PRESSTEK INC /DE/
Form DEF 14A
October 01, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant Q

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

Q Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

PRESSTEK, INC.

(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):

o No fee required.

o Fee computed 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: Common Stock, par value $0.01 per share, of Presstek, Inc. (the “Company”)

(2) Aggregate number of securities to which transaction applies: 37,525,228 shares of the Company’s common stock (which includes 100,000 shares of restricted common units)

(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): 37,525,228 shares of the Company’s common stock multiplied by the merger consideration of $0.50 per share

(4) Proposed maximum aggregate value of transaction: $18,762,614

(5) Total Fee Paid: $2,151

Total fee paid:

x Fee paid previously with preliminary materials.

o 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:

(4) Date Filed:

PRESSTEK, INC.
10 Glenville Street
Greenwich, Connecticut 06831
Telephone: (203) 769-8056

October 1, 2012

Dear Fellow Stockholder:

We cordially invite you to attend a special meeting of the stockholders of Presstek, Inc., which we refer to as the Company, to be held on Wednesday, October 31, 2012, at 10:00 a.m., local time, at the offices of McDermott Will & Emery LLP, 340 Madison Avenue, New York, New York.

At the special meeting, you will be asked to approve the adoption of the Agreement and Plan of Merger, dated as of August 22, 2012, as it may be amended from time to time, which we refer to as the merger agreement, among MAI Holdings, Inc., a Delaware corporation, which we refer to as Parent, and MAI Merger Corp., a direct wholly owned subsidiary of Parent, which we refer to as Purchaser, and the Company, pursuant to which Purchaser will be merged with and into the Company and the Company will continue as the surviving corporation. We refer to this transaction as the merger. Following the merger, the Company will be a wholly owned subsidiary of Parent.

We are also asking you to approve, on an advisory basis, the merger-related compensation for the Company's named executive officers and grant us the authority to vote your shares to adjourn the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the adoption and approval of the merger agreement.

If the merger is completed, you will be entitled to receive $0.50 in cash, without interest, less any applicable withholding taxes, for each share of the Company's common stock owned by you.

The board of directors of the Company has unanimously determined that the merger is fair to, and in the best interests of, the Company's stockholders, approved and declared advisable the merger agreement and resolved to recommend that the stockholders adopt the merger agreement. The board of directors made its recommendation after consultation with its independent legal and financial advisers and consideration of a number of factors. The board of directors unanimously recommends that you vote "FOR" approval of the proposal to adopt the merger agreement, "FOR" the approval, on an advisory basis, of the merger-related compensation for the Company's named executive officers, and "FOR" approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Approval of the proposal to adopt the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of the Company's common stock entitled to vote thereon.

Your vote is very important. Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope, or submit your proxy by telephone or through the Internet. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. The failure to vote will have the same effect as a vote against approval of the proposal to adopt the merger agreement.

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If your shares of common stock of the Company are held in street name by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of common stock of the Company without instructions from you. You should instruct your bank, brokerage firm or other nominee as to how to vote your shares of the Company's common stock, following the procedures provided by your bank, brokerage firm or other nominee. The failure to instruct your bank, brokerage firm or other nominee to vote your shares of the Company's common stock "FOR" approval of the proposal to adopt the merger agreement will have the same effect as voting against the proposal to adopt the merger agreement.

The accompanying proxy statement provides you with detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to the proxy statement. We encourage you to read the entire proxy statement and its annexes, including the merger agreement, carefully. You may also obtain additional information about the Company from documents we have filed with the Securities and Exchange Commission.

Thank you in advance for your cooperation and continued support.

Sincerely,

/s/ Stanley E. Freimuth

Stanley E. Freimuth
Chairman, President and Chief Executive Officer

This proxy statement is dated October 1, 2012, and is first being mailed to the Company's stockholders on or about October 1, 2012.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE MERGER, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Presstek, Inc.
10 Glenville Street
Greenwich, Connecticut 06831
Telephone: (203) 769-8056

## NOTICE OF SPECIAL MEETING

A special meeting of the stockholders of Presstek, Inc., which we refer to as the Company, will be held at the offices of McDermott Will & Emery LLP, 340 Madison Avenue, New York, New York, on Wednesday, October 31, 2012, at 10:00 a.m., local time, for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of August 22, 2012, as it may be amended from time to time, which we refer to as the merger agreement, among MAI Holdings, Inc., a Delaware corporation, which we refer to as Parent, MAI Merger Corp, a Delaware corporation and a direct wholly owned subsidiary of Parent, which we refer to as Purchaser, and the Company. A copy of the merger agreement is attached as Annex A to the accompanying proxy statement.

2. To consider and vote upon a proposal to approve, on an advisory basis, the merger-related compensation for the Company's named executive officers.

3. To consider and vote on a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

4. To transact any other business that may properly come before the special meeting, or any adjournment or postponement of the special meeting, by or at the direction of the board of directors of the Company.

Only Stockholders of record at the close of business on September 20, 2012, the record date fixed by the board of directors for the special meeting, are entitled to notice of, and to vote at, such meeting.

The board of directors of the Company has unanimously determined that the merger is fair to, and in the best interests of, the Company and its stockholders and approved and declared advisable the merger agreement and the merger and the other transactions contemplated by the Agreement and Plan of Merger. The Company's board of directors made its determination after consultation with its independent legal and financial advisors and consideration of a number of factors. The board of directors of the Company recommends that you vote "FOR" the proposal to adopt the merger agreement, "FOR" the approval, on an advisory basis, of the merger-related compensation for the Company's named executive officers, and "FOR" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Company stockholders who do not vote in favor of adoption of the merger agreement will have the right to seek appraisal and receive the fair value of their shares in lieu of receiving the per share merger consideration if the merger closes but only if they perfect their appraisal rights by complying with the required procedures under Delaware law,

which are summarized in the accompanying proxy statement.

STOCKHOLDERS, WHETHER OR NOT THEY EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, ARE REQUESTED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED FORM OF PROXY IN THE ACCOMPANYING POSTAGE PAID AND PRE-ADDRESSED ENVELOPE OR TO VOTE BY TELEPHONE OR THROUGH THE INTERNET. THE PROXY IS REVOCABLE AT ANY TIME PRIOR TO THE EXERCISE THEREOF AT THE SPECIAL MEETING BY WRITTEN NOTICE TO THE COMPANY, AND STOCKHOLDERS WHO ARE PRESENT AT THE MEETING MAY WITHDRAW THEIR PROXIES AND VOTE IN PERSON IF THEY SO DESIRE.

By Order of the Board of Directors,
/s/ James R. Van Horn
James R. Van Horn
Senior Vice President, Chief Administrative Officer,
General Counsel and Secretary

Dated: October 1, 2012

Greenwich, Connecticut

## QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the "Summary" and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement, all of which you should read carefully. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under "Where You Can Find More Information" beginning on page 70.

Q. Why am I receiving this document?

A. Presstek, Inc., which we refer to as the Company, us, our or we, has agreed to be acquired by MAI Holdings, Inc., or Parent, pursuant to the terms of the merger agreement described in this proxy statement. A copy of the merger agreement is attached to this proxy statement as Annex A. The Company's stockholders must vote to adopt the merger agreement before the transactions contemplated by the merger agreement can be completed, and the Company is holding a special meeting of its stockholders so that its stockholders may vote with respect to the adoption of the merger agreement.

You are receiving this proxy statement because you own shares of the Company's common stock. This proxy statement contains important information about the proposed transaction and the special meeting, and you should read it carefully. The enclosed proxy statement allows you to vote your shares of the Company's common stock without attending the special meeting in person.

Your vote is extremely important, and we encourage you to vote as soon as possible. For more information on how to vote your shares of the Company's common stock, please see the section of this proxy statement entitled "The Special Meeting" beginning on page 16.

Q. What is the proposed transaction and what effects will it have on the Company?

A. The proposed transaction is the acquisition of the Company by Parent pursuant to the merger agreement. If the proposal to adopt the merger agreement is approved by our stockholders and the other closing conditions under the merger agreement have been satisfied or waived, MAI Holdings, Inc., or Purchaser, which is a direct wholly owned subsidiary of Parent, will merge with and into the Company, with the Company continuing as the surviving corporation. We refer to this transaction as the merger. As a result of the merger, the Company will become a wholly owned subsidiary of Parent and will no longer be a publicly-held corporation. In addition, as a result of the merger, our common stock will be delisted from the Nasdaq Global Market, or Nasdaq, and deregistered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, we will no longer file periodic reports with the Securities and Exchange Commission, or SEC, on account of our common stock and you will no longer have any interest in our future earnings or growth.

Q. What will I receive if the merger is completed?

A. Upon completion of the merger, you will be entitled to receive $0.50 in cash, without interest, which amount we refer to as the merger consideration, less any applicable withholding taxes, for each share of the Company's common stock that you own, unless you properly exercise, and do not withdraw, your appraisal rights under the Delaware General Corporation Law, or the DGCL, with respect to such shares. For example, if you own 100 shares of the Company's common stock, you will receive $50.00 in cash in exchange for your shares of the Company's common stock, less any applicable withholding taxes. Upon consummation of the merger, you will not own any

shares of the capital stock of the surviving corporation.

Q. How does the merger consideration compare to the market price of the Company's common stock prior to the announcement of the merger?

A. The merger consideration represents a premium of 16.3% to the closing price of the Company's common stock on August 22, 2012, the last trading day prior to the public announcement of the merger agreement, and a premium of 13.6% to closing price of the Company's common stock 30 days prior to the announcement of the transaction on July 24, 2012. However, the merger consideration represents an 82% discount to the highest closing price in the last two years of $2.73 on March 10, 2011.

Q. When do you expect the merger to be completed?

A. We are working towards completing the merger as soon as possible. Assuming timely satisfaction of necessary closing conditions, we anticipate that the merger will be completed in the fourth quarter of 2012. If our stockholders vote to approve the proposal to adopt the merger agreement, the merger will become effective as promptly as practicable following the satisfaction or waiver of the other conditions to the merger.

Q. What happens if the merger is not completed?

A. If the merger agreement is not adopted by the stockholders of the Company or if the merger is not completed for any other reason, the stockholders of the Company will not receive any payment for their shares of the Company's common stock in connection with the merger. Instead, the Company will remain an independent public company and the common stock will continue to be listed and traded on Nasdaq. Under specified circumstances, the Company may be required to reimburse Parent for its expenses or pay Parent a fee with respect to the termination of the merger agreement, as described under "The Merger Agreement—Termination Fee" beginning on page 58.

Q. Is the merger expected to be taxable to me?

A. The exchange of shares of common stock for cash pursuant to the merger generally will be a taxable transaction for U.S. federal income tax purposes. If you are a "U.S. holder," as defined under "The Merger—Material U.S. Federal Income Tax Consequences of the Merger," you will generally recognize gain or loss in an amount equal to the difference, if any, between the cash payments made pursuant to the merger and your adjusted tax basis in your shares of the Company's common stock. If you are a "non-U.S. holder," as defined under "The Merger—Material U.S. Federal Income Tax Consequences of the Merger," any gain that you realize generally will not be subject to U.S. federal income tax, subject to certain exceptions discussed in that section. You should read "The Merger—Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 43, which provides a discussion of the U.S. federal income tax consequences of the merger for "U.S. holders" and "non-U.S. holders." You should also consult your tax adviser for a complete analysis of the effect of the merger on your U.S. federal, state, local and foreign taxes.

Q: Do any of the Company's directors or officers have interests in the merger that may differ from or be in addition to my interests as a stockholder?

A: Yes. In considering the recommendation of the board of directors to vote in favor of the adoption of the merger agreement, you should be aware that the Company's directors and officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. See "The Merger—Interests of Certain Persons in the Merger" beginning on page 38.

Q. When and where is the special meeting?

A. The special meeting of stockholders of the Company will be held on Wednesday, October 31, 2012, at 10:00 a.m., local time, at the offices of McDermott Will & Emery LLP, 340 Madison Avenue, New York, New York.

Q. What am I being asked to vote on at the special meeting?

A. You are being asked to consider and vote on proposals to adopt the merger agreement, to approve, on an advisory basis, the merger-related compensation for the Company's named executive officers, and to adjourn the special

meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

Q. What vote is required for the Company's stockholders to approve the proposal to adopt the merger agreement?

A. The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote thereon.

Because the affirmative vote required to approve the proposal to adopt the merger agreement is based upon the total number of outstanding shares of our common stock, failing to submit a proxy or vote in person at the special meeting, abstaining from the vote or failing to provide your bank, broker or other nominee with instructions as to how to vote your shares will each have the same effect as a vote against the proposal to adopt the merger agreement.

Q. What vote of our stockholders is required to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies?

A. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires the affirmative vote of the holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on the matter at the special meeting, whether or not a quorum is present.

Abstaining will have the same effect as a vote against the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies. If your shares of common stock are held through a bank, brokerage firm or other nominee and you do not instruct your bank, brokerage firm or other nominee as to how to vote your shares of common stock, your shares of common stock will not be voted, and this will not have any effect on the proposal to adjourn the special meeting.

Q: What vote of our stockholders is required to approve the merger-related compensation for the Company's named executive officers?

A: Approval, on an advisory basis, of the merger-related compensation for the Company's named executive officers requires the affirmative vote of a majority of the holders of a majority of the shares of our common stock present, in person or represented by proxy, and entitled to vote on the matter at the special meeting, provided a quorum is present. You may vote "for," "against" or "abstain." Abstentions will not count as votes cast on the proposal relating to the merger-related compensation for the Company's named executive officers, but will count for the purpose of determining whether a quorum is present. As a result, if you abstain, it will have the same effect as if you vote against the proposal relating to the merger-related compensation.

Q. How does the board of directors recommend that I vote?

A. The board of directors unanimously recommends that you vote "FOR" the proposal to adopt the merger agreement, "FOR" the approval, on an advisory basis, of the merger-related compensation for the company's named executive officers, and "FOR" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q. How many votes are already committed to be voted in favor of the adoption of the merger agreement?

A. Pursuant to a voting agreement, dated as of August 22, 2012, between Parent and IAT Reinsurance Company Ltd. and related parties identified on Schedule I to the voting agreement, which we refer to as the voting agreement, IAT Reinsurance Company Ltd. and related parties identified on Schedule I to the voting agreement, who we refer to as significant stockholders, solely in their capacities as stockholders, agreed, among other things, to vote in favor of the proposal to adopt the merger agreement and granted Parent an irrevocable proxy to vote their shares in accordance with the foregoing. See the section entitled "Voting Agreement" beginning on page 61 for more information. As of September 20, 2012, the record date for the special meeting, the significant stockholders were entitled to vote a total of 9,187,055 shares, or approximately 24.5 %, of the Company's outstanding common stock.

Q. Who can vote at the special meeting?

A.

Stockholders as of the close of business on the record date, September 20, 2012, are entitled to vote their shares of our common stock. Each outstanding share of our common stock is entitled to one vote. At the close of business on the record date, there were 37,425,228 shares of our common stock outstanding. The Company has no other voting securities issued and outstanding. Proxies in the accompanying form, properly executed and returned to the management of the Company by mail, telephone or the Internet, and not revoked, will be voted at the special meeting. Any proxy given pursuant to such solicitation may be revoked by the stockholder at any time prior to the voting of the proxy by a subsequently dated proxy, by written notice of revocation of the proxy delivered to the Secretary of the Company, or by personally withdrawing the proxy at the special meeting and voting in person.

Q. What is a quorum?

A. A majority of the shares of our common stock outstanding at the close of business on the record date and entitled to vote, present in person or represented by proxy, at the special meeting constitutes a quorum for the purposes of the special meeting. Abstentions and broker non-votes are counted as present for the purpose of establishing a quorum.

Q. How do I vote?

A. If you are a stockholder of record as of the record date, you may vote your shares on matters presented at the special meeting in any of the following ways:

§ You may vote by mail if you complete, sign and date the accompanying proxy card and return it as directed. Your shares will be voted confidentially and in accordance with your instructions;

§ You may vote by telephone or via the Internet in accordance with the instructions found on your proxy card; and

§ You may vote in person if you are a registered stockholder and attend the meeting and deliver your completed proxy card in person. At the meeting, the Company will also distribute written ballots to registered stockholders who wish to vote in person at the meeting. Beneficial owners of shares held in "street name" who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

If you are a beneficial owner of shares of our common stock as of the record date, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must have a legal proxy from your bank, brokerage firm or other nominee.

The control number located on your proxy card is designed to verify your identity and allow you to vote your shares of our common stock, and to confirm that your voting instructions have been properly recorded when voting over the Internet or by telephone.

Q. What is the difference between being a "stockholder of record" and a "beneficial owner?"

A. If your shares of our common stock are registered directly in your name with our transfer agent, Continental Stock Transfer and Trust Company, you are considered, with respect to those shares of common stock, the "stockholder of record." In that case, this proxy statement, and your proxy card, have been sent directly to you by the Company.

If your shares of common stock are held through a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares of our common stock held in street name. In that case, this proxy statement has been forwarded to you by your bank, brokerage firm or other nominee which may be, with respect to those shares of common stock, the stockholder of record. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee as to how to vote your shares of common stock by following their instructions for voting.

Q. If my shares of common stock are held in street name by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee vote my shares of common stock for me?

A. Your bank, brokerage firm or other nominee will only be permitted to vote your shares of common stock of the Company if you instruct your bank, brokerage firm or other nominee as to how to vote. You should follow the procedures provided by your bank, brokerage firm or other nominee regarding the voting of your shares of the Company's common stock. If you do not instruct your bank, brokerage firm or other nominee as to how to vote

your shares of the Company's common stock, your shares of the Company's common stock will not be voted and that will be the same as a vote against the proposal to adopt the merger agreement and will have no effect on the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q. What is a proxy?

A. A proxy is your legal designation of another person, who is also referred to as a proxy, to vote your shares of common stock. This written document describing the matters to be considered and voted on at the special meeting is called a proxy statement. The document used to designate a proxy to vote your shares of stock is called a proxy card.

Q. If a stockholder gives a proxy, how are the shares of common stock voted?

A. Regardless of the method you choose to vote, the individuals named on the enclosed proxy card, or your proxies, will vote your shares of common stock in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares of common stock should be voted "FOR" or "AGAINST," or to "ABSTAIN" from voting on, all, some or none of the specific items of business to come before the special meeting.

If you properly sign your proxy card but do not mark the boxes indicating how your shares should be voted on a matter, the shares represented by your properly signed proxy will be voted "FOR" the proposal to adopt the merger agreement and "FOR" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q. Can I change or revoke my vote?

A. Yes, you may revoke your proxy and change your vote at any time before the polls close at the special meeting by using any of the following methods:

§ by signing another proxy with a later date;

§ by voting by telephone or via the Internet after the date and time of your last telephone or Internet vote; or

§ if you are a registered stockholder, by giving written notice of such revocation to the Secretary of the Company prior to or at the special meeting or by voting in person at the special meeting.

Attendance at the special meeting will not automatically revoke a previously granted proxy

Q. What happens if I do not vote or submit a proxy card, or do not instruct my bank, broker or other nominee as to how to vote, or abstain from voting?

A. If you fail to vote, either in person or by proxy, or fail to instruct your bank, broker or other nominee as to how to vote, it will have the same effect as a vote cast against the proposal to adopt the merger agreement and will have no effect on the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies. Abstaining will have the same effect as a vote against the proposal to adopt the merger agreement and the same effect as a vote against the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q. What do I do if I receive more than one proxy or set of voting instructions?

A. If you hold shares of our common stock in street name, or through more than one bank, brokerage firm or other nominee, and also directly as a record holder or otherwise, you may receive more than one proxy or set of voting instructions relating to the special meeting. These should each be voted and returned separately in accordance with the instructions provided in this proxy statement in order to ensure that all of your shares of our common stock are voted.

Q. What happens if I sell my shares of the Company's common stock before the special meeting?

A. The record date for stockholders entitled to vote at the special meeting is prior to both the date of the special meeting and the consummation of the merger. If you transfer your shares of common stock before the record date, you will not be entitled to vote at the special meeting and will not be entitled to receive the merger consideration. If you transfer your shares of common stock after the record date but before the special meeting you will, unless special arrangements are made, retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares. The person to whom you transfer your shares of the Company's common stock after the record date will not have a right to vote those shares at the special meeting.

Q. Who will solicit and pay the cost of soliciting proxies?

A. This solicitation is being made by the board of directors of the Company. The Company will bear all costs of soliciting proxies. The Company may request its officers and regular employees to solicit stockholders in person, by mail, e-mail, telephone, telegraph and through the use of other forms of electronic communication. In addition, the Company may request banks, brokers and other custodians, nominees and fiduciaries to solicit their customers who have common stock registered in the names of a nominee and, if so, will reimburse such banks, brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket costs. Solicitation by the Company's officers and regular

employees may also be made of some stockholders in person or by mail, e-mail, telephone, telegraph or through the use of other forms of electronic communication following the original solicitation. The Company may retain a proxy solicitation firm to assist in the solicitation of proxies. The Company will bear all reasonable solicitation fees and expenses if such proxy solicitation firm is retained.

Q. What do I need to do now?

A. Even if you plan to attend the special meeting, after carefully reading and considering the information contained in this proxy statement, please vote promptly to ensure that your shares are represented at the special meeting. If you hold your shares of the Company's common stock in your own name as the stockholder of record, please vote your shares of the Company's common stock by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope, by using the telephone number printed on your proxy card or by following the Internet voting instructions printed on your proxy card. If you are a beneficial owner of shares of the Company's common stock, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you.

Q. Should I send in my stock certificates now?

A. No. You will receive a letter of transmittal shortly after the completion of the merger describing how you may exchange your shares of the Company's common stock for the merger consideration. If your shares of common stock are held in street name by your bank, brokerage firm or other nominee, you will receive instructions from your bank, brokerage firm or other nominee as to how to effect the surrender of your street name shares of the Company's common stock in exchange for the merger consideration. Please do NOT return your stock certificate(s) with your proxy.

Q. Am I entitled to exercise appraisal rights under the DGCL instead of receiving the merger consideration for my shares of the Company's common stock?

A. Yes. As a holder of the Company's common stock, you are entitled to appraisal rights under the DGCL with respect to any or all of your shares of the Company's common stock in connection with the merger if you take certain actions and meet certain conditions. See "Appraisal Rights" beginning on page 66.

Q. Who can help answer my other questions?

A. If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of the Company's common stock, or need additional copies of the proxy statement or the enclosed proxy card, please contact:

Alliance Advisors, LLC
200 Broadacres Drive, 3rd Floor
Bloomfield, NJ 07003
877-777-5603
(Banks and brokers please call: 973-873-7780)

For media inquiries, please contact:

Presstek, Inc.
10 Glenville Street
Greenwich, Connecticut 06831
Telephone: (203) 769-8056

Attention: James R. Van Horn

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## SUMMARY

The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under "Where You Can Find More Information" beginning on page 70.

Parties to the Merger (Page 16)

Presstek, Inc., which we refer to as the Company, we, us or our, is a leading manufacturer and marketer of environmentally-friendly digital offset printing solutions. These products are engineered to provide a streamlined workflow that shortens the print cycle time, reduces overall production costs, and meets the market's increasing demand for fast turnaround high quality short run color printing. The Company's products include DI® digital offset presses and printing plates, computer-to-plate, or CTP, systems, workflow solutions, chemistry-free printing plates, preheat and no preheat thermal CTP plates and a complete line of prepress and press room consumables. The Company also offers a range of technical services for its customers.

MAI Holdings, Inc., which we refer to as Parent, a Delaware corporation headquartered in Chesterfield, Missouri, is an entity that was formed to hold 100% of the interest in Mark Andy, Inc. and performs no other business. Mark Andy, Inc. is a designer of narrow and mid-web flexographic equipment and aftermarket products serving the label, packaging and specialty printing markets.

MAI Merger Corp., or Purchaser, a Delaware corporation, is a direct wholly owned subsidiary of Parent and was formed by Parent solely for purposes of entering into the merger agreement and completing the transactions contemplated by the merger agreement. Upon completion of the merger, Purchaser will be merged with and into the Company and will cease to exist.

In this proxy statement, we refer to the Agreement and Plan of Merger, dated as of August 22, 2012, as it may be amended from time to time, among Parent, Purchaser and the Company, as the merger agreement, and the merger of Purchaser with and into the Company pursuant to the merger agreement as the merger.

The Merger (Page 21)

The merger agreement provides that Purchaser will merge with and into the Company. The Company will be the surviving corporation in the merger and will continue to do business following the merger, as a wholly owned subsidiary of Parent. As a result of the merger, the Company will cease to be a publicly-traded company. If the merger is completed, you will not own any shares of the capital stock of the surviving corporation.

Merger Consideration (Page 21)

In the merger, each issued and outstanding share of our common stock, par value of one cent ($0.01) per share (except for shares owned by Parent or held by the Company in treasury, or any of their respective subsidiaries, shares owned by stockholders who properly exercise appraisal rights under the DGCL), will be cancelled and converted into the right to receive $0.50 in cash, without interest, which amount we refer to as the merger consideration, less any applicable withholding taxes.

The Special Meeting (Page 16)

Time, Place and Purpose of the Special Meeting (Page 16)

The special meeting will be held on Wednesday, October 31, 2012, starting at 10:00 a.m., local time, at the offices of McDermott Will & Emery LLP, 340 Madison Avenue, New York, New York.

At the special meeting, holders of our common stock will be asked to approve the proposal to adopt the merger agreement, and to approve any adjournment of the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

Record Date and Quorum (Page 17)

You are entitled to receive notice of, and to vote at, the special meeting if you owned shares of the Company's common stock as of the close of business on September 20, 2012, the record date for the special meeting, which we refer to as the record

date. You will have one vote for each share of common stock that you owned on the record date. As of the record date, there were 37,425,228 shares of common stock outstanding and entitled to vote at the special meeting. A majority of the shares of common stock outstanding at the close of business on the record date and entitled to vote, present in person or represented by proxy at the special meeting constitutes a quorum for purposes of the special meeting.

Vote Required (Page 17)

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of the Company's common stock entitled to vote thereon.

Approval, on an advisory basis, of the merger-related compensation for the Company's named executive officers requires the affirmative vote of a majority of the holders of a majority of the shares of our common stock present, in person or represented by proxy, and entitled to vote on the matter at the special meeting, provided a quorum is present.

Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires the affirmative vote of holders of a majority of the shares of the Company's common stock present in person or represented by proxy and entitled to vote on the matter at the special meeting, whether or not a quorum is present.

Concurrently with the execution and delivery of the merger agreement, IAT Reinsurance Company Ltd. and related parties set forth on Schedule I to the voting agreement, who we refer to as the significant stockholders, solely in their capacities as stockholders of the Company, entered into a voting agreement with Parent with respect to their respective shares of the Company's common stock. We refer to this agreement as the voting agreement. The shares held by the significant stockholders constituted approximately 24.5% of the total issued and outstanding shares of Company's common stock as of August 22, 2012. Pursuant to the voting agreements, each significant stockholder (i) has agreed to vote, or cause to be voted, its shares of Company common stock in favor of the approval of the merger agreement and the transactions contemplated thereby, and (ii) has granted Parent an irrevocable proxy to vote their shares in accordance with the foregoing.

Proxies and Revocation (Page 19)

Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, over the Internet, or by returning the enclosed proxy card in the accompanying prepaid reply envelope, or may vote in person by appearing at the special meeting. If your shares of the Company's common stock are held in street name by your bank, broker or other nominee, you should instruct your bank, broker or other nominee on how to vote your shares of the Company's common stock using the instructions provided by your bank, broker or other nominee. If you fail to submit a proxy or to vote in person at the special meeting, or do not provide your bank, broker or other nominee with instructions, as applicable, your shares of the Company's common stock will not be voted on the proposal to adopt the merger agreement, which will have the same effect as a vote against the proposal to adopt the merger agreement, and your shares of common stock will not have any effect on the proposal to adjourn the special meeting.

You have the right to revoke a proxy, whether delivered by telephone, over the Internet or by mail, and change your vote at any time before the polls close at the special meeting (i) by signing another proxy with a later date, (ii) by voting by telephone or via the Internet after the date and time of your last telephone or Internet vote, or (iii) if you are a registered stockholder, by giving written notice of such revocation to the Secretary of the Company prior to or at the special meeting or by voting in person at the special meeting. Attendance at the special meeting will not automatically revoke a previously granted proxy.

Background of the Merger (Page 21)

A description of the actions that led to the execution of the merger agreement, including our discussions with Parent, is included under the section entitled “The Merger—Background of the Merger” below, which begins on page 21.

Reasons for the Merger; Recommendation of the Board of Directors (Page 28)

Primarily as a result of the worldwide economic downturn beginning in 2008, we have experienced a significant decline in revenues and profitability. In order to address the steep decline in revenue and profitability in this difficult economic climate, we have reduced our operating expenses significantly. We have implemented a series of restructuring plans and other measures in an effort to reduce our cost structure and stabilize the business. However, despite these efforts we have been unable to achieve profitability in recent years, and there is no assurance as to when, or if, the Company will be able to return to profitability. Our board of directors periodically reviews the Company’s condition (financial and otherwise), challenges facing

the company both from within and outside the industry, business and financial prospects and other matters affecting the Company, with a view toward maximizing stockholder value.

In early 2011, management began to consider the prospects for improved financial performance if the Company partnered with other industry participants. At a Board meeting held on June 2, 2011, the Board approved the engagement of GCA Savvian Advisors, LLC, which we refer to as GCA Savvian, to provide services in connection with the Company's exploration of potential transactions that would result in a change in control of the Company. Throughout the strategic process that commenced with the retention of GCA Savvian as the Company's financial advisor and concluded with the execution of the definitive merger agreement, the Company, with the assistance of GCA Savvian, approached a total of 54 firms, including 31 strategic companies and 23 financial sponsors. Of those parties approached, the Company's management made a presentation to 11 of these firms, including three strategic and eight financial sponsors. Of these 11 firms, five presented preliminary indications of interest, and two presented a final bid to acquire the Company. Of these two firms that presented a final bid, one of them withdrew.

After careful consideration, the board of directors unanimously (i) determined that the merger and the transactions contemplated in the merger agreement are advisable and in the best interests of the Company's stockholders, (ii) approved the execution, delivery and performance by the Company of the merger agreement and the transactions contemplated thereby, and (iii) directed that the merger agreement be submitted for consideration by the stockholders of the Company at a special meeting of stockholders and resolved to recommend that the Company's stockholders adopt the merger agreement. For the factors considered by the board of directors in reaching its decision to approve the merger agreement, please see the section entitled "The Merger—Reasons for the Merger" below, which begins on page 28.

The board of directors unanimously recommends that you vote "FOR" the proposal to adopt the merger agreement and "FOR" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Opinion of GCA Savvian (Page 31)

The Company retained GCA Savvian to act as its financial advisor in connection with certain potential strategic transactions involving the Company, including the merger. On August 22, 2012, GCA Savvian rendered its opinion to the Company's board of directors to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, factors considered, and limitations on the review undertaken by GCA Savvian as set forth therein, the merger consideration of $0.50 per share of the Company's common stock in cash to be received by the holders of the Company's common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders.

GCA Savvian provided its opinion to the Company's board of directors for the benefit and use of the Company's board of directors in connection with and for purposes of its evaluation of the merger consideration from a financial point of view. The opinion does not address the Company's underlying business decision to enter into the merger, or the relative merits of the merger as compared to any other alternatives that may be available to the Company, and it does not constitute a recommendation to the Company, the Company's board of directors or any committee thereof, its stockholders, or any other person as to any specific action or vote that should be taken in connection with the merger.

The full text of the written opinion that GCA Savvian delivered to the Company's board of directors, which describes, among other things, the assumptions made, procedures followed, factors considered, and limitations on the review undertaken by GCA Savvian, is attached as Annex B to this proxy statement. The Company encourages you to read the opinion carefully in its entirety.

Financing of the Merger (Page 37)

The merger is not subject to any financing condition. We anticipate that the total funds needed to complete the merger will be approximately $21.0 million, which consists of the merger consideration and certain expenses. Parent has received and delivered to the Company an executed equity commitment letter from American Industrial Partners Capital Fund IV, L.P., which were refer to as AIP Capital, pursuant to which AIP Capital has committed to provide to Parent up to $30,000,000 at the time of the consummation of the merger, subject to the satisfaction of certain conditions. In certain circumstances, AIP Capital may allocate all or a portion of its commitment to its affiliates. Parent has informed us that it has no reason to believe the equity financing will not be made available to Parent and Purchaser and that, assuming the satisfaction of the terms of the merger agreement and the equity financing is funded in accordance with its conditions, Parent and Purchaser will have sufficient funds to pay the aggregate merger consideration.

Interests of Certain Persons in the Merger (Page 38)

When considering the recommendation by the board of directors, you should be aware that our officers and directors have interests in the merger that are different from, or in addition to, your interests as a stockholder. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. These interests include the following:

§ the vesting and distribution with respect to all restricted stock units or restricted stock awards , as applicable, held by our executive officers;

§ the payment of severance to our executive officers if a termination of employment were to occur in connection with the merger, including a voluntary termination by such officers within a certain period of time;

§ on February 13, 2012 the Company awarded Mr. James R. Van Horn a retention bonus of $50,000, subject to the requirement that in the event that he left the Company voluntarily before March 15, 2013, the net after-tax amount of the bonus would be repaid to the Company. Under terms of the bonus, his repayment obligation terminates upon completion of the Merger.

§ from and after the effective time, our present and former executive officers and directors are indemnified against any and all losses in connection with any action arising out of the fact that such person is or was a director or officer of the Company at or prior to the effective time, including any such losses arising out of or pertaining to the merger agreement or the transactions contemplated thereby. The surviving corporation is also required under the merger agreement to maintain in its organizational documents for a period of six years after the effective time, provisions with respect to the exculpation and indemnification of the current and former directors and executive officers of the Company that are the same as those currently set forth in the Company's certificate of incorporation; and

§ the interests of the Company's executive officers in continuing their roles with the Company after the merger.

Material U.S. Federal Income Tax Consequences of the Merger (Page 43)

The exchange of shares of common stock for cash pursuant to the merger generally will be a taxable transaction for U.S. federal income tax purposes. Stockholders who are U.S. holders and who exchange their shares of common stock in the merger will generally recognize gain or loss in an amount equal to the difference, if any, between the cash payments made pursuant to the merger and their adjusted tax basis in their shares of common stock. Stockholders who are non-U.S. holders and who realize gain on the exchange of their shares of the Company's common stock in the merger generally will not be subject to U.S. federal income tax on the realized gain, subject to certain exceptions. You should read "The Merger—Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 43, which provides a discussion of tax consequences of the merger for "U.S. holders" and "non-U.S. holders" as defined in that discussion. You should consult your tax adviser for a complete analysis of the effect of the merger on your U.S. federal, state, local and foreign taxes.

Litigation Relating to the Merger (Page 45)

Two putative class action lawsuits relating to the merger have been filed in the Superior Court, Judicial District of Stamford, Connecticut. The complaints, which purport to be brought as class action on behalf of all of the Company's

public stockholders, excluding the defendants and their affiliates, allege the Company's directors breached their fiduciary duties to stockholders in negotiating and approving the merger agreement by means of an unfair process and for inadequate consideration. The complaints further allege that the Company, Parent and Purchaser aided and abetted the alleged breaches by the Company's directors. The complaints seek various forms of relief, including injunctive relief that would, if granted, prevent the merger from being consummated in accordance with the agreed-upon terms. The defendants believe that the complaints are without merit and intend to defend the actions vigorously.

The Merger Agreement (Page 45)

Treatment of Equity Interests (Page 46)

§ Common Stock. At the effective time of the merger, or the effective time, each issued and outstanding share of the Company's common stock (except for shares held by Parent, shares held by the Company in treasury,

or any of their respective subsidiaries, shares held by stockholders who properly exercise appraisal rights under the DGCL) will be cancelled and converted into the right to receive the merger consideration of $0.50 in cash, without interest, less any applicable withholding taxes.

§ Employee Stock Options. At the effective time, the Company will terminate the Company's stock incentive plans, and each outstanding option to purchase shares of the common stock of the Company granted under a Company equity plan that is outstanding and unexercised, whether or not vested or exercisable, will become fully vested and exercisable. In addition, as of the effective time, the Company will also cancel each outstanding and unexercised stock option granted under the Company equity plans. Each holder of an applicable option will receive a per share amount in cash equal to the excess, if any, of the per share merger consideration over the applicable per share exercise price of such stock option, less any applicable withholding taxes. As of August 22, 2012, the exercise prices of all outstanding stock options were higher than the per share merger consideration.

§ Restricted Stock Units. At the effective time, each issued and outstanding restricted stock unit and restricted stock award granted under the Company equity plans will become fully vested and distributable upon the merger, and any outstanding restricted stock award shall be canceled and converted to the right to receive the merger consideration in respect of each share underlying the canceled vested restricted stock award. No restricted stock awards were outstanding and 100,000 restricted stock units were outstanding on August 22, 2012.

No Solicitation of Other Offers (Page 52)

The merger agreement contains detailed provisions that restrict the Company, its subsidiaries and their respective directors, officers, employees, consultants, financial advisers, accountants, legal counsel, investment bankers and other agents, advisors and representatives of the Company, which we refer to as representatives, from soliciting, initiating or encouraging, or taking any other action designed to facilitate, the submission of any other competing proposal (as defined in the merger agreement). The merger agreement also restricts the Company, its subsidiaries and their respective representatives from participating in any negotiations regarding, or furnish to any person any material nonpublic information with respect to, any other competing proposal unless such competing proposal is or could reasonably be expected to lead to a superior proposal (as defined in the merger agreement). The merger agreement does not, however, prohibit the board of directors from considering, recommending to the Company's stockholders and entering into an alternative transaction with a third party if specified conditions are met, including that the alternative transaction constitutes a superior proposal and subject to, in certain cases, the payment to Parent of a termination fee.

Conditions to the Merger (Page 55)

The respective obligations of the Company, Parent and Purchaser to consummate the merger are subject to the satisfaction or waiver of certain customary conditions, including the adoption of the merger agreement by our stockholders, the accuracy of the representations and warranties of the parties (subject to certain materiality qualifications), the absence of any legal restrictions on the consummation of the merger and material compliance by the parties with their respective covenants and agreements under the merger agreement.

In addition the obligations of Parent and Purchaser to consummate the merger are subject to the condition that no Company material adverse effect (as defined in the merger agreement) shall have occurred or existed following August 22, 2012 that is continuing at the effective time of the Merger, and that dissenting shares with respect to which appraisal rights have been properly demanded shall not exceed 7% of the outstanding shares of common stock of the Company.

Termination of the Merger Agreement (Page 57)

The merger agreement may be terminated at any time prior to the effective time of the merger, notwithstanding the adoption of the merger agreement by the Company's stockholders, by mutual written consent of the Company and Parent.

The merger agreement may also be terminated at any time prior to the completion of the merger, notwithstanding the adoption of the merger agreement by the Company's stockholders, by either the Company or Parent if:

§ the merger is not completed on or before December 31, 2012, which date, we refer to as the outside date, except that this right to terminate the merger agreement will not be available to any party whose failure to comply with the merger agreement results in the failure of the merger to be completed by that date;

§ any final, non-appealable governmental order, decree or ruling, in each case permanently restraining, enjoining or otherwise prohibiting the consummation of the merger or other transactions contemplated by the merger agreement, has been issued by any court of competent jurisdiction or any other governmental entity of competent jurisdiction, except that the right to terminate under this provision shall not be available to any party who failed to comply with its obligation under the merger agreement to use reasonable best efforts to prevent such order, decree or ruling or if the issuance of such final non-appealable order, decree or ruling was primarily due to the breach in any respect of such party of its obligations under the merger agreement; or

§ the Company's stockholders fail to adopt the merger agreement at the special meeting of the Company's stockholders or any adjournment or postponement thereof.

Parent may terminate the merger agreement if:

§ the Company has breached any of its representations, warranties, covenants or agreements under the merger agreement and such breach would give rise to the failure of the related conditions to Parent's and Purchaser's obligation to close to be satisfied and such breach is not cured or curable within twenty business days after receipt of notice of the breach, except that this right to terminate the merger agreement will not be available if Parent or Purchaser is then in material breach of any representation, warranty, covenant or agreement in the merger agreement; or

§ our board of directors or any committee thereof makes a change of recommendation (as defined in the merger agreement), failed to include the Company board recommendation (as defined in the merger agreement) in the proxy statement or the Company materially breaches the non-solicitation provisions contained in the merger agreement.

The Company may terminate the merger agreement if:

§ Parent or Purchaser has breached any of its representations, warranties, covenants or agreements under the merger agreement and such breach would give rise to the failure of the related conditions to the Company's obligation to close to be satisfied and is not cured or curable within twenty (20) business days after receipt of notice of such breach, except that this right to terminate the merger agreement will not be available if the Company is then in material breach of any representation, warranty, covenant or agreement in the merger agreement; or

§ Prior to the receipt of the requisite stockholder vote and concurrently with such termination, the Company enters into a definitive agreement providing for a superior proposal, provided that prior to or simultaneously with the entry into such definitive agreement, the Company has paid to Parent the termination fee and expenses described below.

In the event that the merger agreement is terminated as described above, the merger agreement will (subject to certain exceptions) become void, and there will be no liability under the merger agreement on the part of any party to the merger agreement, except for the parties' obligations with respect to expense reimbursement described below under "—Expenses" and except that no party will be relieved from liability for any material breach of its covenants or agreements set forth in the merger agreement or fraud prior to the date of such termination.

Termination Fee (Page 58)

The Company has agreed to pay Parent a termination fee of $1.5 million, which amount represents approximately 8.0% of the equity value of the transaction or 4.9% of the enterprise value (based on merger consideration multiplied by outstanding shares of common stock, plus outstanding debt as of the date of the merger agreement) of the transaction, if the merger agreement is terminated under any of the following circumstances:

(i) Parent terminates the merger agreement because the Company board of directors or any committee thereof makes a change of recommendation, failed to include the Company board recommendation in the proxy statement or the Company materially breaches the non-solicitation provisions in the merger agreement;

(ii) the Company terminates the merger agreement prior to the receipt of the requisite stockholder vote, because it enters into a definitive agreement providing for a superior proposal;

(iii) Parent or the Company terminates the merger agreement because the effective time of the merger shall not have occurred before the outside date of December 31, 2012 or the Company's stockholders fail to adopt the merger agreement at the special meeting of the Company's stockholders or any adjournment thereof; and

prior to the time of such termination a competing proposal shall have been publicly announced with respect to the Company and not withdrawn prior to the special meeting or prior to the termination if there has not been no special meeting; and

within 12 months after the date of such termination, the Company enters into a definitive agreement with respect to a transaction contemplated by a competing proposal and thereafter such competing proposal is consummated, in each case, whether or not such competing proposal was the same as the one announced prior to the termination of the agreement (provided that all references to 20% in the definition of "competing proposal" shall be replaced with 50%).

However, with respect to clause (iii), the termination fee payable to Parent shall be reduced by the amount of any expenses that are in excess of $500,000 and have been already paid to Parent upon the termination of the merger agreement as described in the section titled "Expenses" below.

The termination fee will be payable by the Company to Parent no later than five business days following such termination.

Expenses (Page 58)

The merger agreement provides that the Company reimburse Parent for its expenses, up to a maximum of $500,000, if the merger agreement is terminated as a result of clauses (i) or (ii) above. Further, the Company will reimburse Parent for expenses up to $950,000 if either party terminates the merger agreement under circumstances that the termination fee described above will not be payable, that is as a result of the Company's stockholders failure to adopt the merger agreement at the special meeting of the Company's stockholders or if Parent terminates the merger agreement because of an uncured or incurable breach of any representation, warranty, covenant or agreement in the merger agreement by the Company that would cause the failure of the related conditions to Parent's obligation to close under the merger agreement, provided Parent is not itself in material breach of any of its representations, warranties, covenants or agreements in the merger agreement.

The expenses will be payable in cash no later than 10 business days after demand thereof following the occurrence of the termination event giving rise to the payment obligation described in the foregoing paragraph.

Remedies (Page59)

If Parent is entitled to terminate the merger agreement and receive a termination fee from the Company, Parent's receipt of such termination fee and reimbursement of $500,000 of expenses, if applicable, will be the sole and exclusive remedy of Parent and Purchaser against the Company, regardless of the circumstances of such termination.

The parties are entitled to specific performance of the terms of the merger agreement in addition to any other remedy at law or in equity.

Assignment (Page 59)

The merger agreement may not be assigned by any of the parties to the merger agreement (whether by operation of law or otherwise) without the prior written consent of the other parties, except that (A) Purchaser may assign, in its sole discretion and without the consent of any other party, any or all of its rights, interests and obligations hereunder to (a) Parent, (b) Parent and one or more direct or indirect wholly-owned subsidiaries of Parent, or (c) one or more direct or indirect wholly-owned subsidiaries of Parent and (B) Parent may assign, in its sole discretion and without the consent of any other party, any or all of its rights, interests and obligations hereunder to one or more entities affiliated with AIP Capital.

Market Price of Common Stock (Page 63)

The closing price of the common stock on the Nasdaq, on August 22, 2012 the last trading day prior to the public announcement of the execution of the merger agreement, was $0.42 per share of common stock. On September 28, 2012, the most recent practicable date before this proxy statement was mailed to our stockholders, the closing price for the common stock on the Nasdaq was $0.49 per share of common stock. You are encouraged to obtain current market quotations for common stock in connection with voting your shares of common stock.

Appraisal Rights (Page 66)

Stockholders are entitled to appraisal rights under the DGCL with respect to any or all of their shares of the Company's common stock in connection with the merger, provided they meet all of the conditions set forth in Section 262 of the DGCL. This means that you are entitled to have the fair value of your shares of common stock determined by the Delaware Court of Chancery and to receive payment based on that valuation. The ultimate amount you receive in an appraisal proceeding may be less than, equal to or more than the amount you would have received under the merger agreement.

To exercise your appraisal rights, you must submit a written demand for appraisal to the Company before a vote is taken on the merger agreement, you must not submit a proxy or otherwise vote in favor of the proposal to adopt the merger agreement and you must hold your shares continuously through the effective time and otherwise comply with Section 262 of the DGCL. Your failure to follow exactly the procedures specified under the DGCL may result in the loss of your appraisal rights. See "Appraisal Rights" beginning on page 66 and the text of the Delaware appraisal rights statute reproduced in its entirety as Annex D to this proxy statement. If you hold your shares of common stock through a bank, brokerage firm or other nominee and you wish to exe