

SONO TEK CORP  
Form DEF 14A  
July 26, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

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

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant §240.14a-12

**SONO-TEK CORPORATION**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed based on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

Date Filed:

4)

**SONO-TEK CORPORATION**

**2012 Route 9W**

**Milton, New York 12547**

**845-795-2020**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON AUGUST 25, 2016**

Dear Shareholders:

The 2016 Annual Meeting of Shareholders of Sono-Tek Corporation (the “Company”) will be held at the Inn at Buttermilk Falls, 220 North Road, Milton, New York 12547 on August 25, 2016 at 10:00 a.m., local time, for the following purposes:

1. To elect four Directors of the Company to serve until the 2018 Annual Meeting of Shareholders of the Company.
2. To ratify the appointment of Liggett & Webb, P.A., as the Company’s independent auditors for the fiscal year ending February 28, 2017.
3. To cast an advisory vote on the compensation of the Company's named executive officers.
4. To transact such other business as may properly come before the meeting or any adjournments thereof.

A copy of the Company’s Annual Report for the fiscal year ended February 29, 2016 is enclosed with this Proxy Statement.

The Board of Directors has fixed the close of business on July 12, 2016 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting or any adjournments thereof. A list of

shareholders entitled to vote will be available for examination by interested shareholders at the offices of the Company, 2012 Route 9W, Milton, New York 12547 during ordinary business hours until the meeting.

**Important notice regarding the availability of proxy materials for the regular meeting of shareholders to be held on August 25, 2016. The Notice of 2016 Annual Meeting of Shareholders, the Proxy Statement, including Proxy Card, and the 2016 Annual Report to Shareholders are available on the Internet at the following website: <http://www.sono-tek.com/proxy-statement/>**

Sincerely,

*Claudine Y. Corda*

*Corporate Secretary*

*July 25, 2016*

**YOUR VOTE IS IMPORTANT. EVEN IF YOU DESIRE TO ABSTAIN,**

**PLEASE SIGN AND RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING**

**POSTAGE PAID ENVELOPE.**

**SONO-TEK CORPORATION**

**2012 Route 9W**

**Milton, New York 12547**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**AUGUST 25, 2016**

The accompanying proxy is solicited by the Board of Directors of SONO-TEK CORPORATION, a New York corporation (the “Company”), for use at the 2016 Annual Meeting of Shareholders of the Company to be held on August 25, 2016.

All proxies that are properly completed, signed and returned to the Company prior to the Annual Meeting, and which have not been revoked, will be voted in accordance with the shareholder’s instructions contained in such proxy. In the absence of contrary instructions, shares represented by such proxy will be voted (i) FOR approval of the election of each of the individuals nominated as Directors set forth herein, (ii) FOR the ratification of the appointment of Liggett & Webb, P.A., as the Company’s auditors for the fiscal year ending February 28, 2017, and (iii) FOR approval of the compensation of the Company’s named executive officers. A shareholder may revoke his or her proxy at any time before it is exercised by filing with the Secretary of the Company at its offices in Milton, New York either a written notice of revocation or a duly executed proxy bearing a later date, or by appearing in person at the 2016 Annual Meeting and expressing a desire to vote his or her shares in person. All costs of this solicitation are to be borne by the Company.

In order for business to be conducted at the Annual Meeting, a quorum must be present. A quorum will be present if shareholders of record holding a majority in voting power of the outstanding shares of the Company’s common stock entitled to vote at the Annual Meeting are present in person or are represented by proxies. For purposes of determining the presence or absence of a quorum, the Company intends to count as present shares present in person but not voting and shares for which the Company has received proxies but for which holders thereof have abstained. Furthermore, shares represented by proxies returned by a broker holding the shares in nominee or “street” name will be counted as present for purposes of determining whether a quorum is present, even if the broker is not entitled to vote the shares on matters where discretionary voting by the broker is not allowed (“broker non-votes”).

Holders of the Company’s common stock will vote as a single class and will be entitled to one vote per share with respect to each matter to be presented at the Annual Meeting. With respect to Item 1, the four nominees for director

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receiving a plurality of the votes cast by holders of common stock, at the Annual Meeting in person or by proxy, shall be elected to the Board of Directors. Approval of Item 2 requires the votes cast in favor of such proposal to exceed the votes cast against such proposal. Abstentions from voting, as well as broker non-votes, if any, are not treated as votes cast and, therefore, will have no effect on any of these proposals.

Shareholders of record may vote in any of the following ways:

**VOTE BY INTERNET** - [www.proxyvote.com](http://www.proxyvote.com). Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**VOTE BY PHONE** - 1-800-690-6903. Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL** - Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

This Proxy Statement and the accompanying Notice of Annual Meeting of Shareholders, the Proxy, and the 2016 Annual Report to Shareholders are intended to be mailed on or about July 25, 2016 to shareholders of record at the close of business on July 12, 2016. At said record date, the Company had 14,961,076 outstanding shares of common stock.

**ITEM 1: ELECTION OF DIRECTORS**

The Board of Directors is currently comprised of eight seats and is divided into two equal classes. The Directors in each class serve for a term of two years, and until their respective successors are duly elected and qualify. The Board of Directors has nominated Edward J. Handler, III, Esq., Eric Haskell, CPA, Dr. Donald F. Mowbray and Samuel Schwartz all current Directors, for election at the Annual Meeting by plurality vote to hold office until the Company's 2018 Annual Meeting of Shareholders and until their successors shall be duly elected and shall qualify. All nominees have consented to be named as such and to serve if elected.

Management intends to vote the accompanying Proxy FOR election as Directors of the Company, the nominees named below, unless the Proxy contains contrary instructions. Proxies that direct the Proxy holders to withhold voting in the matter of electing Directors will not be voted as set forth above. Proxies cannot be voted for a greater number of persons than the number of nominees named in the Proxy Statement. Management has no reason to believe that any of the nominees will not be a candidate or will be unable to serve. However, in the event that any of the nominees should become unable or unwilling to serve as a Director, the Proxy will be voted for the election of such person or persons as shall be designated by the Directors.

**NOMINEES FOR DIRECTOR**

**Nominees for election to term expiring 2018**

The following four persons are nominated for election as Directors of the Company to hold office until the Company's 2018 Annual Meeting of Shareholders.

EDWARD J. HANDLER, III, Esq., 79, is a retired partner from Kenyon & Kenyon, a law firm that provided intellectual property advice to the Company. Mr. Handler became a Director of the Company in October 2004, coincident with his retirement from his law firm. Mr. Handler has 40 years of experience in all aspects of intellectual property, including patents, trade secrets, trademarks and copyrights, including litigation and other adversarial proceedings. Mr. Handler is Chairman and CEO of The Bronx Project, Inc., a private Delaware corporation active in the area of therapeutics for acute (CNS) inflammatory conditions. Mr. Handler is past President of the West Point Society of New York and a past Trustee of the Association of Graduates, U.S. Military Academy. He holds a J.D. degree from the University of Virginia Law School and a B.S. in Engineering Science from the United States Military Academy.

*Key attributes, Experience and Skills:* Mr. Handler's extensive experience as an attorney enables him to bring valuable strategic insights to the Board. Mr. Handler's past experience as the Company's intellectual property attorney provides him with an in depth knowledge of the Company and its related market applications. Mr. Handler also brings leadership and oversight experience to the Board.

ERIC HASKELL, CPA, 69, has been a Director of the Company since August 2009. He has over 30 years of experience in senior financial positions at several public and private companies. He has significant expertise in the areas of acquisitions and divestitures, strategic planning and investor relations. From December 2005 through March 2008, Mr. Haskell served as the Executive Vice President and Chief Financial Officer of SunCom Wireless Holdings, Inc., a company providing digital wireless communications services which was publicly traded until its merger with a wholly-owned subsidiary of T-Mobile USA, Inc. in February 2008. He also served as a member of SunCom's Board of Directors from November 2003 through May 2007. From 1989 until April 2004, Mr. Haskell served as the Chief Financial Officer of Systems & Computer Technology Corp., a NASDAQ listed software and services corporation. Mr. Haskell received his Bachelor's Degree in Business Administration from Adelphi University in 1969.

*Key attributes, Experience and Skills:* Mr. Haskell's training and extensive experience in financial management at both public and private companies provide the Board with valuable insights. Mr. Haskell's significant experience in acquisitions and divestitures and investor relations brings strategic judgment and experience to the Board. Mr. Haskell's strong operational and business background complement his accounting and finance experience and are valuable resources to the Board as it exercises its oversight duties and support of the Company's growth strategies.

DR. DONALD F. MOWBRAY, 78, has been a Director of the Company since August 2003. He has been an independent consultant since August 1997. From September 1992 to August 1997, he was the Manager of the General Electric Company's Corporate Research and Development Mechanical Engineering Laboratory. From 1962 to 1992 he worked for the General Electric Company in a variety of engineering and managerial positions. Dr. Mowbray received a B.S. in Aeronautical Engineering from the University of Minnesota in 1960, a Master of Science in Engineering Mechanics from the University of Minnesota in 1962 and a Ph.D. from Rensselaer Polytechnic Institute in Engineering Mechanics in 1968.



*Key attributes, Experience and Skills:* Dr. Mowbray's extensive research and managerial experience enables him to bring valuable insights to the Board. His knowledge of the Company's products and the materials sciences technology underlying them has enabled him to contribute to the Company's advanced products development and designs. Dr. Mowbray also brings leadership and oversight experience to the Board from his GE management background.

SAMUEL SCHWARTZ, 96, has been a Director of the Company since August 1987, and was Chairman of the Board from February 1993 to May 1999 and August 2001 to August 2007. From 1959 to 1992, he was the Chairman and Chief Executive Officer of Krystinel Corporation, a manufacturer of ceramic magnetic components used in electronic circuitry. He received a B.Ch.E. from Rensselaer Polytechnic Institute in 1941 and an M.Ch.E. from New York University in 1948.

*Key attributes, Experience and Skills:* Mr. Schwartz's long-time experience as a businessman and manufacturer enables him to bring valuable operational insights to the Board. Mr. Schwartz's experience as former Chairman of the Board enable him to bring operational insights to the Board. Mr. Schwartz also brings leadership and oversight experience to the Board.

#### **DIRECTORS CONTINUING AS DIRECTORS WITH TERMS EXPIRING IN 2017**

DR. CHRISTOPHER L. COCCIO, 75, was appointed President and Chief Executive Officer of the Company on April 30, 2001, has been a Director of the Company since June 1998, and was appointed Chairman in August 2007. From 1964 to 1996, he held various engineering, sales, marketing and management positions at General Electric Company, with P&L responsibilities for up to \$100 million in sales and 500 people throughout the United States. He also won an ASME Congressional Fellowship and served with the Senate Energy Committee in 1976. His business experience includes both domestic and international markets and customers. He founded a management consulting business in 1996, and was appointed a legislative Fellow on the New York State Assembly's Legislative Commission on Science and Technology from 1996 to 1998. From 1998 to 2001, he worked with Accumetrics Associates, Inc., a manufacturer of digital wireless telemetry systems, as Vice President of Business Development and member of the Board of Advisors. Dr. Coccio received a B.S.M.E. from Stevens Institute of Technology, an M.S.M.E. from the University of Colorado, and a Ph.D. from Rensselaer Polytechnic Institute in Chemical Engineering.

*Key attributes, Experience and Skills:* Dr. Coccio brings his strategic vision for the Company to the Board together with his leadership, business experience and investor relations skills. Dr. Coccio has an immense knowledge of the Company and its related applications which is beneficial to the Board. Dr. Coccio's service as Chairman and CEO bridges a critical gap between the Company's management and the Board, enabling the Board to benefit from management's perspective on the Company's business while the Board performs its oversight function.

R. STEPHEN HARSHBARGER, 48, joined the Company in 1993. He was appointed President of the Company in 2012 and became a Director of the Company in 2013. As President, he directs the Company's Sales, Marketing, Engineering, Service, and Manufacturing Operations. Prior to assuming his present position, Mr. Harshbarger served as Sales Engineer, World Wide Sales and Marketing Manager, Vice President & Director of Electronics and Advanced Energy (E&AE) and Executive Vice President. In his years managing the sales organization, he established a worldwide distribution and representative network in more than 40 countries consisting of greater than 300 individuals, with revenue growth of greater than 300%. He has over 18 years of experience in ultrasonic coating equipment for the electronics, medical device and advanced energy industries. Prior to joining the Company, Mr. Harshbarger was the Sales and Marketing Manager for Plasmaco Inc., a world leader in the development of flat panel displays. In that position, he established their distribution network, participated in venture capital funding, and introduced the first flat panel technology to Wall Street trading floors. He is a graduate of Bentley University, with a major in Finance and a minor in Marketing.

*Key attributes, Experience and Skills:* Mr. Harshbarger brings his business experience and significant knowledge of the Company and its related applications which are beneficial to the Board. Mr. Harshbarger's service as President allows him to provide a conduit between the Company's management and the Board, enabling the Board to benefit from management's perspective on the Company's business while the Board performs its oversight function. Mr. Harshbarger also brings leadership and oversight experience to the Board.

DR. JOSEPH RIEMER, 67, joined the Company in January 2007 as Vice President of Engineering, and has been a Director of the Company since August 2007. Dr. Riemer served as President from September 2007 until August 2012. From August 2012 until June 2016, Dr. Riemer served as Vice President of Food Business Development. Dr. Riemer holds a Ph.D. in Food Science and Technology from the Massachusetts Institute of Technology (MIT), focusing on food technology, food chemistry, biochemical analysis, and food microbiology. His experience includes seven years with Pfizer in its Adams Confectionary Division, where he was Director, Global Operations Development. Dr. Riemer has also held leading positions with several food, food ingredients, and personal care products companies. He has served in the capacities of research and development, operations, and general management. Prior to joining the Company, he was a management consultant serving clients in the food, biotech and pharmaceutical industries.

*Key attributes, Experience and Skills:* Dr. Riemer's extensive research and management experience enables him to bring valuable insights to the Board. His extensive experience in the biotech, food and pharmaceutical industries bring specific product application insights to the Board. Dr. Riemer's recent service as Vice President of Food Business Development helps to provide focus to the Board on this important marketing area. Dr. Riemer also brings leadership and oversight experience to the Board.

PHILIP STRASBURG, CPA, 77, has been a Director of the Company since August 2004. He is a retired partner from the firm of Anchin Block and Anchin, LLP and has 40 years of experience in auditing. Mr. Strasburg has served as Audit Committee Chairman since 2005. He was the lead partner on the Company's account from Fiscal 1994 to Fiscal 1996. Mr. Strasburg is a certified public accountant in New York State. He has a Master of Science in economics from The London School of Economics and Political Science and a Bachelor's of Science degree from Lehigh University, where he majored in business administration.

*Key attributes, Experience and Skills:* Mr. Strasburg's training and extensive experience in auditing provide the Board with valuable insights and skills necessary to lead the Audit Committee. Mr. Strasburg's strong operational and business background complement his accounting and finance experience, and are valuable resources to the Board as it exercises its oversight duties and support of the Company's growth strategies.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE PROPOSAL TO ELECT THE FOUR NOMINEES LISTED ABOVE.**

## **CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS**

### **Independence of Directors**

The Company's Board of Directors is currently comprised of six "independent directors", as that term is defined under NASDAQ rules, and two directors who are not "independent directors". The Company's "independent directors" are Edward Handler, Eric Haskell, Donald Mowbray, Joseph Riemer, Philip Strasburg and Samuel Schwartz. Christopher Coccio and R. Stephen Harshbarger are employees of the Company and are therefore not independent.

### **Board Leadership Structure and Role in Risk Oversight**

The Board believes Dr. Coccio's service as Chief Executive Officer and Chairman of the Company is appropriate because it provides an important link between the Company's management and the Board, enabling the Board to benefit from management's views on the Company's business while the Board performs its oversight role. Further, the Board believes Dr. Coccio's significant ownership of the Company's stock aligns his interests with those of the Company's shareholders. In addition, the Board believes that having one person serve as both Chief Executive Officer and Chairman of the Board of Directors demonstrates for the Company's employees, strategic partners, customers and shareholders that the Company has one clear leader.

Management is responsible for the Company's day-to-day risk management, and the Board's role is to engage in informed oversight. The entire Board performs the risk oversight role. The Company's Chief Executive Officer is a member of the Board of Directors, and the Company's Chief Financial Officer regularly attends Board meetings, which helps facilitate discussions regarding risk between the Board and the Company's senior management, as well as the exchange of risk-related information or concerns between the Board and senior management. Further, the independent directors generally meet in executive session following regularly scheduled Board meetings to voice their observations or concerns and to shape the agendas for future Board meetings.

The Board of Directors believes that, with these practices, each director has an equal stake in the Board's actions and oversight role and equal accountability to the Company and its shareholders.

### **Board Meetings and Committees: Annual Meeting Attendance**

The Board of Directors held four meetings in the fiscal year ended February 29, 2016. All Directors attended at least 75% of the Company's Board Meetings.

The Board does not have a policy regarding attendance at annual shareholders' meetings; however, all Board members are strongly encouraged to attend such meetings. Seven Directors attended the 2015 Annual Meeting of Shareholders held on August 13, 2015.

The Board of Directors has two standing committees: Compensation Committee and Audit Committee. Certain information regarding the members and duties of the various management committees is detailed below.

#### COMPENSATION COMMITTEE

The Company's Board of Directors has a Compensation Committee composed of Dr. Mowbray (Chairman) and Messrs. Handler and Strasburg. The compensation of the executive officers of the Company is set by the Company's Board of Directors based upon the recommendations of the Compensation Committee. Compensation is set at levels believed to be competitive with executive officers with similar qualifications, experience and responsibilities of similar businesses. Such individuals receive a base salary and incentive compensation based on the achievement of certain operating objectives. The Compensation Committee serves an advisory function only and has no independent authority. The Compensation Committee met two times during Fiscal Year 2016. All members attended all meetings. The Compensation Committee does not have a charter. During the fiscal year ended February 29, 2016, the Compensation Committee did not use any external consultants to assist in the determination of executive compensation.

## AUDIT COMMITTEE

The Company's Board of Directors has an Audit Committee composed of Messrs. Handler, Haskell and Strasburg (Chairman). The Board of Directors has adopted a charter for the Audit Committee. The "audit committee financial expert" designated by the Board is Mr. Strasburg. The Audit Committee charter is available on the Company's website at <http://www.sono-tek.com/audit-committee-charter/>. The Audit Committee is responsible for (i) selecting an independent public accountant for ratification by the shareholders, (ii) reviewing material accounting items affecting the consolidated financial statements of the Company, and (iii) reporting its findings to the Board of Directors. The Audit Committee met four times during the fiscal year ended February 29, 2016. All members attended at least 75% of the meetings.

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee's job is one of oversight as set forth in its charter. It is not the duty of the Audit committee to prepare the Company's financial statements, to plan or conduct audits, or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. The Company's management is responsible for preparing the Company's financial statements and for maintaining internal control and disclosure controls and procedures. The independent auditors are responsible for auditing the financial statements and for expressing an opinion as to whether those audited financial statements fairly present the financial position, results of operations, and cash flows of the Company in conformity with generally accepted accounting principles.

The Audit Committee has reviewed and discussed the Company's audited consolidated financial statements with management and with Liggett & Webb, P.A., the Company's independent auditors for 2016.

The Audit Committee has discussed with Liggett & Webb, P.A., the matters required to be discussed by Statement on Auditing Standards No. 61.

The Audit Committee has received from Liggett & Webb, P.A., the written statements required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed Liggett & Webb, P.A.'s independence with Liggett & Webb, P.A., and has considered the compatibility of non-audit services with the auditor's independence.

Based upon the review and discussions referred to above, the Audit Committee has recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended February 29, 2016 for filing with the Securities and Exchange Commission. The Audit Committee and the Board of Directors have also recommended, subject to shareholder approval, the selection of Liggett & Webb, P.A. as the Company's independent auditors for the Fiscal Year ending February 28, 2017.

This report of the Audit Committee shall not be incorporated by reference into any of the Company's future filings made under the Securities Exchange Act of 1934 or the Securities Act of 1933, and shall not be deemed to be soliciting material or to be filed with the SEC under the Exchange Act or the Securities Act.

#### THE AUDIT COMMITTEE

Philip Strasburg (Chairman)

Edward Handler

Eric Haskell

#### NOMINATING COMMITTEE

The Board of Directors does not maintain a separate nominating committee because the Board of Directors believes that it can select prospective Director nominees by acting on the basis of a consensus of the entire Board of Directors. Accordingly, all Directors participate in the selection of candidates for nomination as Directors of the Company. The Board identifies and deliberates on the merits of candidates, based upon education, and experience in the following areas: business, scientific, legal and financial. The Board of Directors does not have a separate charter pertaining to nominations. All current nominees for the Board of Directors are incumbent Directors and were nominated by the entire Board for inclusion on the Company's proxy card. The Board of Directors will consider nominees recommended by shareholders. No special procedure needs to be followed in submitting such recommendation.

**Shareholder Communications with the Company's Board of Directors**

Mail can be addressed to Directors c/o Corporate Secretary, Sono-Tek Corporation, 2012 Route 9W, Milton, NY 12547. At the direction of the Board, all mail received may be opened and screened for security purposes. All mail, other than trivial, obscene, unduly hostile, threatening, illegal or similarly unsuitable items will be forwarded. Trivial items will be delivered to the Directors at the next scheduled Board meeting. Mail addressed to a particular Director will be forwarded or delivered to that Director. Mail addressed to "Board of Directors" "Outside Directors" or "Non-Management Directors" will be forwarded or delivered to the Chairman of the Board.

**Director Compensation**

Each non-employee director receives \$1,000 for each meeting attended. Directors who are employees of the Company receive no additional compensation for serving as directors. For the year ended February 29, 2016, director compensation was as follows:

**2016 Director Compensation**

| Name                 | Fees<br>Earned<br>or Paid in<br>Cash (\$) | Stock<br>Awards (\$) | Option<br>Awards (\$) | Non-Equity<br>Incentive Plan<br>Compensation (\$) | Nonqualified<br>Deferred<br>Compensation<br>Earnings (\$) | All Other<br>Compensation (\$) | Total<br>(\$) |
|----------------------|---|----------------------|-----------------------|---|---|--------------------------------|---------------|
| Edward J. Handler    | 4,000                                     | —                    | —                     | —   | —   | —                              | 4,000         |
| Eric Haskell         | 3,000                                     | —                    | —                     | —   | —   | —                              | 3,000         |
| Donald F.<br>Mowbray | 4,000                                     | —                    | —                     | —   | —   | —                              | 4,000         |
| Samuel Schwartz      | 4,000                                     | —                    | —                     | —   | —   | —                              | 4,000         |
| Philip Strasburg     | 4,000                                     | —                    | —                     | —   | —   | —                              | 4,000         |

**Other Executive Officers**

In addition to Dr. Christopher L. Coccio and R. Stephen Harshbarger, the following persons are executive officers of the Company:



STEPHEN J. BAGLEY, CPA was appointed Chief Financial Officer in June 2005. From 1987 to 1991 he worked in public accounting in various capacities. From 1992 to 2005, he held various leadership positions as Controller, Chief Financial Officer and Vice President of Finance for companies with up to \$45,000,000 in revenues. Mr. Bagley earned a Bachelor of Science degree from The State University of NY – College at Oneonta and an MBA from Marist College. He was licensed as a CPA in 1990. Mr. Bagley is a past President of the Board of Education for the New Paltz Central School District and a past Chairman of the Audit and Finance Committee for the District.

ROBB W. ENGLE joined Sono-Tek in 2000 as a Field Service Technician and became Vice President in January 2013. Mr. Engle created the Sono-Tek Service Department and led the development of key products in his leadership role of the Company's engineering resources. As Vice President of Engineering, he directs the engineering department, service department, IT and Sono-Tek laboratory services. Mr. Engle was formally trained and certified by the U.S. Navy as a Nuclear Operator where he was recognized with an induction into the Navy League Memorial for meritorious service and the advancement of training techniques. He also served with honors on board a submarine and earned the prestigious Sub-Surface Warfare (E) Insignia.

#### **EXECUTIVE COMPENSATION**

The following table sets forth the aggregate remuneration paid or accrued by the Company for the Fiscal Years ended February 29, 2016 and February 28, 2015 for each named officer of the Company.

**Summary Compensation Table**

| Name and Principal Position                         | Year | Salary (\$) | Bonus (\$) | Stock Awards | Option Awards (\$) | All Other Compensation (\$) | Total (\$) |
|---|------|-------------|------------|--------------|--------------------|-----------------------------|------------|
| Christopher L. Coccio<br>CEO, Chairman and Director | 2016 | 150,000     | 30,000     | 0            | —                  | 3,576                       | 183,576    |
|   | 2015 | 150,000     | 28,800     | 0            | 42,213             | 4,141                       | 225,154    |
| R. Stephen Harshbarger<br>President and Director    | 2016 | 206,000     | 25,000     | 0            | 17,203             | 4,111                       | 252,314    |
|   | 2015 | 205,000     | 0          | 0            | 19,248             | 4,181                       | 228,429    |
| Stephen J. Bagley<br>Chief Financial Officer        | 2016 | 140,000     | 20,000     | 0            | 1,025              | 3,088                       | 164,113    |
|   | 2015 | 140,000     | 14,400     | 0            | 8,217              | 2,918                       | 165,535    |

All Other Compensation represents Company contributions to the Company's 401K plan.

Option awards in the above table are calculated using the Black-Scholes options pricing model which is further discussed in Note 4 – Stock Based Compensation, in the Company's financial statements.

**Officer Compensation Arrangements**

During the year ended February 29, 2016, Dr. Coccio was compensated at a rate of \$150,000 per annum.

During the year ended February 29, 2016, Mr. Harshbarger was compensated at a rate of \$200,000 per annum.

During the year ended February 29, 2016, Mr. Bagley was compensated at a rate of \$140,000 per annum.

**Description of Equity Compensation Plans:****2013 Stock Incentive Plan**

Under the 2013 Stock Incentive Plan, as amended ("2013 Plan"), options can be granted to officers, directors, consultants and employees of the Company and its subsidiaries to purchase up to 2,500,000 shares of the Company's common stock. Under the 2013 Plan options expire ten years after the date of grant. As of February 29, 2016, there were 246,600 options outstanding under the 2013 Plan.

Under the 2013 Stock Incentive Plan, option prices must be at least 100% of the fair market value of the common stock at time of grant. For qualified employees, except under certain circumstances specified in the plan or unless otherwise specified at the discretion of the Board of Directors, no option may be exercised prior to one year after date of grant, with the balance becoming exercisable in cumulative installments over a three-year period during the term of the option, and terminating at a stipulated period of time after an employee's termination of employment.

### 2003 Stock Incentive Plan

Under the 2003 Stock Incentive Plan, as amended ("2003 Plan"), until May 2013, options were available to be granted to officers, directors, consultants and employees of the Company and its subsidiaries to purchase up to 1,500,000 of the Company's common shares. As of February 29, 2016, there were 217,500 options outstanding under the 2003 Plan, under which no additional options may be granted.

The following table sets forth information regarding outstanding options held as of February 29, 2016 by each named executive officer.

### Outstanding Equity Awards At Fiscal Year End

| <u>Name</u>            | <u>Number of Securities Underlying Unexercised Options (#) Exercisable</u> | <u>Number of Securities Underlying Unexercised Options (#) Unexercisable</u> | <u>Option Exercise Price (\$)</u> | <u>Option Expiration Date</u> |
|------------------------|--|--|-----------------------------------|-------------------------------|
| R. Stephen Harshbarger | 28,800   | 7,200 <sup>1</sup>   | 1.05                              | 02/20/2024                    |
|                        | 19,440   | 23,760 <sup>2</sup>  | 1.19                              | 02/19/2025                    |

<sup>1</sup> 7,200 options will vest on 02/20/2017.

<sup>2</sup> 15,120 options will vest on February 20, 2017 and 8,640 options will vest on February 20, 2018.

## Description of 401 (k) Plan

Effective April 1, 2000, the Company instituted the Sono-Tek Corporation 401(k) Plan (“401(k) Plan”) for employees of the Company, its subsidiaries and affiliates pursuant to the Internal Revenue Code. Under the 401(k) Plan, an eligible employee can elect to make a salary reduction of up to 20% of his compensation as defined in the plan.

**BENEFICIAL OWNERSHIP OF SHARES**

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

| Name (and address if more than 5%) of<br>Beneficial owner                 | Amount<br>Beneficially<br>Owned | Percent |
|---|---------------------------------|---------|
| Directors and Officers  |                                 |         |
| *Stephen J. Bagley  | 18,181                          | **      |
| *Christopher L. Coccio  | 645,338 <sup>1</sup>            | 4.32%   |
| *Edward J. Handler  | 127,508 <sup>2</sup>            | **      |
| *R. Stephen Harshbarger   | 116,796 <sup>3</sup>            | **      |
| *Eric Haskell   | 20,000 <sup>4</sup>             | **      |
| *Donald F. Mowbray  | 65,000 <sup>5</sup>             | **      |
| *Joseph Riemer  | 287,889                         | 1.92%   |
| *Samuel Schwartz  | 1,545,147 <sup>6</sup>          | 10.31%  |
| *Philip A. Strasburg  | 85,000 <sup>7</sup>             | **      |
| All Executive Officers and Directors as a Group                           | 2,957,835 <sup>8</sup>          | 19.48%  |
| Additional 5% owners  |                                 |         |
| Herbert Spiegel<br>425 East 58 <sup>th</sup> Street<br>New York, NY 10022 | 756,931                         | 5.06%   |
| Emancipation Management LLC<br>825 Third Avenue<br>New York, NY 10022     | 2,227,324                       | 14.89%  |

The above ownership percentages are based on 14,955,400 shares outstanding as of July 12, 2016.

*\*c/o Sono-Tek Corporation, 2012 Route 9W, Milton, NY 12547.*

*\*\* Less than 1%*

*<sup>1</sup> Includes 2,000 shares in the name of Dr. Coccio's wife.*

*<sup>2</sup> Includes 61,579 shares owned jointly with Mr. Handler's wife, 35,929 shares in the name of Mr. Handler's wife and 30,000 options currently exercisable issued under the Company's Stock Incentive Plans.*

*<sup>3</sup> Includes 48,240 options currently exercisable issued under the Company's Stock Incentive Plans.*

*<sup>4</sup> Represents 20,000 options currently exercisable issued under the Company's Stock Incentive Plans.*

*<sup>5</sup> Includes 20,000 options currently exercisable issued under the Company's Stock Incentive Plans.*

*<sup>6</sup> Includes 30,000 options currently exercisable issued under the Company's Stock Incentive Plans*

*<sup>7</sup>Includes 10,000 shares in the name of Mr. Strasburg's wife and 40,000 options currently exercisable issued under the Company's Stock Incentive Plans.*

*<sup>8</sup> The group total includes 225,320 options currently exercisable issued under the Company's Stock Incentive Plans. The group total includes 9,896 shares and 37,080 exercisable options held by Robb Engle.*

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

On September 1, 2007, the Company entered into identical Executive Agreements with Stephen J. Bagley, Chief Financial Officer and Christopher L. Coccio, Chief Executive Officer. The Company also entered into an Executive Agreement with R. Stephen Harshbarger, President, on March 5, 2008. The agreements, as subsequently amended, provide that in the event of a change of control of the Company followed by a termination of the executives' employment under certain circumstances, the officers shall receive severance payments equal to two years of the executive's annual base, commissions and bonus compensation paid by the Company for the previous calendar year.

Based on last year's salary arrangements, if the rights of the foregoing officers were to be triggered following a change of control, they would be entitled to the following payments from the Company: Stephen J. Bagley \$309,000, Christopher L. Coccio \$358,000 and R. Stephen Harshbarger \$410,000.

## **Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors, executive officers and persons who own more than ten percent of the Company's common stock to file with the Securities and Exchange Commission initial reports of beneficial ownership and reports of changes of beneficial ownership of common stock. Such persons are also required by Securities and Exchange Commission regulations to furnish the Company with copies of all such reports. Based solely on a review of such filings, during the year ended February 29, 2016, all of the Company's Directors and executive officers and holders of more than ten percent of the Company's stock have made timely filings of such reports.

## **ITEM 2: RATIFICATION OF APPOINTMENT OF AUDITORS**

The Board of Directors has appointed Liggett & Webb, P.A., Certified Public Accountants, to audit the books of account and other records of the Company for the fiscal year ending February 28, 2017. Liggett & Webb, P.A., is a registered public accounting firm with the Public Company Accounting Oversight Board (the "PCAOB"), as required by the Sarbanes-Oxley Act of 2002 and the Rules of the PCAOB. In the event of a negative vote, the Board of Directors will reconsider its election. The Audit Committee of the Company's Board of Directors determined the independence of the Company's auditors and recommended their re-appointment to the Board of Directors. Fees paid to or accrued for the auditors were as follows:

### **Audit Fees Tax Fees**

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|  |          |          |
|--|----------|----------|
| Liggett & Webb, P.A. Fiscal year ended February 29, 2016 | \$46,500 | \$ 5,500 |
| Liggett & Webb, P.A. Fiscal year ended February 28, 2015 | \$46,500 | \$ 6,700 |

The Company did not pay any audit related fees or other fees to its independent auditors during the past two fiscal years.

The Audit Committee's current policy is to pre-approve all audit and non-audit services, including the preparation of tax returns, that are to be performed and fees to be charged by the Company's independent auditor to ensure that the provision of these services does not impair the independence of the auditor. The Audit Committee was in compliance with the requirements of the Sarbanes-Oxley Act of 2002 regarding the pre-approval of all audit and non-audit services and fees. The Audit Committee (or the entire Board of Directors performing the equivalent functions of an audit committee) pre-approved all audit and non-audit services rendered by the Company's principal accountant in fiscal 2016 and 2015.

A representative of the auditors, Liggett & Webb, P.A., is expected to be present at the Annual Meeting, will have an opportunity to make a statement if he desires, and will be available to respond to appropriate questions.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF LIGGETT & WEBB, P.A.**

**ITEM 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Company is asking shareholders to cast an advisory vote on the compensation of the Company's named executive officers disclosed in the Executive Compensation section of this Proxy Statement. While this vote is non-binding, the Company values the opinions of shareholders and will consider the outcome of the vote when making future compensation decisions.

The Board believes that the objectives of the Company's executive compensation program is appropriate for a company of Sono-Tek's size and stage of development and that the Company's compensation policies and practices help meet those objectives. In addition, the Board believes that the Company's executive compensation program achieves an appropriate balance between fixed compensation and variable incentive compensation and pays for performance. The Board also believes that the Company's executive compensation programs effectively align the interests of the Company's executive officers with those of the Company's shareholders by tying a significant portion of their compensation to the Company's performance and by providing a competitive level of compensation needed to recruit, retain and motivate talented executives critical to the Company's long-term success. Accordingly, the Company is asking its shareholders to approve the compensation of the Company's named executive officers. This advisory vote is not intended to be limited or specific to any particular element of compensation, but rather cover the overall compensation of the Company's named executive officers and the compensation policies and practices described in this proxy statement.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR, IN A NON-BINDING VOTE, THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS AS DISCLOSED ABOVE PURSUANT TO ITEM 402 of REGULATION S-K IN THE EXECUTIVE COMPENSATION SECTION OF THIS PROXY STATEMENT.**

**ITEM 4: OTHER MATTERS**

The Board of Directors is not aware of any business to be presented at the Annual Meeting except the matters set forth in the Notice and described in this Proxy Statement. Unless otherwise directed, all shares represented by proxies will be voted in favor of the proposals of the Board of Directors described in this Proxy Statement. If any other matters come before the Annual Meeting, the persons named in the accompanying Proxy will vote on those matters according to their best judgment.

A copy of Sono-Tek Corporation's Annual Report on Form 10-K for the fiscal year ended February 29, 2016 (without exhibits) will be sent to any shareholder without charge by contacting the Company at the address or phone number listed above. The Company's Annual Report on Form 10-K may also be obtained over the Internet at the Securities and Exchange Commission's website, [www.sec.gov](http://www.sec.gov).



**Expenses**

The entire cost of preparing, assembling, printing and mailing this Proxy Statement, the enclosed Proxy and other materials, and the cost of soliciting Proxies with respect to the Annual Meeting will be borne by the Company. The Company will request banks and brokers to solicit their customers who beneficially own shares listed of record in names of nominees, and will reimburse those banks and brokers for the reasonable out-of-pocket expense of such solicitations. The original solicitation of Proxies by mail may be supplemented by telephone and facsimile by officers and other regular employees of the Company but no additional compensation will be paid to such individuals.

**Future Shareholders Proposals**

Proposals of shareholders intended to be presented at the next annual meeting (expected to be held in August 2017) under SEC Rule 14a-8 must be received by the Company for inclusion in the Company's proxy statement and form of proxy relating to that meeting (expected to be mailed in mid-July 2017) not later than April 15, 2017.

Notice of shareholder matters intended to be submitted at the next annual meeting outside the processes of Rule 14a-8 will be considered untimely if not received by the Company by June 1, 2017. The discretionary authority described above with respect to other matters coming before the meeting will be conferred with respect to any such untimely matters.

Signed:

/s/Claudine Y. Corda

Claudine Y. Corda

July 13, 2016

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