROPOSAL 4
FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, we are providing the Company's shareholders the opportunity to cast an advisory vote on whether a non-binding stockholder resolution to approve the compensation of the Company's NEOs should occur every one, two or three years. The Board recommends that shareholders vote to hold an advisory vote on executive compensation every three years, or a triennial vote.

The Board believes that a triennial vote complements our goal to create a compensation program that enhances long-term shareholder value. As described in the section titled "Executive Compensation," our executive compensation program is designed to motivate executives to achieve short-term and long-term corporate goals that enhance shareholder value. A triennial vote will provide shareholders the ability to evaluate our compensation program over a time period that allows them to compare the Company's compensation program to the long-term performance of the Company.

Board Recommendation

The Board recommends a vote in favor of including an advisory vote on executive compensation in the Company's proxy statement every THREE YEARS and will be so voted unless stockholders specify a contrary choice in their proxies.

Vote Required

Generally, approval of any matter presented to shareholders requires a majority of the votes cast. However, because this vote is advisory and non-binding, if none of the frequency options receive a majority of the votes cast, the option receiving the greatest number of votes will be considered the frequency recommended by the Company's shareholders. Even though this vote will neither be binding on the Company or the Board nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, the Company or the Board, the Board of Directors will take into account the outcome of this vote in making a determination on the frequency at which advisory votes on executive compensation will be included in the Company's proxy statement.

PROPOSAL 5
APPROVAL OF THE AMENDMENT AND RESTATEMENT TO OUR
2008 OMNIBUS INCENTIVE PLAN

The Presstek, Inc. 2008 Omnibus Incentive Plan was originally adopted by our Board of Directors on April 22, 2008, and was approved by our stockholders at our 2008 annual stockholders meeting held on June 11, 2008. On March 2, 2011, our Board of Directors approved, subject to stockholder approval at our 2011 annual stockholders meeting, an amendment and restatement of the Presstek, Inc. 2008 Omnibus Incentive Plan (the "Amended and Restated Omnibus Plan"). The changes made pursuant to the proposed Amended and Restated Omnibus Plan include an amendment to increase the number of shares of our common stock which may be subject to issuance under awards granted under the plan from 3,000,000 shares to 5,500,000 shares, an increase of 2,500,000 shares, and an amendment to permit the grant of performance cash awards under the plan, which are awards that entitle a participant to receive a cash incentive, subject to the satisfaction of one or more performance objectives and other applicable terms and conditions. A marked copy of the Amended and Restated Omnibus Plan indicating all of the proposed changes to the existing plan is attached to this proxy statement as Appendix A. We are seeking stockholder approval in accordance with the requirements of the Nasdaq Global Select Market rules and in order for certain equity and cash awards made under the Amended and Restated Omnibus Plan to qualify as "performance-based compensation" that is exempt from the \$1 million deduction limit imposed by Section 162(m) of the Code.

We believe that appropriate equity and cash incentives are important to attract and retain the highest caliber of employees, to link incentive rewards to Company performance, to encourage employee ownership in our Company, and to align the interests of our employees, consultants and directors to those of our stockholders. The approval of the Amended and Restated Omnibus Plan will enable us to continue to provide such incentives. If the Amended and Restated Omnibus Plan is not approved by our stockholders, the Company will be unable both to grant performance cash awards under the plan and to grant additional equity-based awards under the plan in excess of the number of shares of common stock currently remaining available for future issuance under the plan, which the Company believes would adversely affect its ability to offer effective incentives to participants that are consistent with emerging market practices.

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Description of the Amended and Restated Omnibus Plan

The following is a summary of the material features of the Amended and Restated Omnibus Plan. The following summary does not purport to be complete and is qualified in its entirety by reference to the terms of the Amended and Restated Omnibus Plan.

Purposes of the Amended and Restated Omnibus Plan. The purposes of the Amended and Restated Omnibus Plan are to attract, retain and reward employees, directors and consultants, to provide additional incentives to these employees, directors and consultants by aligning their interests with those of our stockholders and to promote our success and business.

Administration. The Amended and Restated Omnibus Plan will be administered by our Board, or, if it is designated by our Board to administer the Plan, the Compensation Committee of our Board (either, as applicable, referred to as the “committee”). The Amended and Restated Omnibus Plan gives the committee, among other things, discretion to make awards thereunder, to set the terms of award agreements (including the type and amount of any award), to establish rules for the interpretation and administration of the Amended and Restated Omnibus Plan, and to make other determinations and take other actions necessary or advisable for administering the Amended and Restated Omnibus Plan and effectuating its purposes.

The committee may, to the extent permitted by applicable law, delegate to one or more of our executive officers the authority to select individuals (other than executive officers and directors) to receive awards under the Amended and Restated Omnibus Plan and to determine the amount and types of awards granted to individuals who are selected.

Eligibility. Employees, directors and consultants of our Company and our subsidiaries and affiliates are eligible to participate in the Amended and Restated Omnibus Plan. This group currently includes nine directors and approximately 500 executive officers, other employees and consultants.

Shares Available for Awards. If the Amended and Restated Omnibus Plan is approved, an additional 2,500,000 shares (or an aggregate of 5,500,000 shares) of our common stock will be reserved for awards under this plan. Shares delivered under the Amended and Restated Omnibus Plan may consist, in whole or in part, of authorized and unissued shares of common stock, treasury shares or shares of stock acquired by us. On April 5, 2011, the closing price of a share of our common stock on the NASDAQ Global Market was \$2.00.

Shares reserved for awards that expire, are canceled or are otherwise forfeited in whole or in part will be available for future grant under the Amended and Restated Omnibus Plan. Substitute awards may be granted under the Amended and Restated Omnibus Plan in substitution for stock and stock-based awards held by employees, directors, consultants or advisors of an acquired company in a merger or consolidation. Substitute awards will not count against the share limit under the Amended and Restated Omnibus Plan. Awards other than stock options and restricted stock may be settled in a form other than common stock, such as cash.

Individual Limits. In any year, an eligible employee, consultant, or director may receive under the Amended and Restated Omnibus Plan stock options or stock appreciation rights with respect to no more than 350,000 shares of our common stock and restricted stock, restricted stock units, unrestricted grants of shares, performance awards or other similar awards with respect to no more than 350,000 shares.

Adjustments. The aggregate number of shares under the Amended and Restated Omnibus Plan, the class of shares as to which awards may be granted and the exercise price of and number of shares covered by each outstanding award are subject to adjustment in the event of any extraordinary dividend or other extraordinary distribution, recapitalization or certain other corporate transactions.

Types of Awards. The Amended and Restated Omnibus Plan allows any of the following types of awards, to be granted alone or in tandem with other awards:

Stock Options. Stock options granted under the Amended and Restated Omnibus Plan may be either incentive stock options, which are intended to satisfy the requirements of Section 422 of the Code, or nonstatutory stock options, which are not intended to meet those requirements. The exercise price of a stock option generally may not be less than 100% of the fair market value of our common stock on the date of grant and the term may not be longer than 10 years, subject to certain rules applicable to incentive stock options. The Amended and Restated Omnibus Plan prohibits the repricing of outstanding stock options. Award agreements for stock options may include rules for the effect of a termination of service on the option and the term for exercising stock options after any termination of service. No option may be exercised after the end of the term set forth in the award agreement.

Stock Appreciation Rights. A stock appreciation right entitles the grantee to receive, with respect to a specified number of shares of common stock, any increase in the value of the shares from the date the award is granted to the date the right is exercised. Stock appreciation rights may be settled in cash, common stock or a combination of the two, as determined by the committee. Award agreements for stock appreciation rights may include rules for the effect of a termination of service on the stock appreciation right and the term for exercising stock appreciation rights after any termination of service. No stock appreciation right may be exercised after the end of the term set forth in the award agreement.

Restricted Stock. Restricted stock is common stock that is subject to restrictions, including a prohibition against transfer and a substantial risk of forfeiture, until the end of a “restricted period” during which the grantee must satisfy certain vesting conditions (which may include attaining certain performance goals). If the grantee does not satisfy the vesting conditions by the end of the restricted period, the restricted stock will be forfeited. During the restricted period, the holder of restricted stock has the rights and privileges of a regular stockholder, except that the restrictions set forth in the applicable award agreement apply.

Restricted Stock Units. A restricted stock unit entitles the grantee to receive common stock, cash or a combination thereof based on the value of common stock, after a “restricted period” during which the grantee must satisfy certain vesting conditions (which may include attaining certain performance goals). If the grantee does not satisfy the vesting conditions by the end of the restricted period, the restricted stock unit is forfeited. The committee is authorized (but not required) to grant holders of restricted stock units the right to receive dividends on the underlying common stock.

Other Equity-Based Awards. The Amended and Restated Omnibus Plan also authorizes the committee to grant other types of equity-based compensation, including deferred stock units, unvested shares and other awards that are convertible into our common stock. For example, the committee may grant awards that are based on the achievement of performance goals (described below).

Performance Cash Awards. The committee can grant performance cash awards that entitle an eligible employee to receive a cash incentive, subject to the satisfaction of one or more performance goals (described below) and such other applicable terms and conditions as the committee determines. Performance cash awards under the plan shall be granted on an annual calendar year basis and each performance cash award shall be based on and subject to the accomplishment of one or more performance goals over the performance period to which such award relates. Performance cash awards shall be expressed as a percentage of the participant’s annual base salary. The maximum amount that may be paid to any participant pursuant to any performance cash award with respect to any performance period shall not exceed \$3,000,000. Performance cash award payments shall be made in cash as soon as practicable after the committee makes the certifications described in the plan, which is intended to occur following the end of the performance period and generally by the March 15th immediately following the end of the performance period to which the performance cash award relates. Subject to certain exceptions described in the Amended and Restated Omnibus Plan (including a termination of employment by the Company without cause or a participant’s termination of employment due to his or her death or disability) or as the committee may provide as to an award, a participant must be employed by the Company or an affiliate on the date that a performance cash award is otherwise payable in order to receive payment for such performance cash award. Otherwise, the performance cash award is forfeited.

Vesting and Performance Objectives. Awards under the Amended and Restated Omnibus Plan are forfeitable until they become vested. An award will become vested only if the vesting conditions set forth in the award agreement (as determined by the committee) are satisfied. The vesting conditions may include performance of services for a specified period, achievement of performance goals (as described below), or a combination of both. The committee also has authority to provide for accelerated vesting upon occurrence of certain events.

Performance goals selected by the committee as vesting conditions must be based on any one of the following performance goals or combination thereof which may be applicable on a Company-wide basis and/or with respect to operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships, or joint ventures:

· General Financial Objectives:

§ Increasing the Company's net sales;

§ Achieving a target level of earnings (including gross earnings; earnings before certain deductions, such as interest, taxes, depreciation, or amortization; or earnings per share);

§ Achieving a target level of income (including net income or income before consideration of certain factors, such as overhead) or a target level of gross profits for our Company, an affiliate, or a business unit;

§ Achieving a target return on our Company's (or an affiliate's) sales, revenues, capital, assets, or stockholders' equity;

§ Maintaining or achieving a target level of appreciation in the price of the shares;

§ Increasing our Company's (or an affiliate's) market share to a specified target level;

§ Achieving or maintaining a share price that meets or exceeds the performance of specified stock market indices or other benchmarks over a specified period;

§ Achieving a level of share price, earnings, or income performance that meets or exceeds performance in comparable areas of peer companies over a specified period;

§ Achieving specified reductions in costs or targeted levels in costs;

§ Achieving specified improvements in collection of outstanding accounts or specified reductions in non-performing debts; and

§ Achieving a level of cash flow.

· Operational Objectives:

§ Introducing one or more products into one or more new markets;

§ Acquiring a prescribed number of new customers in a line of business;

§ Achieving a prescribed level of productivity within a business unit;

§ Completing specified projects within or below the applicable budget;

§ Completing acquisitions of other businesses or integrating acquired businesses; and

§ Expanding into other markets.

• And any other criteria established by the committee (but only if such other criteria are approved by our stockholders).

Performance goals may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated or other external or internal measures and may include or exclude extraordinary charges, losses from discontinued operations, restatements and accounting changes and other unplanned special charges such as restructuring expenses, acquisitions, acquisition expenses (including without limitation expenses related to goodwill and other intangible assets), stock offerings, stock repurchases and strategic loan loss provisions.

Nontransferability. In general, awards under the Amended and Restated Omnibus Plan may not be assigned or transferred except by will or the laws of descent and distribution. However, the committee may allow the transfer of non-qualified stock options to a participant's immediate family or to a trust or trusts for the benefit of such family members.

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Change in Control. The committee has the discretion to determine the treatment of awards upon a change in control.

Withholding. We are authorized to withhold from any award granted and any payment relating to any award under the Amended and Restated Omnibus Plan any applicable taxes. In the discretion of the committee, a participant may satisfy his or her withholding obligations through our withholding shares of common stock that would otherwise be delivered upon settlement of the award.

Amendment and Termination. Our Board or the committee may amend, alter, suspend, or terminate the Amended and Restated Omnibus Plan at any time. If necessary to comply with any applicable law, any such amendment will be subject to stockholder approval. Without the consent of an affected participant, no action may impair the rights of such participant under any previously granted award, without his or her consent, unless either required to comply with applicable law or otherwise provided under the plan.

Effective Date and Duration. If approved by stockholders at the 2011 annual meeting, the proposed changes effected by the Amended and Restated Omnibus Plan shall be effective June 2, 2011. Unless it is terminated sooner, the Amended and Restated Omnibus Plan will generally terminate as of April 22, 2018, which is the 10th anniversary of the date on which the Board originally adopted the plan.

Material Federal Income Tax Consequences

The following discussion covers the material federal income tax consequences of the grant and exercise of stock options and other awards under the Amended and Restated Omnibus Plan, based on the current provisions of the Code and regulations issued thereunder. It is a brief summary only. The discussion is limited to the federal income tax consequences for individuals who are U.S. citizens or residents for U.S. federal income tax purposes and does not describe state, local or foreign tax consequences of an individual's participation in the plan. The summary does not purport to address all tax considerations that may be relevant. Changes to the current provisions of the Code and regulations issued thereunder could alter the tax consequences described below. This summary assumes that all awards granted under the Amended and Restated Omnibus Plan are exempt from or comply with the rules under Section 409A of the Code relating to nonqualified deferred compensation.

Stock Options. The grant of a stock option will have no tax consequences to the grantee or to us. In general, upon the exercise of an incentive stock option, the grantee will not recognize income and we will not be entitled to a tax deduction. However, the excess of the acquired shares' fair market value on the exercise date over the exercise price is included in the employee's income for purposes of the alternative minimum tax.

Upon the exercise of a non-qualified stock option, the grantee will generally recognize ordinary income equal to the excess of the acquired shares' fair market value on the exercise date over the exercise price, and we will generally be entitled to a tax deduction in the same amount.

With respect to both incentive stock options and non-qualified stock options, special rules apply if a grantee uses shares already held by him or her to pay the exercise price or if shares received upon exercise of the option are subject to a substantial risk of forfeiture by the grantee.

Stock Appreciation Rights. The grant of a stock appreciation right will have no tax consequences to the grantee or to us. Upon the exercise of a stock appreciation right, the grantee will recognize ordinary income equal to the amount of cash or the fair market value of the common stock (determined as of the exercise date) received, and we will generally be entitled to a tax deduction in the same amount.

Restricted Stock, Restricted Stock Units, and Other Equity Awards. In general, the grant of restricted stock, a restricted stock unit, or other equity awards that are subject to restrictions will have no tax consequences to the grantee

or to us. When the award is settled (or, in the case of restricted stock, when the restrictions applicable to such award lapse), the grantee will recognize ordinary income equal to the excess of the applicable shares' fair market value on the date the award is settled or the restrictions lapse, as applicable, over the amount, if any, paid for the shares by the grantee. We will generally be entitled to a tax deduction in the same amount. If the award is settled in cash or other property, the grantee will recognize ordinary income equal to the net amount or value received, and we will generally be entitled to a tax deduction in the same amount.

Sale of Shares. When a grantee sells shares received under any award other than an incentive stock option, the grantee will recognize capital gain or loss equal to the difference between the sale proceeds and the grantee's basis in the shares. In general, the basis in the shares is the amount of ordinary income recognized upon receipt of the shares (or upon the lapsing of restrictions, in the case of restricted stock) plus any amount paid for the shares.

When a grantee disposes of shares acquired upon the exercise of an incentive stock option, the difference between the amount realized by the grantee and the exercise price will generally constitute a capital gain or loss, as the case may be. However, if the grantee does not hold these shares for more than one year after exercising the incentive stock option and for more than two years after the grant of the incentive stock option, then: (1) the excess of the fair market value of the shares acquired upon exercise on the exercise date over the exercise price will generally be treated as ordinary income for the grantee in the year the shares are disposed; (2) the difference between the sale proceeds and the shares' fair market value on the exercise date increased by the amount of ordinary income, if any, the grantee recognized will be treated as a capital gain or loss for the grantee; and (3) we will generally be entitled to a tax deduction equal to the amount of ordinary income recognized by the grantee.

Performance Cash Awards. A participant will generally recognize ordinary income in an amount equal to any cash received on the date of payment with respect to a performance cash award. We will generally be entitled to a tax deduction in the same amount.

Deduction Limits. In general, a corporation is denied a tax deduction for any compensation paid to its chief executive officer or to any of its three other most highly compensated executive officers, other than an executive officer serving solely as the chief financial officer, to the extent that the compensation paid to the officer exceeds \$1,000,000 in any year. "Performance-based compensation" is not subject to this deduction limit. The Amended and Restated Omnibus Plan permits the grant of awards that qualify as performance-based compensation (such as restricted stock, restricted stock units, and performance cash awards that are conditioned on achievement of one or more performance goals, and stock options and stock appreciation rights) and of awards that do not so qualify (such as restricted stock and restricted stock units that are not conditioned on achievement of performance goals). If awards that are intended to qualify as performance-based compensation are granted in accordance with the requirements of Section 162(m) of the Code, they will be fully deductible by us. The rights of a participant to receive payment under the Amended and Restated Omnibus Plan in respect of any such awards shall be expressly conditioned upon obtaining approval of our stockholders to the extent required by Section 162(m) of the Code.

Plan Benefits.

Outstanding awards granted under the plan as of January 1, 2011 under which shares of common stock may be issued are set forth in the table below. The committee has not granted any performance cash awards under the Amended and Restated Omnibus Plan. If the Amended and Restated Omnibus Plan is approved by our stockholders, any future grants of equity or cash awards thereunder that will be made to eligible executive officers, employees, consultants, and directors are subject to the discretion of the committee and, therefore, are not determinable at this time.

Name and Position	Number of Shares of Common Stock Underlying Outstanding Awards
Jeffrey Jacobson, Chairman, President and Chief Executive Officer	500,000
Jeffrey A. Cook, Executive Vice President and Chief Financial Officer	187,500
Kathleen McHugh, Vice President and Chief Marketing Officer	125,000
Guy Sasson, President, Europe, Africa, and Middle East Region	150,000
James R. Van Horn, Vice President, General Counsel and Secretary	125,000
Executive officers as a group	1,087,500
Non-executive directors as a group	403,893
Company employees as a group (including current officers who are not executive officers)	1,101,939
Total as of January 1, 2011	2,593,332

Board Recommendation

The Board recommends a vote FOR the approval of the Presstek, Inc. 2008 Omnibus Incentive Plan (As Amended and Restated Effective June 2, 2011) and proxies received by the Company will be so voted unless stockholders specify a contrary choice in their proxies.

Vote Required

The affirmative vote of a majority of the votes cast at the Annual Meeting, is required for approval of the Presstek, Inc. 2008 Omnibus Incentive Plan (As Amended and Restated Effective June 2, 2011).

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Some banks, brokers, broker-dealers and other similar organizations acting as nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of this proxy statement and the Annual Report may have been sent to multiple stockholders in your household. If you would prefer to receive separate copies of a proxy statement or Annual Report for other stockholders in your household, either now or in the future, please contact your bank, broker, broker-dealer or other similar organization serving as your nominee. Upon written request to Presstek, Inc., 10 Glenville Street, Greenwich, Connecticut 06831; Attention: the Secretary of the Company, or orally via telephone to (203) 769-8056, we will provide separate copies of the Annual Report and/or this proxy statement.

OTHER MATTERS

The Board does not intend to bring any matters before the Annual Meeting other than those specifically set forth in the Notice of Annual Meeting and it knows of no matters to be properly brought before the meeting by others. If any

other matters properly come before the Meeting, it is the intention of the persons named in the accompanying proxies to vote such proxies in accordance with the judgment of the Board.

The Company's Annual Report on Form 10-K, containing audited consolidated financial statements for the fiscal year ended January 1, 2011, is being made available contemporaneously with this proxy statement and form of proxy to all stockholders entitled to notice of, and to vote at, the Annual Meeting.

Copies of the Company's Annual Report on Form 10-K will be provided, without charge, upon written request to Presstek, Inc., 10 Glenville Street, Greenwich, Connecticut 06831: Attention: Secretary of the Company.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 2, 2011

A copy of this proxy statement, the enclosed proxy card and the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2011, together with directions to the Annual Meeting, can be found at the website address: <http://www.cstproxy.com/presstek/2011>.

By order of the Board of Directors,

James R. Van Horn
Secretary

April 21, 2011

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PRESSTEK, INC.

VOTE BY INTERNET OR TELEPHONE

QUICK EASY IMMEDIATE

Voting by Internet or telephone is quick, easy and immediate. As a Presstek, Inc. shareholder, you have the option of voting your shares electronically through the Internet or on the telephone, eliminating the need to return the proxy card. Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned the proxy card. Votes submitted electronically over the Internet or by telephone must be received by 7:00 P.M., Eastern Time, on June 1, 2011.

Vote Your Proxy on the Internet:

Go to www.continentalstock.com
Have your proxy card available when you access the above website. Follow the prompts to vote your shares.

OR

Vote Your Proxy by Phone:

Call 1 (866) 894-0537
Use any touch-tone telephone to vote your proxy. Have your proxy card available when you call. Follow the voting instructions to vote your shares.

Vote Your Proxy by mail:

OR Mark, sign, and date your proxy card, then detach it, and return it in the postage-paid envelope provided.

PLEASE DO NOT RETURN THE CARD BELOW IF YOU ARE
VOTING ELECTRONICALLY OR BY PHONE.

FOLD AND DETACH HERE AND READ THE REVERSE SIDE

PROXY

THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED "FOR" ALL PROPOSALS AND FOR EVERY "THREE YEARS" FOR PROPOSAL FOUR. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

Please mark

your votes
like this
x

<p>1. Election of Directors all Nominees listed to the left NOMINEES: (01) Edward E. Barr Lawrence Howard (02) Jeffrey A. Cook Jeffrey Jacobson (03) Daniel S. Ebenstein Steven N. Rappaport (04) Stanley E. Freimuth Donald C. Waite, III</p>	<p>FOR WITHHOLD AUTHORITY to vote (except as marked to the contrary for all nominees listed to the left)</p>	<p>(05) (06) (07) (08)</p>	<p>2. Ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal year ended December 31, 2011.</p>	<p>FOR o o o</p>	<p>AGAINST o o o</p>	<p>ABSTAIN o o o</p>
			<p>3. Approve an advisory resolution regarding the compensation of the Company's named executive officers.</p>	<p>FOR o o o</p>	<p>AGAINST o o o</p>	<p>ABSTAIN o o o</p>
			<p>4. Vote on the frequency at which the Company should include an advisory vote regarding the compensation of the Company's named executive officers.</p>	<p>FOR o o o</p>	<p>AGAINST o o o</p>	<p>ABSTAIN o o o</p>
			<p>5. To approve the Presstek, Inc. 2008 Omnibus Incentive Plan, as Amended and Restated.</p>			

6. To transact such other business as may properly come before the Annual Meeting of Stockholders and adjournment or postponement thereof.

(Instruction: To withhold authority to vote for any individual nominee, strike a line through that nominee's name in the list above)

COMPANY ID:
PROXY NUMBER:

ACCOUNT NUMBER:

Signature
2011.

Signature

Date

NOTE: Please sign exactly as name appears hereon. When shares are held by joint owners, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give title as such. If corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of
Stockholders to be held June 2, 2011.

The Proxy Statement and our 2010 Annual Report are available at:
<http://www.cstproxy.com/presstek/2011>

FOLD AND DETACH HERE AND READ THE REVERSE SIDE

PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

PRESSTEK, INC.

The undersigned appoints Jeffrey A. Cook and James R. Van Horn, and each of them, as proxies, each with the power to appoint his substitute, and authorizes each of them to represent and to vote, as designated on the reverse hereof, all of the shares of Common Stock of Presstek, Inc. held of record by the undersigned at the close of business on April 5, 2011 at the 2011 Annual Meeting of Shareholders of Presstek, Inc. to be held at the offices of McDermott Will & Emery, 340 Madison Avenue, New York, New York on June 2, 2011, 3:00 p.m. or at any adjournment thereof. Each person is individually authorized to vote as specified on proposals 1, 2, 3, 4 and 5 and otherwise in his discretion.

PLEASE FILL IN, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED AS PROMPTLY AS POSSIBLE. YOU MAY ALSO COMPLETE A PROXY BY TELEPHONE OR VIA THE INTERNET IN ACCORDANCE WITH THE INSTRUCTIONS LISTED ON THE PROXY CARD. YOU MAY REVOKE YOUR PROXY AT ANY TIME PRIOR TO EXERCISE AS SET FORTH HEREIN, AND IF YOU ARE PRESENT AT THE MEETING YOU MAY, IF YOU WISH, REVOKE YOUR PROXY AT THAT TIME AND EXERCISE THE RIGHT TO VOTE YOUR SHARES PERSONALLY.

(Continued, and to be marked, dated and signed, on the other side)

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APPENDIX A

PRESSTEK, Inc.
2008 Omnibus Incentive Plan

(As Amended and Restated Effective June 2, 2011)

Article 1.

Background and Purpose

1.1. Background. This 2008 Omnibus Incentive Plan (the “Plan”) permits the grant of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, and other equity-based awards, and, effective June 2, 2011 and subject to the approval of stockholders of the Company, Performance Cash Awards.

1.2. Purpose. The purposes of the Plan are (a) to attract, reward and retain highly competent persons as Employees, Directors, and Consultants; (b) to provide additional incentives to such Employees, Directors, and Consultants by aligning their interests with those of the Company’s shareholders; and (c) to promote the success of the business of the Company.

1.3. Eligibility. Employees, Consultants, and Directors are eligible to be granted Awards under the Plan. However, Incentive Stock Options and Performance Cash Awards may be granted only to Employees.

1.4. Definitions. Capitalized terms used in the Plan and not otherwise defined herein shall have the meanings set forth below.

(a) “Affiliate” means an entity in which the Company has a direct or indirect equity interest, whether now or hereafter existing; provided, however, that with respect to an Incentive Stock Option, an Affiliate means a “parent corporation” (as defined in Section 424(e) of the Code) or a “subsidiary corporation” (as defined in Section 424(f) of the Code) with respect to the Company, whether now or hereafter existing.

(b) “Applicable Laws” means the requirements relating to, connected with, or otherwise implicated by the administration of long-term incentive plans under applicable state corporation laws, United States federal and state securities laws, the Code, any stock exchange or quotation system on which the Shares are listed or quoted, and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) “Award” means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, or other equity-based awards, or, effective June 2, 2011 and subject

to the approval of stockholders of the Company, Performance Cash Awards.

(d) “Award Agreement” means a written agreement setting forth the terms and provisions applicable to an Award granted under the Plan (which may, but need not be executed, at the discretion of the Committee). Each Award Agreement shall be subject to the terms and conditions of the Plan.

(e) “Beneficiary” means the personal representative of the Participant’s estate or the person(s) to whom an Award is transferred pursuant to the Participant’s will or in accordance with the laws of descent or distribution.

(f) “Board” means the Board of Directors of the Company.

(g) “Cause”, as used in connection with the termination of a Participant’s services, means (1) with respect to any Participant employed under a written employment agreement with the Company which agreement includes a definition of “cause,” “cause” as defined in that agreement, or (2) with respect to any other Participant, any of the following:

(i) the Participant’s breach of fiduciary duty involving personal profit;

(ii) the Participant’s commission of any felony or other crime that the Committee reasonably determines adversely impacts the Participant’s ability to continue performing services with the Company;

(iii) acts of theft, embezzlement, fraud, dishonesty, misrepresentation or falsification of documents or records involving the Company;

(iv) the Participant’s sustained and continuous conduct which adversely affects the reputation of the Company that is not remedied after receipt of written notice from the Board or the Chief Executive Officer of the Company specifying such conduct; or

(v) the Participant’s failure to comply with lawful directions of the Board or the Chief Executive Officer of the Company that is not remedied within a reasonable period of time after receipt of written notice from the Board or the Chief Executive Officer specifying such failure.

The Committee shall determine whether conduct constituting “Cause” has occurred for purposes of the Plan. For purposes of this definition, the term “Company” includes any Affiliate of the Company and “Cause” is not limited to events that have occurred before a Participant’s Termination of Service, nor is it necessary that the Committee’s finding of “Cause” occur prior to Termination of Service.

(h) “Change in Control” shall mean the first to occur of any one of the following events:

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(i) any “person” (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50.01% or more of the combined voting power of the Company’s securities; provided, however, that the event described in this clause (i) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions:

(A) by the Company or any of its subsidiaries,

(B) by any employee benefit plan sponsored or maintained by the Company or any of its subsidiaries, or

(C) by any underwriter temporarily holding securities pursuant to an offering of such securities.

(ii) at any time during a period of 12 consecutive months, individuals who constitute the Board as of the beginning of the period (the “Incumbent Directors”) cease for any reason to constitute at least a majority of the Board; provided that any person becoming a director subsequent to the beginning of the period, whose election or nomination for election was approved by a vote (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) of at least a majority of the Incumbent Directors who remain on the Board, including those directors whose election or nomination for election was previously so approved, shall also be deemed to be an Incumbent Director;

(iii) the consummation of a merger, consolidation, or other similar form of corporate reorganization of the Company, other than a merger, consolidation or reorganization which would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or reorganization continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power or the total fair market value of the securities of the Company or such surviving entity or parent thereof outstanding immediately after such merger or consolidation; or

(iv) a sale of all or substantially all of the Company’s assets is consummated (it being understood that “substantially all” for purposes of this subsection (iv) means assets of the Company having a total gross fair market value equal to more than 40% of the total gross fair market value of all assets of the Company immediately prior to such transaction or transactions).

(i) “Code” means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein shall include any regulations or other guidance of general applicability promulgated under such section, and shall further include any successor or amended section of such section of the Code that is so referred to and any regulations thereunder.

(j) “Committee” means the Board or, if designated by the Board to administer the Plan, the Compensation Committee of the Board or a subcommittee thereof.

(k) “Company” means Presstek, Inc., a Delaware corporation, or any successor thereto.

- (l) “Consultant” means any natural person, including an advisor, engaged by the Company or an Affiliate to render services (other than in connection with the offer or sale of securities in a capital raising transaction or to promote or maintain a market for securities) to such entity.
- (m) “Director” means a member of the Board.
- (n) “Effective Date” means the date of approval of the Plan by the Board; provided that the Plan and any Awards granted hereunder shall be null and void if the Plan is not approved by the Company’s stockholders before any compensation under the Plan is paid.
- (o) “Employee” means any person who is an employee, as defined in Section 3401(c) of the Code, of the Company or any Affiliate or any other entity the employees of which are permitted to receive Incentive Stock Options under the Code. Neither service as a Director nor payment of a director’s fee by the Company shall be sufficient to constitute “employment” by the Company.
- (p) “Exchange Act” means the Securities Exchange Act of 1934, as amended.
- (q) “Executive Officer” means an individual who is an “executive officer” of the Company (as defined by Rule 3b-7 under the Exchange Act) or a “covered employee” under Section 162(m) of the Code.
- (r) “Fair Market Value” means, with respect to a Share as of any date (except in the case of a cashless exercise pursuant to Section 5.4(c)), (i) if the Shares are admitted to trading on a national securities exchange, the closing price of a Share on such date (or, if the Shares were not traded on such day, then the next preceding day on which the Shares were traded), (ii) if the Shares are not admitted to trading on a national securities exchange, the average of the closing bid and asked prices for a Share as quoted by the National Quotation Bureau’s “Pink Sheets” or the National Association of Securities Dealers’ OTC Bulletin Board System (or, if the Shares were not quoted on such day, then the next preceding day on which the Shares were quoted) or (iii) otherwise, the fair market value as determined in good faith by the Committee on such basis as it deems appropriate.
- (s) “Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.
- (t) “Non-Qualified Option” means an Option not intended to qualify as an Incentive Stock Option.
- (u) “Option” means an option to purchase Shares that is granted pursuant to Article 5 of the Plan. An Option may be an Incentive Stock Option or a Non-Qualified Option.
- (v) “Participant” means the holder of an outstanding Award granted under the Plan.
- (v1) “Performance Cash Award” means an Award granted pursuant to Article 9A of the Plan that entitles the recipient to receive a cash incentive, subject to the satisfaction of one or more Performance Objectives and such other applicable terms and conditions.
- (w) “Performance Objective” means a performance objective or goal that must be achieved before an Award, or a feature of an Award, becomes nonforfeitable, as described in Section 4.3 of the Plan.
- (x) “Period of Restriction” means the period during which Restricted Stock, the remuneration underlying Restricted Stock Units, or any other feature of an Award is subject to a substantial risk of forfeiture. A Period of Restriction shall be deemed to end when the applicable Award ceases to be subject to a substantial risk of forfeiture.
- (y) “Plan” means the Presstek, Inc. 2008 Omnibus Incentive Plan.

(z) “Repricing” means (i) reducing the exercise price or base amount of an Option or Stock Appreciation Right after it is granted, (ii) taking any action that is treated as a “repricing” under generally accepted accounting principles, (iii) canceling an Option or a Stock Appreciation Right at a time when its exercise price or base amount exceeds the Fair Market Value of a Share (each, an “Underwater Award”), in exchange for another Option, Stock Appreciation Right, Restricted Stock or other Award, or (iv) repurchasing an Option or Stock Appreciation Right that is an Underwater Award.

(aa) “Restricted Stock” means Shares that, during a Period of Restriction, are subject to restrictions as described in Article 7 of the Plan.

(bb) “Restricted Stock Unit” means an Award that entitles the recipient to receive Shares or cash after a Period of Restriction, as described in Article 8 of the Plan.

(cc) “Service Provider” means an Employee, Director, or Consultant of the Company or an Affiliate.

(dd) “Share” means a share of the Company’s common stock, par value \$0.01 per share.

(ee) “Stock Appreciation Right” means an Award that entitles the recipient to receive, upon exercise, the excess of (i) the Fair Market Value of a Share on the date the Award is exercised, over (ii) a base amount specified by the Committee which shall not be less than the Fair Market Value of a Share on the date the Award is granted, as described in Article 6 of the Plan.

(ff) “Tax Year” means the Company’s taxable year. If an Award is granted by an Affiliate, such Affiliate’s taxable year shall apply instead of the Company’s taxable year.

(gg) “Termination of Service” means the date an individual ceases to be a Service Provider in any capacity. Awards under the Plan shall not be affected by the change of a Participant’s status within or among the Company and any Affiliate, so long as the Participant remains a Service Provider. For purposes of the Plan and any Award hereunder, if an entity ceases to be an Affiliate, Termination of Service shall be deemed to have occurred with respect to each Participant in respect of such Affiliate who does not continue as a Service Provider in respect of the Company or another Affiliate after giving effect to such Affiliate’s change in status.

Article 2.

Share Limits

2.1. Shares Subject to the Plan.

(a) Share Reserve. Subject to adjustment under Section 2.3 of the Plan, Awards may be made under the Plan for up to an aggregate of 3,000,000 Shares (or, effective June 2, 2011 and subject to the approval of stockholders of the Company, 5,500,000 Shares). All of the available Shares may, but need not, be issued pursuant to the exercise of Incentive Stock Options. At all times the Company will reserve and keep available a sufficient number of Shares to satisfy the requirements of all outstanding Awards made under the Plan and all other outstanding but unvested Awards made under the Plan that are to be settled in Shares.

(b) **Shares Counted Against Limitation.** If an Award is exercised, in whole or in part, by tender of Shares under Section 5.4(b), or if the Company's tax withholding obligation is satisfied by withholding Shares under Section 11.7(b), the number of Shares deemed to have been issued under the Plan (for purposes of the limitation set forth in this Section 2.1) shall be the number of Shares that were subject to the Award or portion thereof so exercised and not the net number of Shares actually issued upon such exercise.

(c) **Lapsed Awards.** If an Award: (i) expires; (ii) is terminated, surrendered, or canceled without having been exercised in full; or (iii) is otherwise forfeited in whole or in part (including as a result of Shares constituting or subject to an Award being repurchased by the Company pursuant to a contractual repurchase right), then the unissued Shares that were subject to such Award and/or such surrendered, canceled, or forfeited Shares (as the case may be) shall become available for future grant or sale under the Plan (unless the Plan has terminated), subject however, in the case of Incentive Stock Options, to any limitations under the Code.

(d) **Substitute Awards.** The Committee may grant Awards under the Plan in substitution for stock and stock-based awards held by employees, directors, consultants or advisors of another company (an "Acquired Company") in connection with a merger, consolidation or similar transaction involving such Acquired Company and the Company or an Affiliate or the acquisition by the Company or an Affiliate of property or stock of the Acquired Company. The Committee may direct that the substitute Awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances, including provisions that preserve the aggregate exercise price and the aggregate option spread as of the closing date of any such transaction. Any substitute Awards granted under the Plan shall not count against the share limitations set forth in Section 2.1(a) and 2.2.

2.2. **Individual Share Limit.** In any Tax Year, no individual shall be granted Options and Stock Appreciation Rights with respect to more than 350,000 Shares and Restricted Stock, Restricted Stock Units, performance awards, unrestricted grants of Shares or other similar Awards with respect to more than 350,000 Shares. The limit described in this Section 2.2 shall be construed and applied consistently with Section 162(m) of the Code.

(a) **Awards not Settled in Shares.** If an Award is to be settled in cash or any medium other than Shares, the number of Shares on which the Award is based shall count toward the individual share limit set forth in this Section 2.2.

(b) **Canceled Awards.** Any Awards granted to a Participant that are canceled shall continue to count toward the individual share limit applicable to that Participant as set forth in this Section 2.2.

2.3. Adjustments. The following provisions will apply if any extraordinary dividend or other extraordinary distribution occurs in respect of the Shares (whether in the form of cash, Shares, other securities, or other property), or any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend), reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company or any similar, unusual or extraordinary corporate transaction (or event in respect of the Shares), including a Change in Control, or a sale of all or substantially all the assets of the Company occurs. The Committee will, in such manner and to such extent (if any) as it deems appropriate and equitable:

(a) proportionately adjust any or all of (i) the number and type of Shares (or other securities) that thereafter may be made the subject of Awards (including the specific maximums and numbers of shares set forth elsewhere in the Plan), (ii) the number, amount and type of Shares (or other securities or property) subject to any or all outstanding Awards, (iii) the grant, purchase, or exercise price of any or all outstanding Awards, (iv) the securities, cash or other property deliverable upon exercise of any outstanding Awards or (v) the performance standards appropriate to any outstanding Awards (subject to the limitations for performance based compensation under Section 162(m) of the Code), or

(b) subject to Section 11.9 of the Plan, in the case of an extraordinary dividend or other distribution, recapitalization, reclassification, merger, reorganization, consolidation, combination, sale of assets, split up, exchange, or spin off, including, without limitation, in the event of a Change in Control, make provision for (i) a cash payment, (ii) the substitution or exchange of any or all outstanding Awards, (iii) the cash, securities or property deliverable to the holder of any or all outstanding Awards based upon the distribution or consideration payable with respect to Shares upon or in respect of such event, (iv) all vested Options and Stock Appreciation Rights to be exercised by a date certain in connection with such event at which time these stock rights (whether or not then vested) shall terminate, provided Participants are given advance written notice or (v) a combination of the foregoing, which may vary among Participants.

The Committee shall value Awards as it deems reasonable in the event of a cash settlement and, in the case of Options, Stock Appreciation Rights or similar stock rights, may base such settlement solely upon the excess if any of the per Share amount payable upon or in respect of such event over the exercise price of the Award. The Committee's determination with respect to any adjustments under this Section 2.3 shall be final and conclusive. The Committee may act under this Section 2.3 at any time to the extent that the Committee deems such action necessary to permit a Participant to realize the benefits intended to be conveyed with respect to the underlying Shares in the same manner as is or will be available to stockholders generally. In the case of any stock split or reverse stock split, if no action is taken by the Committee, the proportionate adjustments contemplated by Section 2.3(a) above shall nevertheless be made.

Article 3.

Plan Administration

3.1. Administrator. The Plan shall be administered by the Committee.

3.2. Powers of the Committee. Subject to the provisions of the Plan, Applicable Law, and the specific duties delegated by the Board to the Committee, the Committee shall have the authority in its discretion: (a) to determine the Fair Market Value; (b) to select the Service Providers to whom Awards may be granted hereunder and the types of Awards to be granted to each; (c) to determine the number of Shares to be covered by each Award granted hereunder; (d) to determine whether, to what extent, and under what circumstances an Award may be settled in cash, Shares, other securities, other Awards, or other property; (e) to approve forms of Award Agreements; (f) to determine and amend, in a manner consistent with the terms of the Plan, the terms and conditions of any Award granted hereunder, based on such factors as the Committee, in its sole discretion, shall determine; (g) to construe and interpret the terms of the Plan and Award Agreements; (h) to correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award Agreement in the manner and to the extent it shall deem desirable to carry out the purposes of the Plan; (i) to prescribe, amend, and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established pursuant to Section 13.1 of the Plan; (j) to authorize withholding arrangements pursuant to Section 11.7(b) of the Plan; (k) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Committee; (l) to accelerate the vesting of an Award; (m) to determine the treatment of Awards in connection with a Change in Control; and (n) to make all other determinations and take all other action described in the Plan or as the Committee otherwise deems necessary or advisable for administering the Plan and effectuating its purposes.

3.3. Compliance with Applicable Law. The Committee shall administer, construe, interpret, and exercise discretion under the Plan and each Award Agreement in a manner that is consistent and in compliance with a reasonable, good faith interpretation of all Applicable Laws, and that avoids (to the extent practicable) the classification of any Award as “deferred compensation” for purposes of Section 409A of the Code, as determined by the Committee, or if an Award is subject to Section 409A, in a manner that complies with Section 409A. Notwithstanding the foregoing, the failure to satisfy the requirements of Section 409A or Section 162(m) with respect to the grant of an Award under the Plan shall not affect the validity of the action of the Committee otherwise duly authorized and acting in the matter.

3.4. Effect of Committee’s Decision and Committee’s Liability. The Committee’s decisions, determinations and interpretations shall be final and binding on all Participants and any other holders of Awards. Neither the Committee nor any of its members shall be liable for any act, omission, interpretation, construction, or determination made in good faith in connection with the Plan or any Award Agreement.

3.5. Delegation to Executive Officers. To the extent permitted by Applicable Law, the Committee may delegate to one or more Executive Officers the powers: (a) to designate Service Providers who are not Executive Officers or Directors as eligible to receive awards under the Plan; and (b) to determine the amount and type of Awards that may be granted to Service Providers who are not Executive Officers or Directors. Any such delegation by the Committee shall include a limitation as to the amount and type of Awards that may be granted during the period of the delegation and shall contain guidelines as to permissible grant dates for awards, the determination of the exercise price of any Option or SAR and the vesting criteria. The Committee may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Committee delegatee or delegatees that were consistent with the terms of the Plan.

3.6. Awards may be Granted Separately or Together. In the Committee’s discretion, Awards may be granted alone, in addition to, or in tandem with any other Award or any award granted under another plan of the Company or an Affiliate. Awards granted in addition to or in tandem with other awards may be granted either at the same time or at different times.

Article 4.

Vesting and Performance Objectives

4.1. General. The vesting schedule or Period of Restriction for any Award shall be specified in the Award Agreement. The criteria for vesting and for removing restrictions on any Award may include (i) performance of substantial services for the Company for a specified period; (ii) achievement of one or more Performance Objectives; or (iii) a combination of (i) and (ii), as determined by the Committee.

4.2. Period of Absence from Providing Substantial Services. To the extent that vesting or removal of restrictions is contingent on performance of substantial services for a specified period, a leave of absence (whether paid or unpaid) shall not count toward the required period of service unless the Award Agreement specifically provides otherwise or unless otherwise determined by the Committee.

4.3. Performance Objectives.

(a) Possible Performance Objectives. Any Performance Objective shall relate to the Service Provider's performance for the Company (or an Affiliate) or the Company's (or Affiliate's) business activities or organizational goals, and shall be sufficiently specific that a third party having knowledge of the relevant facts could determine whether the Performance Objective is achieved. Performance Objectives may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated or other external or internal measures and may include or exclude extraordinary charges, losses from discontinued operations, restatements and accounting changes and other unplanned special charges such as restructuring expenses, acquisitions, acquisition expenses (including without limitation expenses related to goodwill and other intangible assets), stock offerings, stock repurchases and strategic loan loss provisions. Performance Objectives with respect to any Award may include any one or more of the following General Financial and/or Operational Objectives or combination thereof, as established by the Committee in its sole discretion, which may be applicable on a Company-wide basis and/or with respect to operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships, or joint ventures:

- General Financial Objectives:

- § Increasing the Company's net sales;

- § Achieving a target level of earnings (including gross earnings; earnings before certain deductions, such as interest, taxes, depreciation, or amortization; or earnings per Share);

- § Achieving a target level of income (including net income or income before consideration of certain factors, such as overhead) or a target level of gross profits for the Company, an Affiliate, or a business unit;

- § Achieving a target return on the Company's (or an Affiliate's) sales, revenues, capital, assets, or stockholders' equity;

- § Maintaining or achieving a target level of appreciation in the price of the Shares;

- § Increasing the Company's (or an Affiliate's) market share to a specified target level;

§ Achieving or maintaining a Share price that meets or exceeds the performance of specified stock market indices or other benchmarks over a specified period;

§ Achieving a level of Share price, earnings, or income performance that meets or exceeds performance in comparable areas of peer companies over a specified period;

§ Achieving specified reductions in costs or targeted levels in costs;

§ Achieving specified improvements in collection of outstanding accounts or specified reductions in non-performing debts; and

§ Achieving a level of cash flow.

- Operational Objectives:

- § Introducing one or more products into one or more new markets;

- § Acquiring a prescribed number of new customers in a line of business;

- § Achieving a prescribed level of productivity within a business unit;

- § Completing specified projects within or below the applicable budget;

- § Completing acquisitions of other businesses or integrating acquired businesses; and

- § Expanding into other markets.

- Any other criteria established by the committee (but only if such other criteria are approved by our stockholders)

(b) Stockholder Approval of Performance Objectives. The list of possible Performance Objectives set forth in Section 4.3(a) above, and the other material terms of Awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code, shall be subject to reapproval by the Company’s stockholders in the time period prescribed by Section 162(m) of the Code. The rights of a Participant to receive payment under the Plan in respect of any such Award shall be expressly conditioned upon obtaining any such approval referred to in this subsection (b) to the extent required by Section 162(m) of the Code.

(c) Documentation of Performance Objectives. With respect to any Award, the Performance Objectives shall be set forth in writing no later than ninety (90) days after commencement of the period to which the Performance Objective(s) relate(s) (or, if sooner, before 25% of such period has elapsed) and at a time when achievement of the Performance Objectives is substantially uncertain. Such writing shall also include the period for measuring achievement of the Performance Objectives, which shall be no greater than five consecutive years, as established by the Committee. Once established by the Committee, the Performance Objective(s) may not be changed to accelerate the settlement of an Award or to accelerate the lapse or removal of restrictions on Restricted Stock that otherwise would be due upon the attainment of the Performance Objective(s).

(d) Committee Certification. Prior to settlement of any Award that is contingent on achievement of one or more Performance Objectives, the Committee shall certify in writing that the applicable Performance Objective(s) and any other material terms of the Award were in fact satisfied. For purposes of this Section 4.3(d), approved minutes of the Committee shall be adequate written certification.

(e) Negative Discretion. The Committee may reduce, but may not increase, the number of Shares deliverable or the amount payable under any Award after the applicable Performance Objectives are satisfied.

Article 5.

Stock Options

5.1. Terms of Option. Subject to the provisions of the Plan, the type of Option, term, exercise price, vesting schedule, and other conditions and limitations applicable to each Option shall be as determined by the Committee and shall be stated in the Award Agreement.

5.2. Type of Option.

(a) Each Option shall be designated in the Award Agreement as either an Incentive Stock Option or a Non-Qualified Option.

(b) Neither the Company nor the Committee shall have liability to a Participant or any other party if an Option (or any part thereof) which is intended to be an Incentive Stock Option does not qualify as an Incentive Stock Option. In addition, the Committee may make an adjustment or substitution described in Section 2.3 of the Plan that causes the Option to cease to qualify as an Incentive Stock Option without the consent of the affected Participant or any other party.

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5.3. Limitations.

(a) **Maximum Term.** No Option shall have a term in excess of ten (10) years measured from the date the Option is granted. In the case of any Incentive Stock Option granted to a 10% Stockholder (as defined in Section 5.3(d), below), the term of such Incentive Stock Option shall not exceed five years measured from the date the Option is granted.

(b) **Minimum Exercise Price.** Subject to Section 2.3(b) of the Plan, the exercise price per share of an Option shall not be less than 100% of the Fair Market Value per Share on the date the Option is granted. In the case of any Incentive Stock Option granted to a 10% Stockholder (as defined in Section 5.3(d), below), subject to Section 2.3(b) of the Plan, the exercise price per share of such Incentive Stock Option shall not be less than 110% of the Fair Market Value per Share on the date the Option is granted.

(c) **\$100,000 Limit for Incentive Stock Options.** Notwithstanding an Option's designation, to the extent that Incentive Stock Options are exercisable for the first time by the Participant during any calendar year with respect to Shares whose aggregate Fair Market Value exceeds \$100,000 (regardless of whether such Incentive Stock Options were granted under the Plan, or any other plan of the Company or any Affiliate), such Options shall be treated as Non-Qualified Options. For purposes of this Section 5.3(c), Fair Market Value shall be measured as of the date the Option was granted and Incentive Stock Options shall be taken into account in the order in which they were granted consistent with Applicable Law.

(d) **10% Stockholder.** For purposes of this Section 5.3, a "10% Stockholder" is an individual who, immediately before the date an Award is granted, owns (or is treated as owning) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or an Affiliate), determined under Section 424(d) of the Code.

5.4. **Form of Consideration.** The Committee shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Committee shall determine the acceptable form of consideration at the time of grant. To the extent approved by the Committee, the consideration for exercise of an Option may be paid in any one, or any combination, of the forms of consideration set forth in subsections (a), (b), (c), and (d) below.

(a) **Cash Equivalent.** Consideration may be paid by cash, check, or other cash equivalent approved by the Committee.

(b) **Tender of Shares.** Consideration may be paid by the tendering of other Shares to the Company in exchange for the Company's reducing the number of Shares issuable upon the exercise of the Option. Shares tendered in exchange for Shares issued under the Plan may not be Shares of Restricted Stock at the time they are tendered. The Committee shall determine acceptable methods for tendering Shares to exercise an Option under the Plan and may impose such limitations and prohibitions on the use of Shares to exercise Options as it deems appropriate. For

purposes of determining the amount of the Option price satisfied by tendering Shares, such Shares shall be valued at their Fair Market Value on the date of tender.

(c) **Broker-Assisted Cashless Exercise.** Subject to the Committee's approval and further subject to the Shares being actively traded on a securities exchange, consideration may be paid by the Participant's (i) irrevocable instructions to the Company to deliver the Shares issuable upon exercise of the Option promptly to a broker (acceptable to the Company) for the Participant's account, and (ii) irrevocable instructions to the broker to sell Shares sufficient to pay the exercise price and upon such sale to deliver the exercise price to the Company. A Participant may use this form of exercise only if the exercise would not subject the Participant to liability under Section 16(b) of the Exchange Act or would be exempt pursuant to Rule 16b-3 promulgated under the Exchange Act or any other exemption from such liability. The Company shall deliver an acknowledgement to the broker upon receipt of instructions to deliver the Shares, and the Company shall deliver the Shares to such broker upon the settlement date. Upon receipt of the Shares from the Company, the broker shall deliver to the Company cash sale proceeds sufficient to cover the exercise price and any applicable withholding taxes due. Shares acquired by a cashless exercise shall be deemed to have a Fair Market Value on the Option exercise date equal to the gross sales price at which the broker sold the Shares to pay the exercise price.

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(d) Other Methods. Consideration may be paid using such other methods of payment as the Committee, at its discretion, deems appropriate from time to time.

5.5. Exercise of Option.

(a) Procedure for Exercise. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as set forth in the Award Agreement. An Option shall be deemed exercised when the Committee receives: (i) written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option and (ii) full payment for the Shares (in a form permitted under Section 5.4 of the Plan) with respect to which the Option is exercised.

(b) Rights as a Stockholder. Shares subject to an Option shall be deemed issued, and the Participant shall be deemed the record holder of such Shares, on the Option exercise date. Until such Option exercise date, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares subject to the Option.

Article 6.

Stock Appreciation Rights

6.1. Terms of Stock Appreciation Right. The term, base amount, vesting schedule, and other conditions and limitations applicable to each Stock Appreciation Right shall be as determined by the Committee and shall be stated in the Award Agreement. Except as otherwise provided by the Committee, all Awards of Stock Appreciation Rights shall be settled in Shares issuable upon the exercise of the Stock Appreciation Right.

6.2. Exercise of Stock Appreciation Right.

(a) Procedure for Exercise. Any Stock Appreciation Right granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as set forth in the Award Agreement. A Stock Appreciation Right shall be deemed exercised when the Committee receives written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Stock Appreciation Right.

(b) Rights as a Stockholder. Shares subject to a Stock Appreciation Right shall be deemed issued, and the Participant shall be deemed the record holder of such Shares, on the date the Stock Appreciation Right is exercised. Until such date, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares subject to the Stock Appreciation Right.

Article 7.

Restricted Stock

7.1. **Terms of Restricted Stock.** Subject to the provisions of the Plan, the Period of Restriction, the number of Shares granted, and other conditions and limitations applicable to each Award of Restricted Stock shall be as determined by the Committee and shall be stated in the Award Agreement. Unless the Committee determines otherwise, Shares of Restricted Stock shall be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

7.2. **Transferability.** Except as provided in this Article 7, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

7.3. **Other Restrictions.** The Committee, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

7.4. **Removal of Restrictions.** Except as otherwise provided in this Article 7, and subject to Section 10.5 of the Plan, Shares of Restricted Stock covered by an Award of Restricted Stock made under the Plan shall be released from escrow, and shall become fully transferable, as soon as practicable after the Period of Restriction ends, and in any event no later than 2½ months after the end of the Tax Year in which the Period of Restriction ends.

7.5. **Voting Rights.** During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless otherwise provided in the Award Agreement.

7.6. **Dividends and Other Distributions.** During the Period of Restriction, Service Providers holding Shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such Shares, unless otherwise provided in the Award Agreement.

(a) Unless otherwise provided by the Committee, if any such dividends or distributions are paid in Shares, the Shares shall be subject to the same restrictions (and shall therefore be forfeitable to the same extent) as the Shares of Restricted Stock with respect to which they were paid.

(b) If any such dividends or distributions are paid in cash, the Award Agreement may specify that the cash payments shall be subject to the same restrictions as the related Restricted Stock, in which case they shall be accumulated during the Period of Restriction and paid or forfeited when the related Shares of Restricted Stock vest or are forfeited. Alternatively, the Award Agreement may specify that the dividend equivalents or other payments shall be unrestricted, in which case they shall be paid as soon as practicable after the dividend or distribution date. In no event shall any cash dividend or distribution be paid later than 2½ months after the Tax Year in which the dividend or distribution becomes nonforfeitable.

Article 8.

Restricted Stock Units

8.1. Terms of Restricted Stock Units. Subject to the provisions of the Plan, the Period of Restriction, number of underlying Shares, and other conditions and limitations applicable to each Award of Restricted Stock Units shall be as determined by the Committee and shall be stated in the Award Agreement.

8.2. Settlement of Restricted Stock Units. Subject to Section 11.5 of the Plan, unless otherwise provided in an Award Agreement, the number of Shares specified in the Award Agreement, or cash equal to the Fair Market Value of the underlying Shares specified in the Award Agreement, shall be delivered to the Participant as soon as practicable after the end of the applicable Period of Restriction, and in any event no later than 2½ months after the end of the Tax Year in which the Period of Restriction ends.

8.3. Dividend and Other Distribution Equivalents. The Committee is authorized to grant to holders of Restricted Stock Units the right to receive payments equivalent to dividends or other distributions with respect to Shares underlying Awards of Restricted Stock Units. The Award Agreement may specify that the dividend equivalents or other distributions shall be subject to the same restrictions as the related Restricted Stock Units, in which case they shall be accumulated during the Period of Restriction and paid or forfeited when the related Restricted Stock Units are paid or forfeited. Alternatively, the Award Agreement may specify that the dividend equivalents or other distributions shall be unrestricted, in which case they shall be paid on the dividend or distribution payment date for the underlying Shares, or as soon as practicable thereafter. In no event shall any unrestricted dividend equivalent or other distribution be paid later than 2½ months after the Tax Year in which the record date for the dividend or distribution occurs.

8.4. Deferral Election. Notwithstanding anything to the contrary in Sections 8.2 or 8.3, a Participant may elect in accordance with the terms of the Award Agreement and Section 409A of the Code to defer receipt of all or any portion of the Shares or other property otherwise issuable to the Participant pursuant to a Restricted Stock Unit Award to the extent permitted by the Committee.

Article 9.

Other Equity-Based Awards

9.1. Other Equity-Based Awards. The Committee shall have the right to grant other Awards based upon or payable in Shares having such terms and conditions as the Committee may determine, including deferred stock units, unrestricted Shares, the grant of Shares upon the achievement of a Performance Objective and the grant of securities convertible into Shares. The Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Article 9 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards, notes, or other property, as the Committee shall determine.

Article 9A.
Performance Cash Awards

9A.1. Performance Cash Awards. Subject to the provisions of the Plan, the Committee shall select those Employees to whom Performance Cash Awards are to be awarded and determine the amount of any Performance Cash Award to be awarded to each such eligible Employee and the terms and conditions applicable to each Performance Cash Award. Performance Cash Awards under the Plan shall be granted on an annual calendar year basis (the 'Performance Period'), and each Performance Cash Award shall be based on and subject to the accomplishment of one or more Performance Objectives over the Performance Period to which such Award relates. Performance Cash Awards shall be expressed as a percentage of a Participant's annual base salary. Performance Cash Awards are intended to qualify as "performance-based compensation" under Section 162(m) of the Code, and should be construed to the maximum extent possible to achieve that objective.

9A.2. Limitations of Performance Cash Award Payments. The maximum amount that may be paid to any Participant pursuant to any Performance Cash Award with respect to any Performance Period shall not exceed \$3,000,000.

9A.3. Payment. Performance Cash Award payments shall be made in cash as soon as practicable after the Committee makes the certifications described in Section 4.3(d) of the Plan, which is intended to occur following the end of the Performance Period and generally by the March 15th immediately following the end of the Performance Period to which the Performance Cash Award relates.

9A.4. Termination of Service.

- (a) (a) Except as provided in subsection (b) below and subject to Article 10, a Participant must be employed by the Company or an Affiliate on the date that a Performance Cash Award is otherwise payable hereunder in order to be entitled to receive payment for such Performance Cash Award. If a Participant's Termination of Service occurs for any reason other than set forth in subsection (b) below prior to the date of payment of a Performance Cash Award, the Participant shall forfeit any right to receive payment in respect of such Performance Cash Award.
- (b) (b) If the Company or an Affiliate terminates the employment of a Participant without Cause or if the Participant's Termination of Service is due to his or her death or disability, the Participant shall receive a Performance Cash Award payment for the Performance Period immediately preceding the Performance Period during which such termination occurs, but only to the extent such payment both was not previously made to the Participant as of the date of his or her Termination of Service and would otherwise be payable to the Participant under the Plan but for his or her Termination of Service. Such payment(s) shall only be made if the Committee certifies that the applicable Performance Objectives with respect to the applicable Performance Period to which the Performance Cash Award relates have been met and shall be paid in accordance with Section 9A.3 of the Plan.

Article 10.

termination of service

10.1 Effect of Termination of Service on Awards; Forfeiture. The Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, the circumstances in which Awards shall be exercised, vested, paid or forfeited in the event a Participant ceases to be a Service Provider prior to the end of a performance period, Period of Restriction or the exercise, vesting or settlement of such Award. Unless otherwise determined by the Committee if, with respect to any Award, (a) a Participant's Termination of Service occurs before the end of the Period of Restriction or the vesting date applicable to such Award (or the applicable portion of such Award) or (b) any Performance Objectives are not achieved in whole or in part (as determined by the Committee) by the end of the period for measuring such Performance Objectives, then all such then unvested and/or unearned Awards shall be forfeited by the Participant.

Article 11.

Additional Terms of Awards

11.1. No Rights to Awards. No Service Provider shall have any claim to be granted any Award under the Plan, and the Company is not obligated to extend uniform treatment to Participants or Beneficiaries under the Plan. The terms and conditions of Awards need not be the same with respect to each Participant.

11.2. No Effect on Employment or Service. Neither the Plan nor any Award shall confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor shall it interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without Cause, to the extent permitted by Applicable Laws.

11.3. No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

11.4. Transferability of Awards. Unless otherwise determined by the Committee, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. Subject to the approval of the Committee in its sole discretion, Non-Qualified Options may be transferable to members of the immediate family of the Participant and to one or more trusts for the benefit of such family members, partnerships in which such family members are the only partners, or corporations in which such family members are the only stockholders. "Members of the immediate family" means the Participant's spouse, children, stepchildren, grandchildren, parents, grandparents, siblings (including half brothers and sisters), and individuals who are family members by adoption. To the extent that any Award is transferable, such Award shall contain such additional terms and conditions as the Committee deems appropriate.

11.5. **Conditions on Delivery of Shares and Lapsing of Restrictions.** The Company shall not be obligated to deliver any Shares pursuant to the Plan or to remove restrictions from Shares previously delivered under the Plan until (a) all conditions of the Award have been met or removed to the satisfaction of the Committee, (b) subject to approval by the Company's counsel, all other legal matters (including any Applicable Laws) in connection with the issuance and delivery of such Shares have been satisfied, and (c) the Participant has executed and delivered to the Company such representations or agreements as the Committee may consider appropriate to satisfy the requirements of Applicable Laws.

11.6. **Inability to Obtain Authority.** The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance or sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

11.7. **Withholding.**

(a) **Withholding Requirements.** Prior to the delivery of any Shares or cash pursuant to the grant, exercise, vesting, or settlement of an Award, the Company shall have the power and the right to deduct or withhold, or to require a Participant or Beneficiary to remit to the Company, an amount sufficient to satisfy any federal, state, and local taxes (including the Participant's FICA obligation) that the Company determines is required to be withheld to comply with Applicable Laws. The Participant or Beneficiary shall remain responsible at all times for paying any federal, state, and local income or employment tax due with respect to any Award, and the Company shall not be liable for any interest or penalty that a Participant or Beneficiary incurs by failing to make timely payments of tax.

(b) **Withholding Arrangements.** The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant or Beneficiary to satisfy such tax withholding obligation, in whole or in part, by (i) electing to have the Company withhold otherwise deliverable Shares, or (ii) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required by Applicable Law to be withheld. The Fair Market Value of the Shares to be withheld or delivered, or with respect to which restrictions are removed, shall be determined as of the date that the taxes are required to be withheld.

11.8. **Other Provisions in Award Agreements.** In addition to the provisions described in the Plan, any Award Agreement may include such other provisions (whether or not applicable to the Award of any other Participant) as the Committee determines appropriate, including restrictions on resale or other disposition, rights of the Company to repurchase Shares or Shares underlying Awards, provisions with respect to the treatment and/or forfeiture of Awards in the event that a Participant breaches any confidentiality, non-competition, non-solicitation or other restrictive covenant and provisions to comply with Applicable Laws. Without limiting any other express authority of the Committee under (but subject to) the express limits of the Plan, the Committee may waive conditions of or limitations on Awards to Participants that the Committee in the prior exercise of its discretion had imposed, without the Participant's consent, and may make other changes to the terms and conditions of Awards. Notwithstanding the foregoing, the Committee shall not adjust or change previously imposed terms and conditions for an Option or a Stock Appreciation Right in such a manner as would constitute a Repricing of the exercise price or base amount of any Option or Stock Appreciation Right without stockholder approval except as contemplated in Section 2.3 (with respect to a stock split, merger, acquisition, spin-off or any other similar, unusual or extraordinary corporate transaction or event in respect of the Shares as described therein).

11.9 Change in Control. In addition to the provisions described in the Plan and in Section 11.8 above, any Award Agreement may include provisions for the treatment of Awards in connection with a Change in Control, including the acceleration of vesting and/or exercisability of Awards upon a Change in Control. The Committee shall determine the treatment of outstanding Awards in connection with any transaction or transactions resulting in a Change in Control.

11.10. Section 16 of the Exchange Act. It is the intent of the Company that Awards and transactions permitted by Awards be interpreted in a manner that, in the case of Participants who are or may be subject to Section 16 of the Exchange Act, qualify, to the maximum extent compatible with the express terms of the Awards, for the exemption from liability provided in Rule 16b-3 promulgated under the Exchange Act. The Company shall have no liability to any Participant or other person for Section 16 consequences of Awards or events in connection with Awards if an Award or related event does not so qualify.

11.11. Not Benefit Plan Compensation. Payments and other benefits received by a Participant under an Award made pursuant to the Plan shall not be deemed a part of a Participant's compensation for purposes of determining the Participant's benefits under any other employee benefit plans or arrangements provided by the Company or an Affiliate, except where the Committee expressly provides otherwise in writing.

Article 12.

Term, Amendment, and Termination of Plan

12.1. Term of Plan. The Plan shall become effective on the Effective Date.

12.2. Termination. The Plan shall terminate upon the earliest to occur of (i) the tenth anniversary of Board approval of the Plan; (ii) the date on which all Shares available for issuance under the Plan have been issued as fully vested Shares; or (iii) the date determined by the Board pursuant to its authority under Section 12.3 of the Plan.

12.3. Amendment. The Board or the Committee may at any time amend, alter, suspend, or terminate the Plan, without the consent of the Participants or Beneficiaries. The Company shall obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws. Any revision that deletes or limits the scope of the provisions of Section 11.8 prohibiting Repricing of Options or Stock Appreciation Rights without stockholder approval shall require stockholder approval.

12.4. Effect of Amendment or Termination. Except as provided in Section 12.5 of the Plan, no amendment, alteration, suspension, or termination of the Plan shall impair the rights of any Participant or Beneficiary under an outstanding Award, unless required to comply with an Applicable Law or mutually agreed otherwise between the Participant and the Committee; any such agreement must be in writing and signed by the Participant and the Company. Termination of the Plan shall not affect the Committee's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

12.5. Adjustments of Awards upon the Occurrence of Unusual or Nonrecurring Events. The Committee may, in its sole discretion (but subject to the limitations and conditions expressly stated in the Plan, such as the limitations on adjustment of Performance Objectives), adjust the terms and conditions of Awards during the pendency or in recognition of (a) unusual or nonrecurring events affecting the Company or an Affiliate (such as a capital adjustment, reorganization, or merger) or the financial statements of the Company or an Affiliate, or (b) any changes in Applicable Laws or accounting principles. By way of example, the power to adjust Awards shall include the power to suspend the exercise of any Option or Stock Appreciation Right.

Article 13.

Miscellaneous

13.1. Authorization of Sub-Plans. The Committee may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities, and/or tax laws of various jurisdictions. The Committee shall establish such sub-plans by adopting supplements to the Plan containing (i) such limitations as the Committee deems necessary or desirable, and (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Committee shall deem necessary or desirable. All sub-plans adopted by the Committee shall be deemed to be part of the Plan, but each sub-plan shall apply only to Participants within the affected jurisdiction and

the Company shall not be required to provide copies of any sub-plans to Participants in any jurisdiction which is not the subject of such sub-plan.

13.2. **Governing Law.** The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under any state's applicable principles of conflicts of laws.

13.3. **Committee Manner of Action.** Unless otherwise provided in the bylaws of the Company or the charter of the Committee: (a) a majority of the members of a Committee shall constitute a quorum, and (b) the vote of a majority of the members present who are qualified to act on a question assuming the presence of a quorum or the unanimous written consent of the members of the Committee shall constitute action by the Committee. The Committee may delegate the performance of ministerial functions in connection with the Plan to such person or persons as the Committee may select.

13.4. **Expenses.** The costs of administering the Plan shall be paid by the Company.

13.5. **Severability.** If any provision of the Plan, an Award or an Award Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or Award, such provision shall be construed or deemed to be amended to resolve the applicable infirmity, unless the Committee determines that it cannot be so construed or deemed amended without materially altering the Plan or the Award, in which case such provision shall be stricken as to such jurisdiction, person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

13.6. **Construction.** Unless the contrary is clearly indicated by the context, (a) the use of the masculine gender shall also include within its meaning the feminine and vice versa; (b) the use of the singular shall also include within its meaning the plural and vice versa; and (c) the word "include" shall mean "include but not be limited to," and the word "including" shall mean "including but not limited to."

13.7. **No Trust or Fund Created.** Neither the Plan nor any Award Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company (or an Affiliate) and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company (or an Affiliate) pursuant to an Award, such right shall be no more secure than the right of any unsecured general creditor of the Company (or the Affiliate, as applicable).

13.8. **Headings.** Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

13.9. **Complete Statement of Plan.** This document is a complete statement of the Plan.

