MILLER ENERGY RESOURCES, INC.
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Registration No. 333-183750

PROSPECTUS SUPPLEMENT

(To Prospectus dated September 18, 2012)

2,565,000 Shares

of

10.75% Series C Cumulative Redeemable Preferred Stock

$100,000,000 of Common Stock

This prospectus supplement relates to the issuance and sale of up to 2,565,000 shares of our 10.75% Series C Cumulative Redeemable Preferred Stock, par value $0.0001 per share and liquidation preference $25.00 per share (the "Series C Preferred Stock"), and up to $100 million of our common stock, par value $0.0001 per share, which we refer to as common stock in this prospectus supplement, from time to time through MLV & Co. LLC, or MLV, acting as our agent, pursuant to the terms of an At Market Issuance Sales Agreement, or sales agreement, that we have entered into with MLV. In addition to the $100 million of common stock referred to above, we are also registering 24,393,150 shares of our common stock underlying our Series C Preferred Stock, which are issuable upon conversion as more fully described herein.

The Series C Preferred Stock is currently traded on the NYSE under the symbol "MILLprC." On October 11, 2012, the last reported sales price of the Series C Preferred Stock on the NYSE was $22.48 per share.

Our common stock is currently traded on the New York Stock Exchange LLC, or NYSE, under the symbol "MILL." On October 11, 2012, the last reported sales price of our common stock on the NYSE was $4.36 per share.

We will pay quarterly cumulative dividends on the Series C Preferred Stock on the 1st day of each December, March, June and September (provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day) when, as and if declared by our board of directors, from, and including, the date of original issuance at 10.75% of the $25.00 per share liquidation preference per annum (equivalent to $2.6875 per annum per share). The first dividend payable on December 1, 2012 in the amount of $0.41 per share will be paid to the persons who are the holders of record of the Series C Preferred Stock at the close of business on November 15, 2012.

The Series C Preferred Stock will not be redeemable before November 1, 2017, except as described below upon the occurrence of a Change of Control (as defined herein) or upon a Market Trigger (as defined herein). On or after November 1, 2017 we may, at our option, redeem any or all of the shares of the Series C Preferred Stock at $25.00 per share plus any accumulated and unpaid dividends to, but not including, the redemption date. In addition, upon the occurrence of a Change of Control, we may, at our option, redeem any or all of the shares of Series C Preferred Stock within 120 days after the first date on which such Change of Control occurred at $25.00 per share plus any accumulated and unpaid dividends to, but not including, the redemption date. The Series C Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless we repurchase, redeem or convert it into our common stock in connection with a Change of Control or a Market Trigger Conversion and Redemption, or unless a holder chooses to convert the Series C Preferred Stock into our common stock.

Sales of our Series C Preferred Stock and our common stock, if any, may be made in negotiated transactions or transactions that are deemed to be "at-the-market offerings" as defined in Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, including sales made directly on the NYSE or sales made to or through a market maker other than on an exchange.

Subject to the terms and conditions of the sales agreement, MLV is not required to sell any specific number or dollar amount of shares of our Series C Preferred Stock or common stock offered by this prospectus supplement, but will use its commercially reasonable efforts, consistent with its normal trading and sales practices, to sell such shares. Such sales will be at market prices prevailing at the time of sale. There is no specific date on which the offering will end; there are no minimum purchase requirements; and there are no arrangements to place the proceeds of the offering in an escrow, trust or similar account. MLV, when MLV is acting as our agent, will be entitled to compensation of up to 3.5% of the gross sales proceeds from the sales of shares of Series C Preferred Stock and up to 3.0% of the gross sales proceeds from the sales of our common stock. MLV may be deemed an underwriter, within the meaning of the Securities Act, in connection with any sales of our Series C Preferred Stock or common stock on our behalf, and the compensation payable to MLV may be deemed to be underwriting commissions or discounts. See "Plan of Distribution" on page S-41 of this prospectus supplement.

The Series C Preferred Stock has not been rated. Investing in the Series C Preferred Stock and common stock involves a high degree of risk. See "Risk Factors" beginning on page S-8 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

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

The date of this prospectus supplement is October 12, 2012.

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PROSPECTUS

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is part of a registration statement on Form S-3 (File No. 333-183750) that we filed with the Securities Exchange Commission ("SEC"), using a "shelf" registration or continuous offering process. Under this registration statement, we may sell any combination of the securities described in such registration statement from time to time, either separately or in units, in one or more offerings. Together, these offerings (including any offerings under this prospectus supplement) may total up to $500.0 million.

All references to "Company" "we," "our," "Miller," or "us" refer solely to Miller Energy Resources, Inc., together with our subsidiaries, and not to the persons who manage us or sit on our board of directors. All trade names used in this prospectus supplement are either our registered trademarks or trademarks of their respective holders.

You should rely only on the information contained in this prospectus supplement and the documents we incorporate by reference in this prospectus supplement. We have not authorized anyone to provide you with information different from that contained in or incorporated by reference in this prospectus supplement. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained in this prospectus supplement, as well as the information that we have filed with the SEC, and incorporated by reference herein, is accurate only as of the date of the applicable document. This prospectus supplement does not constitute an offer or solicitation by anyone in any jurisdiction in which an offer or solicitation is not authorized or in which the person making an offer or solicitation is not qualified to do so, or to anyone to whom it is unlawful to make an offer or solicitation.

The information contained in this prospectus supplement is correct only as of the date on the cover, regardless of the date this prospectus supplement was delivered to you or the date on which you acquired any of the shares.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and accompanying prospectus, including the information we incorporate by reference, contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, which are subject to the "safe harbor" created in Section 21E thereof. All statements other than statements of historical facts contained in this prospectus are forward-looking statements. These forward-looking statements can generally be identified by the use of words such as "may," "will," "intends," "plans," "believes "anticipates," "expects," "estimates," "predicts," "potential," the negative of these words or similar expressions. Statements tha describe our future plans, strategies, intentions, expectations, objectives, goals or prospects are also forward-looking statements. These forward-looking statements include, but are not limited to, statements about:

- the potential for Miller to experience additional operating losses;
- high debt costs under our existing senior credit facility;
- potential limitations imposed by debt covenants under our senior credit facility on our growth and our ability to meet our business objectives;
- our need to enhance our management, systems, accounting, controls and reporting performance;
- litigation risks;
- our ability to perform under the terms of our oil and gas leases, and exploration licenses with the Alaska DNR, including meeting the funding or work commitments of those agreements;
- our ability to successfully acquire, integrate and exploit new productive assets in the future;
- our ability to recover proved undeveloped reserves and convert probable and possible reserves to proved reserves;
- risks associated with the hedging of commodity prices;
- our dependence on third party transportation facilities;

- concentration risk in the market for the oil we produce in Alaska;
- the impact of natural disasters on our Cook Inlet Basin operations;
- adverse effects of the national and global economic downturns on our profitability;
- the imprecise nature of our reserve estimates;
- drilling risks;
- fluctuating oil and gas prices and the impact on our results from operations;
- the need to discover or acquire new reserves in the future to avoid declines in production;

· differences between the present value of cash flows from proved reserves and the market value of those reserves;

· the existence within the industry of risks that may be uninsurable;

· constraints on production and costs of compliance that may arise from current and future environmental, FERC and other statutes, rules and regulations at the state and federal level;

· the impact that future legislation could have on access to tax incentives currently enjoyed by Miller;

· that no dividends may be paid on our common stock for some time;

· cashless exercise provisions of outstanding warrants;

· market overhang related to restricted securities and outstanding options, and warrants;

· the impact of non-cash gains and losses from . If you received your Annual Meeting materials via e-mail, the e-mail contained voting instructions and links to access the Annual Report and the Proxy Statement online at: *https://materials.proxyvote.com/004397.*

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Why am I receiving access to these proxy materials?	You are receiving access to this Proxy Statement because you were a stockholder of record or beneficial owner at the close of business on the Record Date. As such, you are invited to attend our Annual Meeting and are entitled to vote on the items of business described in this Proxy Statement. This Proxy Statement contains important information about the Annual Meeting and the items of business to be transacted at the Annual Meeting. You are strongly encouraged to read this Proxy Statement and Annual Report, which include information that you may find useful in determining how to vote.
Who is entitled to attend and vote at the Annual Meeting? ***How many shares are outstanding?***	Stockholders as of the Record Date are entitled to attend and to vote at the Annual Meeting. On the Record Date, 79,842,709 shares of our common stock were issued and outstanding. Each share of common stock outstanding on the Record Date is entitled to one vote.
How many shares must be present or represented to conduct business at the Annual Meeting (that is, what constitutes a quorum)?	The presence at the Annual Meeting, in person or represented by proxy, of the holders of at least a majority of the shares of our common stock issued and outstanding as of the Record Date and entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business. If, however, a quorum is not present, in person or represented by proxy, then no business shall be conducted and either the chairperson of the Annual Meeting or the stockholders entitled to vote at the Annual Meeting may adjourn the Annual Meeting until a later time.
What items of business will be voted on at the Annual Meeting?	The items of business to be voted on at the Annual Meeting are as follows: 1. The election of three Class III directors named in the Proxy Statement to hold office until our 2018 Annual Meeting of Stockholders, or until their respective successors have been duly elected or appointed; 2. An advisory vote to approve the compensation of our named executive officers; and 3. The ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2016.

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What happens if additional matters are presented at the Annual Meeting?	The only items of business that our Board intends to present at the Annual Meeting are set forth in this Proxy Statement. As of the date of this Proxy Statement, no stockholder has advised us of the intent to present any other matter, and we are not aware of any other matters to be presented at the Annual Meeting. However, if any other matters are properly brought before the Annual Meeting, you or the person(s) named as your proxyholder(s) will have the discretion to vote your shares on such matters in accordance with their best judgment and as they deem advisable.
What shares can I vote at the Annual Meeting?	You may vote all of the shares you owned as of the Record Date, including shares held directly in your name as the *stockholder of record* and all shares held for you as the *beneficial owner* through a broker, trustee or other nominee, such as a bank.
What is the difference between holding shares as a stockholder of record and as a beneficial owner?	Most of our stockholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially. **Stockholders of Record.** If your shares are registered directly in your name with our transfer agent, Computershare, you are considered, with respect to those shares, the *stockholder of record*, and we are sending these proxy materials directly to you. As the *stockholder of record*, you have the right to vote in person at the Annual Meeting or direct a proxyholder how to vote your shares on your behalf at the Annual Meeting by signing and dating the enclosed proxy card and returning it to us in the enclosed postage-paid return envelope, or by following the procedures for voting over the Internet or by telephone.

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	Beneficial Owner. If your shares are held in a brokerage account or by a trustee or another nominee, you are considered the *beneficial owner* of those shares and they are considered to be held *in street name* for your account. Proxy materials are made available to you together with a voting instruction card by your bank, broker, trustee or other nominee. As the beneficial owner, you have the right to direct your bank, broker, trustee or nominee to vote your shares as you instruct with your voting instruction card. The bank, broker, trustee or other nominee may either vote in person at the Annual Meeting or grant a proxy and direct the proxyholder to vote your shares at the Annual Meeting as you have instructed on your voting instruction card. You may also vote in person at the Annual Meeting, but only after you obtain and present a "legal proxy" from your bank, broker, trustee or other nominee that holds your shares giving you the right to vote your shares at the Annual Meeting. If you hold your shares in street name as a beneficial owner and you do not instruct your bank, broker, trustee or other nominee how to vote your shares, your bank, broker, trustee or other nominee will only be able to vote your shares with respect the routine matter of appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2016. Please see "*What is a broker non-vote?*" below.
How can I vote my shares without attending the Annual Meeting?	Whether you hold shares directly as the stockholder of record or as a beneficial owner, you may direct how your shares are voted without attending the Annual Meeting by voting on the Internet, voting by phone, or returning the proxy card or voting instruction card. If you provide specific instructions with regard to items of business to be voted on at the Annual Meeting, your shares will be voted as you instruct on those items. If you just sign your proxy card or voting instruction card with no further instructions, or if you electronically transmit your voting instructions but do not direct your vote on an item, your shares will be counted as votes in accord with the Board's recommendation on that item.
How can I attend the Annual Meeting?	Whether you hold shares in your name as the stockholder of record or beneficially in street name, you should be prepared to present photo identification for admittance to the Annual Meeting. Please also note that if you are a street name holder, you will need to provide proof of beneficial ownership as of the Record Date, such as your most recent brokerage account statement, a copy of the voting instruction card provided by your broker, trustee or other nominee, or other similar evidence of ownership. The Annual Meeting will begin promptly at 9:00 a.m. PST. Check-in will begin at 8:30 a.m. PST. ***Even if you plan to attend the Annual Meeting, we recommend that you also vote by Internet, telephone, or sign and date the proxy card or voting instruction card and return it promptly in order to ensure that your vote will be counted if you later decide not to, or are unable to, attend the Annual Meeting.***

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Can I change my vote or revoke my proxy?	You may change your vote or revoke your proxy at any time prior to the vote at the Annual Meeting. If you are the stockholder of record, you may change your vote by (i) granting a new proxy bearing a later date, which automatically revokes your earlier proxy, (ii) providing a written notice of revocation to our Corporate Secretary at our principal executive offices prior to your shares being voted, or (iii) attending the Annual Meeting and voting in person. However, attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically so request. If you are a beneficial owner, you may change your vote by (i) submitting a new voting instruction card to your bank, broker, trustee or other nominee, or (ii) if you have obtained a legal proxy from your broker, trustee or other nominee giving you the right to vote your shares, by attending the Annual Meeting and voting in person.
What is a "broker non-vote"?	Under the rules that govern brokers that hold shares in street name for the benefit of their clients, brokers, trustees and other nominees have the discretion to vote such shares only on routine matters. At the Annual Meeting, only the ratification of the appointment of independent registered public accounting firms is considered a routine matter. Therefore, if you do not otherwise instruct your bank, broker, trustee or other nominee on how to vote your shares, your bank, broker, trustee or other nominee may vote your shares on this matter. However, your bank, broker, trustee or other nominee *will not* be able to vote your shares for the election of directors, the advisory vote to approve the compensation of named executive officers, or any other matters properly brought before the Annual Meeting without your specific instruction because these are not considered routine matters. A "*broker non-vote*" occurs when a broker, trustee or other nominee does not receive timely instructions from the beneficial owner and therefore such broker or bank expressly indicates on a proxy card that it is not voting the uninstructed shares on a non-routine matter.
How are "broker non-votes" counted?	Broker non-votes will be counted as present for the purpose of determining the presence or absence of a quorum for the transaction of business but they will *not* be considered to be present and entitled to vote in tabulating the voting result for any particular proposal. Accordingly, broker non-votes, if any, will have no effect on the outcome of the votes at the 2015 Annual Meeting.

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What happens if the Annual Meeting is adjourned?	If our Annual Meeting is adjourned to another time or place, no additional notice will be given of the adjourned meeting if the time and place of the adjourned meeting is announced at the Annual Meeting, unless the adjournment is for more than 30 days, in which case a notice of the adjourned meeting will be given to each stockholder of record entitled to vote at the adjourned meeting. At the adjourned meeting, we may transact any items of business that might have been properly transacted at the Annual Meeting.
Who will serve as inspector of elections?	A representative of Computershare, our transfer agent, will tabulate the votes and act as Inspector of Elections at the Annual Meeting.
What should I do in the event that I receive more than one set of proxy materials?	You may receive more than one copy of the Notification of Internet Availability of Proxy Materials or more than one set of these proxy solicitation materials, including multiple copies of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card from each brokerage account in which you hold shares. In addition, if you are a stockholder of record and your shares are registered in more than one name, you may receive more than one Notification of Internet Availability of Proxy Materials or proxy card. Please vote over the Internet, by telephone, or sign, date and return each proxy card and voting instruction card that you receive to ensure that all your shares are voted.
Who is soliciting my vote and who will bear the costs of this solicitation?	The proxy is being solicited on behalf of our Board. The Company will bear the entire cost of solicitation of proxies, including preparation, Internet posting, assembly, printing and mailing of this Proxy Statement. In addition to solicitation by mail, our directors, officers and employees may also solicit proxies in person, by telephone, by electronic mail or by other means of communication. We will not pay any additional compensation to our directors, officers or other employees for soliciting proxies. We have retained MacKenzie Partners, Inc. to assist in the solicitation of proxies for a fee of approximately $15,000 plus reasonable out-of-pocket costs and expenses. Copies of the proxy materials will be furnished to brokers, trustees, and other nominees holding beneficially owned shares of our common stock, who will forward the proxy materials to the beneficial owners. We are required to reimburse brokers, trustees, and other nominees for the costs of forwarding the proxy materials.

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Where can I find the voting results of the Annual Meeting?	We intend to announce preliminary voting results at the Annual Meeting and publish the final voting results in a Current Report on Form 8-K filed with the SEC within four business days following the Annual Meeting.
What is the deadline for submitting proposals for consideration at next year's Annual Meeting of stockholders or to nominate individuals to serve as directors?	As a stockholder, you may be entitled to present proposals for action at a future annual meeting of stockholders, including director nominations. Please refer to "*Stockholder Proposals*" and "*Recommendations and Nominations of Director Candidates*" below.

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PROPOSAL ONE ELECTION OF DIRECTORS

Classes of Our Board of Directors

Our Amended and Restated Certificate of Incorporation provides that our Board shall be divided into three classes, designated Class I, Class II and Class III, with each class serving for staggered three-year terms. Our Board consists of eight directors: two Class I directors, three Class II directors and three Class III directors. Proxies cannot be voted for more than three persons.

The following information is provided for each of the nominees and directors: name, class in which each director or nominee serves, age as of July 31, 2015, principal occupation and length of service on our Board.

Name	Term Expires	Age	Principal Occupation	Director Since
Class III Directors/Nominees				
Elizabeth Dávila	2015	71	Vice Chairperson of the Board, Retired Chief Executive Officer and Board Member, NuGEN Technologies, Inc. and Afaxys, Inc.	2008
Joshua H. Levine	2015	57	President, Chief Executive Officer and Board Member, Accuray Incorporated	2012
Emad Rizk, M.D.	2015	52	Chief Executive Officer of Accretive Health, Inc.	2013
Class I Directors				
Robert S. Weiss	2016	68	Chief Executive Officer and President, The Cooper Companies, Inc.	2007
Richard Pettingill	2016	67	Retired President and Chief Executive Officer of Allina Hospitals and Clinics and California Division of Kaiser Foundation Health Plans and Hospitals and Board Member of Tenet Healthcare Corporation and Hanger Inc.	2012
Class II Directors				
Louis J. Lavigne, Jr.	2017	67	Chairperson of the Board, Independent Management Consultant and Board Member, Zynga, Inc., Depomed, Inc., DocuSign, Inc., Novacure and Rodan & Fields, LLC.	2009
Dennis L. Winger	2017	67	Retired Chief Financial Officer and Board Member, Nektar Therapeutics and Pacira Pharmaceuticals, Inc.	2009
Jack Goldstein, Ph.D.	2017	68	Independent Consultant, Chairman of the Board of Directors of OncoGenex Pharmaceuticals, Inc.	2010

Director Nominees Class III Directors

Our Board has nominated Ms. Dávila, Mr. Levine and Dr. Rizk for election as Class III directors. Each nominee for director has consented to being named in this Proxy Statement and has indicated a willingness to serve if elected. If a nominee is unavailable for election, the persons named as proxyholders will use their discretion to vote for any substitute nominee in accordance with their best judgment, as they deem advisable. Listed below are the biographies of each director nominee. The biographies include information regarding each nominee's service as a director of the Company, business experience and principal occupations for at least the past five years, director positions at public companies held currently or at any time during the past five years, and the experiences, qualifications, attributes or skills that led the Nominating and Corporate Governance Committee of the Board (the "Nominating and Corporate Governance Committee") to recommend, and the Board to

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determine, that the person should serve as a director for the Company. There are no family relationships among any of our directors or executive officers.

Elizabeth Dávila has served as a member of our Board since February 2008 and as Vice Chairperson of our Board since September 2008. Ms. Dávila was the former Chairman and Chief Executive Officer of VISX, Incorporated ("VISX"), a manufacturer of laser vision correction systems, which was acquired by Advanced Medical Optics in May 2005. Prior to becoming Chairman and Chief Executive Officer of VISX in 2001, she served as President and Chief Operating Officer of VISX from 1999 to 2001 and as Executive Vice President and Chief Operating Officer from 1995 to 1999. Ms. Dávila currently serves as a member of the board of directors of NuGEN Technologies, Inc., a private company that develops and commercializes rapid, high-sensitivity and high-throughput amplification and labeling systems for genomic analysis, and Afaxys, Inc., a private company that supplies family planning providers with pharmaceuticals and supplies. Ms. Dávila holds a B.S. in Chemistry from St. Mary's College in Notre Dame, Indiana, an M.S. in Chemistry from the University of Notre Dame and an M.B.A. from Stanford University.

As a former Chief Executive Officer of VISX and a current and former member of multiple public and private company boards, Ms. Dávila has extensive healthcare industry experience in management, business development, operations, strategy and capital equipment sales.

Joshua H. Levine has served as our President and Chief Executive Officer and as a member of our Board since October 2012. Mr. Levine brings diverse, global healthcare industry experience and a strong track record of creating and unlocking strategic value for the companies he has led. He has been the President, Chief Executive Officer, and a director of two other publicly traded global medical device firms, with Mentor Corporation, a surgical implant/medical device manufacturer in the aesthetics space from 2004 to 2009 and most recently with Immucor Corporation, a diagnostics manufacturer of automated instrumentation and reagents used in blood transfusion procedures in 2011. Mr. Levine holds a B.A. from the University of Arizona.

Mr. Levine's qualifications to serve on our Board include, among other skills and qualifications, his strategic business development skills, commercial leadership experience, and executive vision. In addition, Mr. Levine brings expertise in the medical device and medical technology industries from years of experience as a chief executive officer with two other publicly traded, small cap medical device manufacturing companies.

Emad Rizk, M.D. has served as a member of our Board since March 2013. Since July 2014, Dr. Rizk has served as the Chief Executive Officer and a director of Accretive Health, Inc., a health care services company. From 2003 to July 2014, Dr. Rizk served as the President of McKesson Health Solutions ("McKesson"), a division of McKesson Corporation. Prior to joining McKesson, Dr. Rizk served as the lead partner and global director, medical management/pharmacy for Deloitte Consulting from 1994 to 2003. Dr. Rizk currently serves on the board of directors of the National Association for Hispanic Health, a nonprofit organization focused on improving the health of Hispanic communities, and is a former board member of Disease Management Association of America, a nonprofit organization representing all aspects of the disease management community, and the National Clinical Advisory Board, a private healthcare organization focused on providing insight into the future direction of healthcare, management and delivery of patient care. Dr. Rizk attended City University of New York for Pre-Medicine and received a Doctor of Medicine degree from Mt. Sinai Clinicals, University of Santiago.

As the current Chief Executive Officer of a major health care services company and a world renowned healthcare industry expert, Dr. Rizk brings over 25 years of experience in working with payers, physicians and hospital systems. Dr. Rizk brings extensive leadership experience, strong track record of growth and an intimate understanding of the needs and concerns of all healthcare industry stakeholders.

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If elected, Ms. Dávila, Mr. Levine and Dr. Rizk will hold office as Class III directors until our 2018 Annual Meeting of Stockholders, or until each of their earlier resignation or removal.

Continuing Directors Class I and Class II Directors

Listed below are the biographies of each of our Class I and Class II directors. The biographies include information regarding each director's service as a director of the Company, business experience and principal occupations for at least the past five years, director positions at public companies held currently or at any time during the past five years, and the experiences, qualifications, attributes or skills that led the Nominating and Corporate Governance Committee to recommend, and the Board to determine, that the person should serve as a director for the Company. There are no family relationships among any of our directors or executive officers.

Robert S. Weiss has served as a member of our Board since January 2007. Since November 2007, Mr. Weiss has served as the Chief Executive Officer of The Cooper Companies, Inc. ("Cooper"), a global specialty medical products company. He was also given the title of President of Cooper in March 2008. Mr. Weiss has served in various senior executive management positions with Cooper since 1989. From January 2005 through October 2007, Mr. Weiss served as the Executive Vice President and Chief Operating Officer of Cooper, and from March 2007 to March 2008, he also served as President of CooperVision, Cooper's contact lens subsidiary. Prior to that, he served as Cooper's Chief Financial Officer from September 1989 to January 2005 and held the additional title of Executive Vice President from October 1995 until November 2007. From March 1984 until October 1995, he served at Cooper in various other roles, including Senior Vice President, Vice President and Corporate Controller. Mr. Weiss has also served on the board of directors of Cooper since 1996. Mr. Weiss also serves on the board of trustees of the University of Scranton. Mr. Weiss holds a B.S. in Accounting from the University of Scranton.

As a current Chief Executive Officer and former Chief Financial Officer of a publicly traded medical products company, Mr. Weiss brings to our Board extensive experience in the healthcare industry in finance, accounting, management, strategy, manufacturing, and public company governance.

Richard Pettingill has served as a member of our Board since May 2012. Mr. Pettingill served as the President and Chief Executive Officer of Allina Hospitals and Clinics, Minnesota's largest healthcare organization, from 2002 until his retirement in 2009. While in this role, he also served on the board of directors of the Minnesota Hospital Association and the Minnesota Business Partnership. Prior to joining Allina Hospitals and Clinics, Mr. Pettingill served as President and Chief Executive Officer of the California Division of Kaiser Foundation Health Plans and Hospitals, one of the largest not-for-profit managed healthcare companies in the United States, from 1996 to 2002. Mr. Pettingill currently serves on the boards of directors of Tenet Healthcare Corporation, a medical services provider, and Hanger, Inc., an orthotic and prosthetic solutions company. Within the last five years, Mr. Pettingill also served on the public company board of directors of MAKO Surgical Corp., a medical device company that was acquired by Stryker Corporation in 2013. Mr. Pettingill received a bachelor's degree from San Diego State University and a master's degree in health care administration from San Jose State University. He served as a 2010 Fellow in the Advanced Leadership Initiative program at Harvard University.

As the former chief executive officer of a major hospital system and a member of other public company boards, Mr. Pettingill has extensive leadership experience in the healthcare industry, including experience in the areas of business development, strategy and corporate governance, and can represent the customer perspective.

Louis J. Lavigne, Jr. has served as a member of our Board since September 2009 and as the Chairperson of our Board of Directors since April 2010. Mr. Lavigne currently serves as a Managing Director of Lavrite, LLC, a management consulting firm specializing in the areas of corporate finance,

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accounting, growth strategy and management. He also currently serves as a member of the board of directors of Zynga, Inc., a leading provider of social electronic games, Depomed, Inc., a specialty pharmaceutical company, DocuSign Inc., a private eSignature transaction management company, Novocure Limited, a private commercial stage oncology company, and Rodan & Fields, LLC, a private skincare company. Within the last five years, Mr. Lavigne also served on the public company board of directors of BMC Software, Inc., an independent systems software vendor that was acquired by a private investor group in 2013, and Allergan, Inc., a technology-driven, global health care company that provides specialty pharmaceutical products worldwide, from 2005 to 2015. From 1983 to 2005, Mr. Lavigne served in various executive capacities with Genentech, Inc., a healthcare company, namely, Executive Vice President and Chief Financial Officer from 1997 to 2005; Senior Vice President and Chief Financial Officer from 1994 to 1997; Vice President and Chief Financial Officer from 1988 to 1994; Vice President from 1986 to 1988; and Controller from 1983 to 1986. Mr. Lavigne was named the Best CFO in Biotech in 2005 in the Institutional Investor Survey and in June 2006 he received the Bay Area CFO of the Year-Hall of Fame Lifetime Achievement Award. He is a Trustee of Babson College and Chairman of the Board of UCSF Benioff Children's Hospitals and their foundation. Mr. Lavigne holds a B.S. in Finance from Babson College and an M.B.A. from Temple University.

As a former Chief Financial Officer of a large, complex publicly traded company in the healthcare industry, and a current and former member of several public company boards, Mr. Lavigne brings to our Board extensive experience in business operations and management, strategy, finance, accounting and public company governance.

Dennis L. Winger has served as a member of our Board since September 2009. Mr. Winger most recently served as Senior Vice President and Chief Financial Officer of Applied Biosystems, Inc. from 1997 until his retirement in 2008. Mr. Winger currently serves on the boards of directors of Nektar Therapeutics, a biopharmaceutical company, and Pacira Pharmaceuticals, a specialty pharmaceutical company. In the past five years, Mr. Winger also served on the following public company boards of directors: Cell Genesys, Inc., Vertex Pharmaceuticals and Cephalon, Inc. Mr. Winger also serves on the Board of Trustees of Siena College. Mr. Winger holds a B.A. in History from Siena College and an M.B.A. from Columbia University.

As a former Chief Financial Officer of multiple publicly traded life sciences companies, and a member of multiple public company boards, Mr. Winger has extensive experience in finance, accounting, operations, strategy, and public company governance.

Jack Goldstein, Ph.D., has served as a member of our Board since May 2010. Dr. Goldstein has been an independent consultant since 2006 specializing in human medical diagnostics, biopharmaceuticals and medical devices. He served as President and Chief Operating Officer of Chiron Corporation from 2004 until its acquisition by Novartis in 2006, and from 2002 to 2004 he served as President of Chiron's Blood Testing Division. From 2000 to 2002, he was a general partner at Windamere Venture Partners, a private venture capital investment fund. From 1997 to 2001, he served as President and Chief Executive Officer at Applied Imaging Corporation, and from 1999 until 2002, he also served as Chairman of the Board of Applied Imaging. From 1986 to 1997, Dr. Goldstein served in various executive positions at Johnson & Johnson, including President of Ortho Diagnostic Systems and Executive Vice President of Professional Diagnostics. Dr. Goldstein currently serves as Chairman of the Board of Directors of OncoGenex Pharmaceuticals, Inc., a drug discovery and development company. In the past five years, Dr. Goldstein has also served on the following public company boards of directors: Immucor, Inc., Illumina, Inc. and Orasure Technologies, Inc. Dr. Goldstein holds a B.A. in biology from Rider University and an M.S. in immunology and a Ph.D. in microbiology from St. John's University.

As a former executive of several life sciences companies and member of other health care industry public company boards, Dr. Goldstein has extensive industry experience in management, strategy,

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operations, business development, and capital equipment sales and marketing. Dr. Goldstein also has relevant scientific, research and development and manufacturing expertise.

Under our Corporate Governance Guidelines, each director submits an advance, contingent, irrevocable resignation that the Board may accept if stockholders do not re-elect that director. In that situation, our Nominating and Corporate Governance Committee would make a recommendation to the Board about whether to accept such resignation. The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

How Votes Are Counted

Stockholders are not entitled to cumulate their votes in the election of directors or with respect to any matter submitted to a vote of the stockholders. To be elected, directors must receive a majority of votes cast, meaning that the number of shares voted "FOR" a director's election exceeds 50% of the number of votes cast with respect to that director's election. You may vote either "FOR" or "AGAINST" each director nominee or you may abstain. A properly executed proxy marked "ABSTAIN" with respect to any director will be counted for purposes of determining whether there is a quorum, but it will not be counted for purposes of determining the number of votes cast with respect to the election of such a director, and thus it will not have the same effect as a vote against a director nominee. Broker non votes, if any, will have no effect on the outcome of the vote.

Board of Directors' Recommendation

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" EACH OF THE THREE NOMINEES FOR CLASS III DIRECTOR LISTED ABOVE.

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PROPOSAL TWO ADVISORY VOTE

TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS ("SAY-ON-PAY" VOTE)

General

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires us to submit to our stockholders for approval, on an advisory (non-binding) basis, no less frequently than once every three years, the compensation of our named executive officers ("NEOs," or each, an "NEO") as disclosed in our proxy statement in accordance with the SEC's rules (a "say-on-pay" vote). This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. The Compensation Committee of our Board (the "Compensation Committee") and Board have decided to hold advisory votes on our NEOs' compensation program annually until the next advisory vote on the frequency of future advisory votes on named executive compensation occurs. Accordingly, unless the Compensation Committee and Board modifies its policy on the frequency of such future votes, the next advisory vote to approve the compensation of our NEOs will be held at the 2016 Annual Meeting of Stockholders. In this proposal, we are asking our stockholders to provide advisory approval of the compensation of our NEOs, as such compensation is described in the "*Compensation Discussion and Analysis*" section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure set forth in this Proxy Statement, beginning on page 21.

At the 2014 Annual Meeting, our stockholders expressed support for the compensation of the then-named executive officers, with approximately 82% of the votes cast for approval of the say-on-pay vote. The Compensation Committee carefully evaluated the results of the fiscal 2014 say-on-pay vote in connection with its annual review of the Company's executive compensation program more generally. After consideration, no material changes to the Company's executive compensation program and policies for fiscal 2015 were made in response to the say-on-pay vote.

Summary of Fiscal 2015 Executive Compensation Programs

In fiscal 2015, our executive compensation programs were designed to enable us to attract, retain, motivate and appropriately reward the individuals who can help us successfully execute our business strategy and promote the best interests of our stockholders. In deciding how to vote on this proposal, the Board urges you to consider the following factors, which are more fully discussed in the "*Compensation Discussion and Analysis*" section below:

We link pay to performance.

We target our NEO base salaries at the middle of the competitive market (as reported in the Radford January 2014 High-Tech Industry Survey (the "Radford Survey") for companies with $200 million to $1 billion in annual revenue and by a peer group of 14 medical device companies with whom we compete for executive talent, who are in our industry sector or who have comparable financial and organizational characteristics). In an effort to maintain this positioning and to appropriately reflect executive performance and responsibilities in fiscal 2015, the base salaries of our NEOs (other than our CEO and CFO) were maintained at their fiscal 2014 levels, the base salary of our Chief Executive Officer ("CEO") was moderately increased and the base salary of our Chief Financial Officer ("CFO") was increased in recognition of his increased responsibilities.

The fiscal 2015 bonus pool was funded, in accordance with the funding methodology established at the beginning of the year, at approximately 42% of the target level. Each NEO's annual bonus was tied solely to Company performance and the Compensation Committee did not exercise any discretion to decrease the award for any executive.

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Accordingly, for fiscal 2015, each NEO received approximately 42% of his or her target bonus award opportunity based on Company performance.

In fiscal 2013, the Compensation Committee approved a performance equity program, referred to as the market stock unit program ("2013 MSU Program"), which uses the Russell 2000 index as a performance benchmark and requires that the Company's total stockholder return ("TSR") exceed that of the Russell 2000 in order for any shares of our common stock to be earned by each participating executive, including participating NEOs, on a sliding scale based on how much the Russell 2000 benchmark is exceeded, up to a maximum of 150% of the target number of shares. There are two performance periods, each beginning on July 1, 2012. The first performance period ended at the end of fiscal 2014 and the second performance period ended at the end of fiscal 2015. For each of the first performance period ending in fiscal 2014 and the second performance period ending in fiscal 2015, the Compensation Committee determined that the performance requirements were not met and the variable performance-based restricted stock units ("MSUs") associated with such performance periods were cancelled. Accordingly, no shares of our common stock have been earned or will be earned pursuant to MSU awards granted under the 2013 MSU Program.

In fiscal 2014, the Compensation Committee approved a new market stock unit program ("2014 MSU Program"), which again uses the Russell 2000 index as a performance benchmark and requires that the Company's TSR return meet that of the Russell 2000 in order for the target number of shares to be earned by each participating executive, including participating NEOs. The actual shares earned will be calculated on a sliding scale based on stock price performance above and below the Russell 2000 benchmark, up to a maximum of 150% of the target number of shares. There are two performance periods, each beginning on July 1, 2013. The first performance period ended at the end of fiscal 2015 and the second performance period ends at the end of fiscal 2016. For the first performance period ending in fiscal 2015, the Compensation Committee determined that the performance requirements were met at 132.1% of target. Accordingly, 412,700 shares of our common stock were earned and issued in respect of the MSUs associated with the first performance period of the 2014 MSU Program ending in fiscal 2015, 132,064 shares of which were earned by our CEO and an aggregate of 112,254 shares of which were earned by our other NEOs. We are still within the second performance period for the 2014 MSU Program and, to date, no shares have been earned pursuant to the second performance period of the MSU awards granted under the 2014 MSU Program.

In fiscal 2015, the Compensation Committee approved a new market stock unit program ("2015 MSU Program"). The 2015 MSU Program is the same as the 2014 MSU Program in all respects, except that the first performance period under the 2015 MSU Program began on July 1, 2014 and ends at the end of fiscal 2016 and the second performance period began on July 1, 2014 and ends at the end of fiscal 2017. The aggregate target number of shares of our common stock subject to MSU awards granted under the 2015 MSU Program is 512,997, of which 250,000 shares are subject to an MSU award granted to our CEO and an aggregate of 127,817 shares are subject to MSU awards granted to our other NEOs. We are still within the performance periods for the 2015 MSU Program and, to date, no shares of our common stock have been earned pursuant to MSU awards under the 2015 MSU Program.

We have reasonable employment agreements. Each NEO's employment agreement has competitively reasonable cash benefit levels and a "double trigger" change-in-control acceleration requirement for unvested and unearned equity awards. For the terms of the

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employment agreement for our current CEO and other NEOs, please refer to the information set forth under "*Employment, Change in Control and Severance Arrangements*".

We mitigate unnecessary compensation-related risk. We have implemented robust Board and management-level processes to identify compensation-related risk, and we mitigate undue risk with business controls, including limits on payout levels under our annual incentive award plan and a compensation recoupment (sometimes called a "clawback") policy that applies to both our annual cash incentive and long-term equity incentive programs.

We have strong corporate governance standards. Our Compensation Committee uses an independent compensation consultant and has incorporated compensation analytical tools such as market data, tally sheets and compensation history for each executive officer as part of its annual executive compensation review.

We have adopted stock ownership requirements. Our Compensation Committee believes it is important for executives and non-employee directors to hold a minimum amount of Company securities in order to align their interests with those of our stockholders. Consistent with this belief, we have adopted a stock ownership policy with stock holding requirements for our executives and non-employee directors as follows:

- The number of shares having a value equal to at least 3.0 times the regular annual board cash retainer (excluding committee retainer) for our non-employee directors;
- The greater of 3.0 times base salary or 175,000 shares for our CEO;
- The greater of 1.0 times base salary or 40,000 shares for our Chief Financial Officer ("CFO"), Chief Commercial Officer and any other Executive Vice President; and
- The greater of 1.0 times base salary or 17,500 shares for our General Counsel.

All of the NEOs and all non-employee directors are in compliance with such stock ownership requirements or are on track to be in compliance within the applicable timeframe specified in our stock ownership policy.

No hedging or pledging transactions allowed. Our insider trading policy prohibits all of our employees, including our NEOs, and our directors from engaging any speculative transactions in Company securities, including purchasing on margin, engaging in short sales, engaging in transactions in derivative securities, or engaging in any other forms of hedging transactions. Our employees, including our NEOs, and our directors are also prohibited from pledging or using Company securities as collateral for loans.

We do NOT engage in the following compensation practices:

- We do not provide perquisites or other personal benefits to our NEOs.
- We do not currently offer pension arrangements, retirement plans (other than our Section 401(k) employee savings plan), or nonqualified deferred compensation plans or arrangements to our senior executives, including the NEOs.

We do not provide excise tax gross-ups.

Our Compensation Committee will continue to analyze our executive compensation policies and practices and adjust them as appropriate to reflect our performance and competitive needs.

How Votes Are Counted

The proposal requires the affirmative vote of a majority of shares present at the Annual Meeting, in person or by proxy, and entitled to vote on the proposal. A properly executed proxy marked

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"Abstain" with respect to the approval of the compensation of our NEOs will not be voted with respect to such proposal, but it will be counted for purposes of determining whether there is a quorum. Abstentions will be treated as being present and entitled to vote on the proposal and, therefore, will have the same effect as a vote against the proposal. Broker non votes, if any, will have no effect on the outcome of the vote.

Board of Directors' Recommendation

Based on the information provided above and within the "*Compensation Discussion and Analysis*" section of this Proxy Statement, we request that you indicate your support for our executive compensation philosophy and practices, by voting in favor of the following resolution:

> "**RESOLVED,** that the Company's stockholders approve, on an advisory basis, the compensation of the Company's NEOs as described in the Company's 2015 Proxy Statement, including the Compensation Discussion and Analysis section, the compensation tables, and the other narrative compensation disclosures."

Because your vote is advisory, it will not be binding on the Board. However, our Compensation Committee, which is responsible for designing and administering our executive compensation program, and the Board value the opinions expressed by our stockholders and will consider the outcome of the vote when making future compensation decisions for our NEOs.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ADVISORY APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DESCRIBED IN THIS PROXY STATEMENT.

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PROPOSAL THREE RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General

The Audit Committee of our Board (the "Audit Committee") has selected Grant Thornton LLP as our independent registered public accounting firm to perform the audit of our consolidated financial statements for the fiscal year ending June 30, 2016. Grant Thornton LLP has audited our consolidated financial statements since fiscal year 2007.

Stockholder ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2016 is not required by law, by the NASDAQ Stock Market listing requirements, by our Amended and Restated Certificate of Incorporation or by our Amended and Restated Bylaws ("Bylaws"). However, our Board is submitting the selection of Grant Thornton LLP to our stockholders for ratification as a matter of good corporate governance and practice. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain Grant Thornton LLP. Even if the selection is ratified, we may appoint a different independent registered public accounting firm during the fiscal year if the Audit Committee determines that such a change would be in the best interests of our Company and our stockholders.

Representatives of Grant Thornton LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from our stockholders.

Audit and Non-Audit Services

The Audit Committee is directly responsible for the appointment, compensation and oversight of our independent auditors. The Audit Committee retained Grant Thornton LLP to audit our consolidated financial statements for the fiscal year ended June 30, 2015. The estimated aggregate fees billed by Grant Thornton LLP for all services relating to fiscal 2015 and 2014 are as follows:

	Fiscal Year Ended June 30,	
Service Category	**2015**	**2014**
Audit Fees(1)	$ 1,689,735	$ 1,658,500
Audit Related Fees		
Tax Fees		2,145
All Other Fees		
Total	$ 1,689,735	$ 1,660,645

(1) Audit fees primarily consist of fees for professional services performed for the audit of our consolidated annual financial statements and the review of our unaudited quarterly financial statements. Audit fees also include fees for the audit of our internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, issuance of a comfort letter and fees for statutory audits.

In the above table, in accordance with the SEC's definitions and rules, "audit fees" are fees for professional services for the audit of our consolidated financial statements included in our Annual Report, for the review of our financial statements included in our quarterly reports on Form 10-Q, for the review of registration statements and issuance of consents and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements except those not required by statute or regulation; "audit-related fees" are fees for assurance and related services that were reasonably related to the performance of the audit or review of our financial statements, including attestation services that are not required by statute or regulation; "tax fees" are

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fees for tax compliance, tax advice and tax planning; and "all other fees" are fees for any services not included in the first three categories.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services and tax services, as well as, to a very limited extent, specifically designated non-audit services that, in the opinion of the Audit Committee, will not impair the independence of the registered public accounting firm. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, including the fees for the services performed to date. In addition, the Audit Committee also may pre-approve particular services on a case-by-case basis, as required.

How Votes Are Counted

The proposal requires the affirmative vote of a majority of shares present at the Annual Meeting, in person or by proxy, and entitled to vote on the proposal. A properly executed proxy marked "Abstain" with respect to the approval of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2016 will not be voted with respect to such proposal, but it will be counted for purposes of determining whether there is a quorum. Abstentions will be treated as being present and entitled to vote on the proposal and, therefore, will have the same effect as a vote against the proposal. Broker non votes, if any, will have no effect on the outcome of the vote.

Stockholder ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2016 is not required by law. However, our Board is submitting the selection of Grant Thornton LLP to our stockholders for ratification as a matter of good corporate governance and practice. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain Grant Thornton LLP.

Board of Directors' Recommendation

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING JUNE 30, 2016.

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AUDIT COMMITTEE REPORT

The Audit Committee is responsible for overseeing our accounting and financial reporting processes and internal control systems, the appointment, compensation, retention and oversight of Grant Thornton LLP, our independent registered public accounting firm, and audits of our financial statements, all pursuant to the Audit Committee's written charter. Grant Thornton LLP reports directly to the Audit Committee. The Audit Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties and to receive appropriate funding, as determined by the Audit Committee, from our Company for such advice and assistance.

Management is responsible for preparing our financial statements and for our financial reporting processes, accounting policies, systems of internal controls and disclosure controls and procedures. For our fiscal year ended June 30, 2015, Grant Thornton LLP was responsible for expressing an opinion on the effectiveness of our internal control over financial reporting. Grant Thornton LLP was also responsible for performing an independent audit and expressing an opinion on the conformity of our audited financial statements with accounting principles generally accepted in the United States. In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed our audited financial statements for fiscal 2015 with our management.

2. The Audit Committee has discussed with Grant Thornton LLP the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16, *Communications with Audit Committees,* and Rule 2-07 of SEC Regulation S-X.

3. The Audit Committee has received the written disclosures and the letter from Grant Thornton LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed with Grant Thornton LLP its independence.

4. Based on the review and discussions referred to in paragraphs (1) through (3) above, the Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015, for filing with the SEC.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Dennis L. Winger, Chairperson
Elizabeth Dávila
Robert S. Weiss

The foregoing Audit Committee report shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under these acts, except to the extent we incorporate by reference into such filings.

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COMPENSATION COMMITTEE REPORT

This report, filed in accordance with Item 407(e)(5) of Regulation S- K, should be read in conjunction with the other information relating to executive compensation which is contained elsewhere in this Proxy Statement and is not repeated here.

In this context, the Compensation Committee hereby reports as follows:

1. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section contained in this Proxy Statement with management.

2. Based on the review and discussions referred to in paragraph (1) above, the Compensation Committee recommended to our Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Louis J. Lavigne, Jr., Chairperson
Elizabeth Dávila
Jack Goldstein, Ph.D.
Emad Rizk, M.D.

The foregoing Compensation Committee Report shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under these acts, except to the extent that we expressly incorporate it by reference into such filings.

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COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis provides information regarding the fiscal 2015 compensation program for our Named Executive Officers ("NEOs"), which includes our principal executive officer, our principal financial officer and our other two executive officers who at fiscal year-end were as follows:

- Joshua H. Levine, our President and CEO;
- Gregory Lichtwardt, our Executive Vice President, Operations and CFO (who retired and resigned from the Company effective September 14, 2015);
- Kelly Londy, our Executive Vice President and Chief Commercial Officer; and
- Alaleh Nouri, our Senior Vice President, General Counsel and Corporate Secretary.

This Compensation Discussion and Analysis describes the material elements of our executive compensation program during fiscal 2015. It also provides an overview of our executive compensation philosophy, including our principal compensation policies and practices. Finally, it analyzes how and why the Compensation Committee of our Board arrived at its specific compensation decisions for our NEOs in fiscal 2015, and discusses the key factors that the Compensation Committee considered in determining their compensation.

Fiscal 2015 Executive Summary

Fiscal 2015 Business Results

In fiscal 2015, we achieved financial results that were lower than expected at the start of the fiscal year as follows:

- Generated gross system dollars to backlog of $270.7 million (measured on a constant foreign currency basis using the exchange rate set forth in our fiscal 2015 operating plan), which was 62.6% of our bonus plan target for CyberKnife Systems and TomoTherapy Systems in the aggregate;
- Achieved total revenue of $394.9 million (measured on a constant foreign currency basis using the exchange rate set forth in our fiscal 2015 operating plan), which was 57.6% of our bonus plan target; and
- Achieved adjusted EBITDA (excluding bonus accrual) of $31.1 million, which was 0.0% of our bonus plan target.

The foregoing financial metrics are the measures selected for our fiscal 2015 Performance Bonus Plan and are further discussed under the heading "*Fiscal 2015 Cash Incentive Award Opportunities and Payouts"* below.

Compensation Philosophy

Our NEOs' compensation for fiscal 2015 reflects our compensation philosophy of maintaining an executive compensation program that emphasizes pay for performance, drives business growth and links stockholder value and executive performance. Consistent with this philosophy, a significant portion of our NEOs' target total direct compensation in fiscal 2015 was comprised of variable cash incentives (i.e., bonus opportunities) and equity-based compensation, consisting of MSUs and time-based restricted stock units ("RSUs"), in order to align compensation with our business performance and the long-term interests of our stockholders.

The compensation ultimately earned by our NEOs in fiscal 2015 reflects the fact that the Company did not meet all of its performance objectives in fiscal 2015. As a result of the Company's performance

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in fiscal 2015, below-target annual cash incentives were earned by our NEOs in accordance with the terms of our Performance Bonus Plan (described below). In addition, as a result of the Company's stock price performance, portions of the MSUs that were granted in fiscal 2013 under the 2013 MSU Program were cancelled as a result of performance being below threshold for their second performance period, which ended on June 30, 2015. Conversely, portions of the MSUs that were granted in fiscal 2014 under the 2014 MSU Program were earned and issued at 132.1% of their target level as a result of performance being above threshold for their first performance period, which also ended on June 30, 2015.

Target Pay Mix

The following charts illustrate the allocation of fiscal 2015 target total direct compensation for our NEOs between base salary, variable cash incentives and equity-based compensation elements. Each of these elements, except base salary, are considered "at-risk".

CEO Fiscal 2015 Target Pay Mix

Average Other NEO Fiscal 2015 Target Pay Mix

Significant Executive Compensation Actions

For fiscal 2015, the Compensation Committee determined that growth in new gross orders to backlog, increasing total revenue and improving adjusted EBITDA represented the objectives most important to creating long-term stockholder value. At the same time, the Compensation Committee sought to continue to properly incentivize our management team for fiscal 2015 because it believed that the right management team was critical to the successful execution of our long-term business objectives. Accordingly, the Compensation Committee addressed the primary elements of our executives' compensation packages (base salary, annual cash incentive awards and equity awards) with these goals in mind. In addition, in light of our ongoing assessments of industry best practices and a desire to more closely align executive officer compensation with Company performance, the Compensation Committee and Board took additional actions to enhance our compensation and governance practices for fiscal 2015 and intend to continue this practice going forward.

Following is a summary of significant actions taken by the Compensation Committee with respect to the compensation of our NEOs for fiscal 2015:

Base salaries. As described further below, the base salary of our CEO was moderately increased by 3.1% to $665,000. The base salary of our CFO (who retired and resigned from the Company effective September 14, 2015) was increased in recognition of his increased responsibilities. The base salaries of our remaining two NEOs were not increased relative to fiscal 2014 levels.

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Funded the bonus pool for annual cash incentive awards for executives at approximately 42% of the target level established at the beginning of the fiscal year. The Compensation Committee determined that the fiscal 2015 annual cash incentive award payouts to our senior executives, including our NEOs, collectively, would equal approximately 42% of their aggregate target award opportunity. Accordingly, for fiscal 2015, each NEO received approximately 42% of his or her target bonus award opportunity.

Approved a new performance-based equity program for fiscal 2015. The Compensation Committee approved the 2015 MSU Program, which is designed to further tie NEO compensation to performance over two-year and three-year periods as awards are earned based on performance at the end of performance periods ending at fiscal year-end 2016 and 2017. The program uses the Russell 2000 index as a performance benchmark and requires that the Company's total stockholder return ("TSR") meet that of the Russell 2000 in order for the target number of shares to be earned by each participating executive, including participating NEOs. The actual shares earned will be calculated on a sliding scale based on stock price performance above and below the Russell 2000 benchmark, up to a maximum of 150% of the target number of shares.

Approved equity awards to address competitive market concerns, satisfy our retention objectives, and reward individual performance during fiscal 2015. In approving equity awards, the Compensation Committee took into consideration the fact that, consistent with our compensation philosophy, such awards further increase the NEOs' stake in the Company, thereby reinforcing their incentive to manage our business as owners and subjecting a significant portion of their total compensation to Company performance. In fiscal 2015, (i) our CEO was granted RSUs for 250,000 shares of our common stock and MSUs with a target number of 250,000 shares of our common stock under the 2015 MSU Program; (ii) our CFO was granted RSUs for 55,808 shares of our common stock and MSUs with a target number of 55,808 shares of our common stock under the 2015 MSU Program; (iii) Ms. Londy was granted RSUs for 62,099 shares of our common stock and MSUs with a target number of 62,009 shares of our common stock under the 2015 MSU Program; and (iv) Ms. Nouri was granted RSUs for 10,000 shares of our common stock and MSUs with a target number of 10,000 shares of our common stock under the 2015 MSU Program.

Determined no shares of our common stock were earned in fiscal 2015 for the second performance period under the 2013 MSU Program. For fiscal 2015, the Compensation Committee determined that the performance requirements required for the second performance period under the 2013 MSU Program for awards granted in fiscal 2013 were not met, and the MSUs associated with the performance period beginning on July 1, 2012 and ending on June 30, 2015 were cancelled.

Determined that shares of our common stock were earned at 132.1% of target in fiscal 2015 for the first performance period under the 2014 MSU Program. For fiscal 2015, the Compensation Committee determined that the performance requirements required for the first performance period under the MSU awards granted under the 2014 MSU Program were met at 132.1% of target, and 412,700 shares of our common stock associated with the first performance period beginning on July 1, 2013 and ending on June 30, 2015 were earned and issued in accordance with terms of the 2014 MSU Program, 132,064 shares of which were earned by our CEO and an aggregate of 112,254 shares of which were earned by our other NEOs.

Reaffirmed the Company's stock ownership requirements for our executive officers and non-employee directors by requiring mandatory ownership levels rather than suggested guidelines.

Amended executive officers' employment agreements to align the triggers for change of control-related severance benefits with current market practice and revise the prior indefinite term agreements to implement a three-year fixed term with successive auto-renewals unless either the Company or the applicable executive timely gives notice of non-renewal.

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Pay fond contingent conversion rights described below).

Redemption

The Series C Preferred Stock is not redeemable prior to November 1, 2017 except as described below under "—Special Optional Redemption" and under "Conversion Rights; Market Trigger Conversion and Redemption." In addition, no redemption shall occur under any circumstances if any term or condition contained in any Limiting Document shall prohibit it or if such redemption shall result in a default thereunder.

Optional Redemption. On and after November 1, 2017, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the Series C Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date fixed for redemption. If we elect to redeem any shares of Series C Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other equity securities or any other specific source.

Special Optional Redemption. Upon the occurrence of a Change of Control, provided no Limiting Document may prohibit it, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the Series C Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date fixed for redemption. If, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series C Preferred Stock (whether pursuant to our optional redemption right described above under "—Optional Redemption" or this special optional redemption right), the holders of Series C Preferred Stock will not have the Change of Control Conversion Right (as defined below) described below under "—Conversion Rights" with respect to the shares called for redemption. Notwithstanding the foregoing, holders shall always have the right, up to any applicable redemption date, to convert the Series C Preferred Stock into our common stock at a conversion price of $10.00 per share, as such conversion price may be adjusted. If we elect to redeem any shares of the Series C Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other equity securities or any other specific source.

A "Change of Control" is deemed to occur when, after the original issuance of the Series C Preferred Stock, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our stock entitling that person to exercise more than 50% of the total voting power of

all our stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American depositary receipts representing such securities) listed on a National Exchange.

Redemption Procedures. In the event we elect to redeem Series C Preferred Stock, the notice of redemption will be mailed to each holder of record of Series C Preferred Stock called for redemption at such holder's address as it appear on our stock transfer records, not less than 30 nor more than 60 days' prior to the redemption date, and will state the following:

the redemption date;

the number of shares of Series C Preferred Stock to be redeemed;

the redemption price;

the place or places where certificates (if any) for the Series C Preferred Stock are to be surrendered for payment of the redemption price;

that dividends on the shares to be redeemed will cease to accumulate on the redemption date;

whether such redemption is being made pursuant to the provisions described above under "—Optional Redemption" or "—Special Optional Redemption"

if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and

if such redemption is being made in connection with a Change of Control, that the holders of the shares of Series C Preferred Stock being so called for redemption will not be able to tender such shares of Series C Preferred Stock for conversion in connection with the Change of Control and that each share of Series C Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date (as defined below), for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

If less than all of the shares of Series C Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series C Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Series C Preferred Stock except as to the holder to whom notice was defective or not given.

Holders of Series C Preferred Stock to be redeemed shall surrender the Series C Preferred Stock at the place designated in the notice of redemption and shall be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender. If notice of redemption of any shares of Series C Preferred Stock has been given and if we have irrevocably set aside the funds necessary for redemption in trust for the benefit of the holders of the shares of Series C Preferred Stock so called for redemption, then from and after the redemption date (unless default shall be made by us in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of Series C Preferred Stock, those shares of Series C Preferred Stock shall no

longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accumulate on the amount payable for the period from and after that redemption date to that next business day. If less than all of the outstanding Series C Preferred Stock is to be redeemed, the Series C Preferred Stock to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method we determine.

Immediately prior to any redemption of Series C Preferred Stock, we shall pay, in cash, any accumulated and unpaid dividends through and including the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of Series C Preferred Stock at the close of business on such dividend record date shall be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series C Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of Series C Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past dividend periods, no shares of Series C Preferred Stock shall be redeemed unless all outstanding shares of Series C Preferred Stock are simultaneously redeemed, and we shall not purchase or otherwise acquire directly or indirectly any shares of Series C Preferred Stock (except by exchanging it for our capital stock ranking junior to the Series C Preferred Stock as to dividends and upon liquidation); provided, however, that the foregoing shall not prevent the purchase or acquisition by us of shares of Series C Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series C Preferred Stock.

Subject to applicable law, we may purchase shares of Series C Preferred Stock in the open market, by tender or by private agreement. Any shares of Series C Preferred Stock that we acquire may be retired and re-classified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be reissued as any class or series of preferred stock.

Conversion Rights; Market Trigger Conversion and Redemption

Each outstanding share of Series C Preferred Stock shall be convertible at any time at the option of the holder into that number of whole shares of our common stock as is equal to $25.00 per share, plus accrued and unpaid dividends, divided by an initial conversion price of $10.00. The initial conversion price and the conversion price as adjusted are referred to as the “Conversion Price”. A share of Series C Preferred Stock called for redemption shall be convertible into shares of our common stock up to and including, but not after, the close of business on the date fixed for redemption unless we default in the payment of the amount payable upon redemption.

To exercise the conversion right, the holder of each share of Series C Preferred Stock to be converted shall surrender the certificate representing such share, if certificated, duly endorsed or assigned to us or in blank, at the office of the transfer agent, together with written notice of the election to convert executed by the holder (the “Conversion Notice”) specifying the number of shares of Series C Preferred Stock to be converted, the name in which the share of the common stock deliverable upon conversion shall be registered, and the address

of the named person. If the shares of Series C Preferred Stock are not certificated, the holder must deliver evidence of ownership satisfactory to us and the transfer agent. Unless the shares of common stock deliverable upon conversion are to be issued in the same name as the name in which the shares of Series C Preferred Stock to be converted are registered, the holder must also deliver to the transfer agent an instrument of transfer, in form satisfactory to us, duly executed by the holder or the holder's duly authorized attorney, together with an amount sufficient to pay any transfer or similar tax in connection with the issuance and delivery of such shares of common stock in such name (or evidence reasonably satisfactory to us demonstrating that such taxes have been paid).

Upon the occurrence of a Change of Control, each holder of Series C Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series C Preferred Stock held by such holder as described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," in which case such holde have the right only with respect to shares of Series C Preferred Stock that are not called for redemption) to convert some or all of the Series C Preferred Stock held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of shares of our common stock per share of Series C Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of:

the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference per share of Series C Preferred Stock plus the amount of any accumulated and unpaid dividends thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series C Preferred Stock, in which case no additional amount for accumulated and unpaid dividends will be included in this sum) by (ii) the Common Stock Price, as defined below (such quotient, the "Conversion Rate"); and

9.51 (the "Share Cap"), subject to certain adjustments as described below.

Notwithstanding the foregoing, holders shall always have the right, up to any applicable redemption date, to convert the Series C Preferred Stock into our common stock at a conversion price of $10.00 per share, as such conversion price may be adjusted.

Anything in the articles of amendment for the Series C Preferred Stock to the contrary notwithstanding and except as otherwise required by law, the persons who are the holders of record of shares of Series C Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend shall be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no allowance for unpaid dividends that are not in arrears on the shares of Series C Preferred Stock to be converted.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common stock to existing holders of our common stock), subdivisions or combinations (in each case, a "Share Split") with respect to our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed 6,514,350 shares of our common stock (or equivalent Alternative Conversion Consideration, as applicable).

In the case of a Change of Control pursuant to which our common stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of Series C Preferred Stock will receive upon conversion of such Series C Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration" the Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to as the "Conversion Consideration").

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional shares of our common stock upon the conversion of the Series C Preferred Stock in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not then exercised our right to redeem all shares of Series C Preferred Stock pursuant to the redemption provisions described above, we will provide to holders of Series C Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. This notice will state the following:

the events constituting the Change of Control;

the date of the Change of Control;

the last date on which the holders of Series C Preferred Stock may exercise their Change of Control Conversion Right;

the method and period for calculating the Common Stock Price;

the Change of Control
Conversion Date;

that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any shares of Series C Preferred Stock, holders will not be able to convert the shares of Series C Preferred Stock called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;

if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series C Preferred Stock;

the name and address of the paying agent, transfer agent and conversion agent for the Series C Preferred Stock;

the procedures that the holders of Series C Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Depositary (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and

the last date on which holders of Series C Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we will also issue a press release containing such notice for publication on either of Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of Series C Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of Series C Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of Series C Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of Series C Preferred Stock held in book-entry form through a Depositary, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of Series C Preferred Stock to be converted through the facilities of such Depositary), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

the relevant Change of Control Conversion Date;

the number of shares of Series C Preferred Stock to be converted; and

that the Series C Preferred Stock is to be converted pursuant to the applicable provisions of the Series C Preferred Stock.

The “Change of Control Conversion Date” is the date the Series C Preferred Stock is to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of Series C Preferred Stock.

The “Common Stock Price” is (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if

the consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common stock is then traded, or (y) the average of the last quoted bid prices for our common stock in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if our common stock is not then listed for trading on a U.S. securities exchange.

Holders of Series C Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

the number of withdrawn shares of Series C Preferred Stock;

if certificated Series C Preferred Stock has been surrendered for conversion, the certificate numbers of the withdrawn shares of Series C Preferred Stock; and

the number of shares of Series C Preferred Stock, if any, which remain subject to the holder's conversion notice.

Notwithstanding the foregoing, if any shares of Series C Preferred Stock are held in book-entry form through DTC or a similar depositary (each, a "Depositary"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Depositary.

Series C Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the shares of Series C Preferred Stock, as described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," in which case only the sh of Series C Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem shares of Series C Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series C Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date the redemption price described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of our common stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all federal and state securities laws and stock exchange rules in connection with any conversion of Series C Preferred

Stock into shares of our common stock or other property.

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us. See “Risk Factors— You may not be able to exercise conversion rights upon a Change of Control, and if exercisable, the conversion rights may not adequately compensate you.”

At any time, we at our option, may cause the Series C Preferred Stock to be converted in whole or in part, on a *pro rata* basis, into fully paid and nonassessable shares of common stock at the Conversion Price if the Closing Bid Price (as defined hereafter) of the Common Stock shall have equaled or exceeded 150% of the Conversion Price for at least 20 trading days in any 30 consecutive trading day period ending three days prior to the date of notice of conversion (such event, the "Market Trigger"). Any shares of Series C Preferred Stock so converted shall be treated as having been surrendered by the holder thereof for conversion on the date of such mandatory conversion (unless previously converted at the option of the holder).

We may at our option redeem the Series C Preferred Stock for cash equal to $25.00 per share plus accrued and unpaid dividends, if the Market Trigger has occurred in the period ending three days prior to the date of notice of redemption (unless previously converted at the option of the holder).

No greater than 60 nor fewer than 20 days prior to the date of any such mandatory conversion or redemption, notice by first class mail, postage prepaid, shall be given to the holders of record of the Series C Preferred Stock to be converted or redeemed, addressed to such holders at their last addresses as shown on our stock transfer books. Each such notice shall specify the date fixed for conversion or redemption, the place or places for surrender of shares of Series C Preferred Stock and the then effective Conversion Price.

As used herein, "Closing Bid Price" means, (I) if the Common Stock is listed on a National Exchange, the last sale price quoted for the sale of a share of the Common Stock on such National Exchange on each trading day, or, if such National Exchange begins to operate on an extended hours basis and does not designate the closing bid price, then the last bid price of such security at or immediately prior to 4:00:00 p.m., New York Time, or (II) if the Common Stock is not then listed for trading on a National Exchange, the average of the last quoted bid prices for a share of Common Stock in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization. If the Closing Bid Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price of such security on such date shall be the fair market value as determined in the business judgment by the board of directors of the Corporation.

Except as provided above, the Series C Preferred Stock is not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of the Series C Preferred Stock will not have any voting rights, except as set forth below or as otherwise required by law.

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Whenever a Penalty Event has occurred, the number of directors constituting our board of directors will, subject to the maximum number of directors authorized under our bylaws then in effect, be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any other classes or series of our equity securities we may issue upon which similar voting rights have been conferred and are exercisable and with which the Series C Preferred Stock is entitled to vote as a class with respect to the election of those two directors) and the holders of Series C Preferred Stock (voting separately as a class with all other classes or series of equity securities we may issue upon which similar voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election of those two directors) will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of Series C Preferred Stock or by the holders of any other classes or series of equity securities upon which similar voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election of those two directors (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of shareholders, in which case, such vote will be held at the earlier of the next annual or special meeting of shareholders), and at each subsequent annual meeting until a Correction Event (as defined hereinafter) has occurred with respect to each Penalty Event then continuing. In that case, the right of holders of the Series C Preferred Stock to elect any directors will cease and, unless there are other classes or series of our equity securities upon which similar voting rights have been conferred and are exercisable, any directors elected by holders of the Series C Preferred Stock shall immediately resign and the number of directors constituting the board of directors shall be reduced accordingly. For purposes hereof a “Correction Event” means, (I) with respect to any Delisting Event, the listing of the Series C Preferred Stock for trading on a National Exchange and (II) with respect to a Penalty Event consisting of the non-payment of dividends for four or more quarters, the payment in full of all dividends accumulated on the Series C Preferred Stock for all past dividend periods and the then current dividend period (or the declaration of such dividends provided that a sum sufficient for the payment thereof is set aside for such payment). In no event shall the holders of Series C Preferred Stock be entitled pursuant to these voting rights to elect a director that would cause us to fail to satisfy a requirement relating to director independence of any National Exchange on which any class or series of our stock is listed or quoted. For the avoidance of doubt, in no event shall the total number of directors elected by holders of the Series C Preferred Stock (voting separately as a class with all other classes or series of equity securities we may issue upon which similar voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election of such directors) pursuant to these voting rights exceed two.

If a special meeting is not called by us within 30 days after request from the holders of Series C Preferred Stock as described above, then the holders of record of at least 25% of the outstanding Series C Preferred Stock may designate a holder to call the meeting at our expense.

If, at any time when the voting rights conferred upon the Series C Preferred Stock are exercisable, any vacancy in the office of a director elected shall occur, then such vacancy may be filled only by the remaining such director or by vote of the holders of record of the outstanding Series C Preferred Stock and any other classes or series of equity securities upon which similar voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election of directors. Any director elected or appointed may be removed only by the affirmative vote of holders of the outstanding Series C Preferred Stock and any other classes or series of equity securities upon which similar voting rights have

been conferred and are exercisable and which classes or series of equity securities are entitled to vote as a class with the Series C Preferred Stock in the election of directors, such removal to be effected by the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding Series C Preferred Stock and any such other classes or series of equity securities, and may not be removed by the holders of the Common Stock.

On each matter on which holders of Series C Preferred Stock are entitled to vote, each share of Series C Preferred Stock will be entitled to one vote, except that when shares of any other class or series of our equity securities have the right to vote with the Series C Preferred Stock as a single class on any matter, the Series C Preferred Stock and the shares of each such other class or series will have one vote for each $25.00 of liquidation preference (excluding accumulated dividends).

So long as any shares of Series C Preferred Stock remain outstanding, we will not, without the affirmative vote of the holders of at least two-thirds of the shares of the Series C Preferred Stock outstanding at the time, given in person or by proxy, at a meeting (voting together as a class with all other classes or series of equity securities that we may issue upon which similar voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock), (a) authorize or create, or increase the authorized or issued amount of, any class or series of equity securities ranking senior to the Series C Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up or reclassify any of our authorized capital stock into such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (b) amend, alter or repeal the provisions of our Charter, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series C Preferred Stock (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in (b) above, so long as the Series C Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon an occurrence of an Event, we may not be the surviving entity, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of the Series C Preferred Stock and, provided further, that any increase in the amount of the authorized common stock or other equity securities we may issue, including the Series C Preferred Stock, or the creation or issuance of any additional Series C Preferred Stock or class or other series of equity securities that we may issue, or any increase in the amount of authorized shares of such class or series, in each case ranking on parity with or junior to the Series C Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series C Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

Except as expressly stated in the articles of amendment or as may be required by applicable law, the Series C Preferred Stock will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series C Preferred Stock are outstanding, we will use our best efforts to (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series C Preferred Stock, as their names and addresses appear on our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have

been required) and (ii) promptly, upon request, supply copies of such reports to any holders or prospective holder of Series C Preferred Stock. We will use our best effort to mail (or otherwise provide) the information to the holders of the Series C Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a “non-accelerated filer” within the meaning of the Exchange Act.

Preemptive Rights

No holders of the Series C Preferred Stock will, as holders of Series C Preferred Stock, have any preemptive rights to purchase or subscribe for our common stock or any other security.

Book-Entry Procedures

DTC will act as securities depositary for the Series C Preferred Stock. We will issue one or more fully registered global securities certificates in the name of DTC's nominee, Cede & Co. These certificates will represent the total aggregate number of shares of Series C Preferred Stock. We will deposit these certificates with DTC or a custodian appointed by DTC. We will not issue certificates to you for the shares of Series C Preferred Stock that you purchase, unless DTC's services are discontinued as described below.

Title to book-entry interests in the Series C Preferred Stock will pass by book-entry registration of the transfer within the records of DTC in accordance with its procedures. Book-entry interests in the securities may be transferred within DTC in accordance with procedures established for these purposes by DTC. Each person owning a beneficial interest in shares of the Series C Preferred Stock must rely on the procedures of DTC and the participant through which such person owns its interest to exercise its rights as a holder of the Series C Preferred Stock.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the Exchange Act. DTC holds securities which its participants ("Direct Participants") deposit with it. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, including agents, underwriters, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC.

When you purchase shares of Series C Preferred Stock within the DTC system, the purchase must be by or through a Direct Participant. The Direct Participant will receive a credit for the Series C Preferred Stock on DTC's records. You will be considered to be the "beneficial owner" of the Series C Preferred Stock. Your

beneficial ownership interest will be recorded on the Direct and Indirect Participants' records, but DTC will have no knowledge of your individual ownership. DTC's records reflect only the identity of the Direct Participants to whose accounts shares of Series C Preferred Stock are credited.

You will not receive written confirmation from DTC of your purchase. The Direct or Indirect Participants through whom you purchased the Series C Preferred Stock should send you written confirmations providing details of your transactions, as well as periodic statements of your holdings. The Direct and Indirect Participants are responsible for keeping an accurate account of the holdings of their customers like you.

Transfers of ownership interests held through Direct and Indirect Participants will be accomplished by entries on the books of Direct and Indirect Participants acting on behalf of the beneficial owners.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

We understand that, under DTC's existing practices, in the event that we request any action of the holders, or an owner of a beneficial interest in a global security, such as you, desires to take any action which a holder is entitled to take under our Charter (including the articles of amendment designating the Series C Preferred Stock), DTC would authorize the Direct Participants holding the relevant shares to take such action, and those Direct Participants and any Indirect Participants would authorize beneficial owners owning through those Direct and Indirect Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Any redemption notices with respect to the Series C Preferred Stock will be sent to DTC. If less than all of the outstanding shares of Series C Preferred Stock are being redeemed, DTC will reduce each Direct Participant's holdings of shares of Series C Preferred Stock in accordance with its procedures.

In those instances where a vote is required, neither DTC nor Cede & Co. itself will consent or vote with respect to the shares of Series C Preferred Stock. Under its usual procedures, DTC would mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants whose accounts the shares of Series C Preferred Stock are credited to on the record date, which are identified in a listing attached to the omnibus proxy.

Dividends on the Series C Preferred Stock will be paid directly to DTC's nominee (or its successor, if applicable). DTC's practice is to credit participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on that payment date.

Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name." These payments will be the responsibility of the participant and not of DTC, us or any agent of ours.

DTC may discontinue providing its services as securities depositary with respect to the Series C Preferred Stock at any time by giving reasonable notice to us. Additionally, we may decide to discontinue the book-entry only system of transfers with respect to the Series C Preferred Stock. In that event, we will print

and deliver certificates in fully registered form for the Series C Preferred Stock. If DTC notifies us that it is unwilling to continue as securities depositary, or it is unable to continue or ceases to be a clearing agency registered under the Exchange Act and a successor depositary is not appointed by us within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, we will issue the Series C Preferred Stock in definitive form, at our expense, upon registration of transfer of, or in exchange for, such global security.

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Global Clearance and Settlement Procedures

Initial settlement for the Series C Preferred Stock will be made in immediately available funds. Secondary market trading among DTC's Participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes the material U.S. federal income tax consequences that may be applicable to "U.S. holders" and "non-U.S. holders" (each as defined below) with respect to the purchase, ownership, and disposition of the Series C Preferred Stock offered by this prospectus supplement. This discussion only applies to purchasers who purchase and hold the Series C Preferred Stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code") (generally property held for investment). This discussion does not describe all of the tax consequences that may be relevant to each purchaser or holder of Series C Preferred Stock in light of its particular circumstances.

This discussion is based upon provisions of the Code, Treasury regulations, rulings and judicial decisions as of the date hereof. These authorities may change, perhaps retroactively, which could result in U.S. federal income tax consequences different from those summarized below. This discussion does not address all aspects of U.S. federal income taxes (such as the alternative minimum tax) and does not describe any foreign, state, local or other tax considerations that may be relevant to a purchaser or holder of Series C Preferred Stock in light of their particular circumstances. In addition, this discussion does not describe the U.S. federal income tax consequences applicable to a purchaser or a holder of Series C Preferred Stock who is subject to special treatment under U.S. federal income tax laws (including, a corporation that accumulates earnings to avoid U.S. federal income tax, a pass-through entity or an investor in a pass-through entity, a tax-exempt entity, pension or other employee benefit plans, financial institutions or broker-dealers, persons holding Series C Preferred Stock as part of a hedging or conversion transaction or straddle, a person subject to the alternative minimum tax, an insurance company, former U.S. citizens, or former long-term U.S. residents). We cannot assure you that a change in law will not significantly alter the tax considerations that we describe in this discussion.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Series C Preferred Stock, the U.S. federal income tax treatment of a partner of that partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership holding our Series C Preferred Stock, you should consult your tax advisors as to the particular U.S. federal income tax consequences of holding and disposing of our Series C Preferred Stock.

THIS DISCUSSION IS PROVIDED FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE LEGAL ADVICE TO ANY PROSPECTIVE PURCHASER OF OUR SERIES C PREFERRED STOCK. ADDITIONALLY, THIS DISCUSSION CANNOT BE USED BY ANY HOLDER FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDER. IF YOU ARE CONSIDERING THE PURCHASE OF OUR SERIES C PREFERRED STOCK, YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR SERIES C PREFERRED STOCK IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES AND ANY CONSEQUENCES ARISING UNDER THE LAWS OF

APPLICABLE STATE, LOCAL OR FOREIGN TAXING JURISDICTIONS. YOU SHOULD ALSO CONSULT WITH YOUR TAX ADVISORS CONCERNING ANY POSSIBLE ENACTMENT OF LEGISLATION THAT WOULD AFFECT YOUR INVESTMENT IN OUR SERIES C PREFERRED STOCK IN YOUR PARTICULAR CIRCUMSTANCES.

U.S. Holders

Subject to the qualifications set forth above, the following discussion summarizes the material U.S. federal income tax consequences of the purchase, ownership and disposition of our Series C Preferred Stock by "U.S. holders." You are a "U.S. holder" if you are a beneficial owner of our Series C Preferred Stock and you are for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if it (a) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

U.S. Holder: Distributions in General. In general, if distributions are made with respect to our Series C Preferred Stock, such distributions will be treated as dividends to the extent of our current and accumulated earnings and profits as determined for U.S. federal income tax purposes. Any portion of a distribution that exceeds our current and accumulated earnings and profits will first be applied to reduce a U.S. holder's tax basis in the Series C Preferred Stock, and the excess will be treated as gain from the disposition of the Series C Preferred Stock, the tax treatment of which is discussed below under "*U.S. Holder: Disposition of Series C Preferred Stock, Including Redemptions*." We currently do not have accumulated earnings and profits. Additionally, we may not have sufficient current earnings and profits during future fiscal years for the distributions on the Series C Preferred Stock to qualify as dividends for U.S. federal income tax purposes.

Dividends received by individual holders of Series C Preferred Stock will generally be subject to a reduced maximum tax rate of 15% if such dividends are treated as "qualified dividend income" for U.S. federal income tax purposes. The rate reduction does not apply to dividends received to the extent that the individual shareholder elects to treat the dividends as "investment income," which may be offset against investment expenses. Furthermore, the rate reduction does not apply to dividends that are paid to individual shareholders with respect to the Series C Preferred Stock that is held for 60 days or less during the 121-day period beginning on the date which is 60 days before the date on which the Series C Preferred Stock becomes ex-dividend (or where the dividend is attributable to a period or periods in excess of 366 days, Series C Preferred Stock that is held for 90 days or less during the 181-day period beginning on the date which is 90 days before the date on which the Series C Preferred Stock becomes ex-dividend). In addition, if a

dividend received by an individual shareholder that qualifies for the rate reduction is an "extraordinary dividend" within the meaning of Section 1059 of the Code, any loss recognized by such individual holder on a subsequent disposition of the stock will be treated as long-term capital loss to the extent of such "extraordinary dividend," irrespective of such holder's holding period for the stock. Furthermore, under the 2010 Health Care and Education Reconciliation Act ("2010 Reconciliation Act"), dividends recognized after December 31, 2012 by U.S. holders that are individuals could be subject to the 3.8% Medicare tax on net investment income. Individual shareholders should consult their own tax advisors regarding the implications of these rules in light of their particular circumstances.

Dividends received by corporate holders of Series C Preferred Stock generally will be eligible for the dividends-received deduction. Generally, this deduction is allowed if the underlying stock is held for at least 46 days during the 91 day period beginning on the date 45 days before the ex-dividend date of the stock, and for cumulative preferred stock with an arrearage of dividends attributable to a period in excess of 366 days, the holding period is at least 91 days during the 181-day period beginning on the date 90 days before the ex-dividend date of the stock. Corporate holders of Series C Preferred Stock should also consider the effect of Section 246A of the Code, which reduces the dividends-received deduction allowed to a corporate shareholder that has incurred indebtedness that is "directly attributable" to an investment in portfolio stock such as preferred stock. If a corporate shareholder receives a dividend on the Series C Preferred Stock that is an "extraordinary dividend" within the meaning of Section 1059 of the Code, the shareholder in certain instances must reduce its tax basis in the Series C Preferred Stock by the amount of the "nontaxed portion" of such "extraordinary dividend" that results from the application of the dividends-received deduction. If the "nontaxed portion" of such "extraordinary dividend" exceeds such corporate shareholder's tax basis, any excess will be taxed as gain as if such shareholder had disposed of its shares in the year the "extraordinary dividend" is paid. Each domestic corporate holder of Series C Preferred Stock is urged to consult with its tax advisors with respect to the eligibility for and amount of any dividends received deduction and the application of Section 1059 of the Code to any dividends it receives on our Series C Preferred Stock.

U.S. Holder: Distributions of Additional Shares of Common Stock or Series C Preferred Stock. As discussed under the "*Description of Series C Preferred Stock—Dividends—Failure to Make Dividend Payments,*" the certificate of designation governing the Series C Preferred Stock requires us to pay dividends on Series C Preferred Stock "in-kind" in shares of our common stock or additional shares of Series C Preferred Stock in certain circumstances. Such dividend distributions of shares of common stock or additional shares of Series C Preferred Stock will be treated as taxable distributions in the same manner as cash distributions. The amount of the distribution and tax basis of the shares of common stock or Series C Preferred Stock received will be equal to the fair market value of such shares on the distribution date.

Additionally, if the Series C Preferred Stock is issued at a price less than the redemption price, because the Company may call for the redemption of the Series C Preferred Stock under certain circumstances, the holder of the Series C Preferred Stock may be treated as receiving periodically a constructive distribution of additional stock on the Series C Preferred Stock. Under Treasury regulations, such constructive distribution would be required if, based on all of the facts and circumstances as of the issue date, the redemption pursuant to the Company's right to redeem the Series C Preferred Stock is more likely than not to occur. The Treasury regulations provide that an issuer's right to redeem will not be treated as more likely than not to occur if: (i) the issuer and holder of the stock are not related within the meaning of Section 267(b) or Section 707(b) of the Code (substituting "20%" for the phrase "50%"); (ii) there are no plans, arrangements, or agreements that effectively require or are intended to compel the issuer to redeem the stock; and (iii) exercise of the right to redeem would not reduce the yield on the stock determined using principles applicable to the determination of original issue discount under Section 1272 of the Code and the Treasury regulations under Sections 1271 through 1275 of the Code. The fact that a redemption right is not described in the preceding sentence does not mean that an issuer's right to redeem is more likely than not to occur and the issuer's right to redeem must still be tested under all the facts and circumstances to determine if it is more likely than not to occur. The Company believes that its right to call for the redemption of the Series C Preferred Stock should not be treated as more likely than not to occur applying the foregoing test, and as a result, no constructive distribution should be required.

Holder's Conversion Option. If upon a Change of Control the Company does not exercise its call option and a U.S. holder elects to convert some or all of the holder's Series C Preferred Stock into common stock of the Company, or if the holder otherwise elects to convert or we cause a conversion in the event of a Market Trigger, the holder should not recognize gain or loss upon the conversion except as noted below. The U.S. holder's conversion of Series C Preferred Stock into common stock of the Company may result in a distribution taxed in the same manner as a cash distribution described under the heading "Material U.S. Federal Income Tax Consequences-U.S. Holder: Distributions in General" if either: (i) the holder's right is pursuant to a plan to periodically increase a shareholder's proportionate interest in the assets or earnings and profits of the Company, or (ii) there are dividends in arrears on the Series C Preferred Stock at the time of the recapitalization, and as a result, increases on the holder's interest in the assets or earnings and profits of the Company. In the latter case, the amount of the constructive distribution is limited to the lesser of (i) the amount by which the value of the common stock received exceeds the issue price of the Series C Preferred Stock, which in this case, would be the redemption premium; or (ii) the amount of dividends in arrears on the Series C Preferred Stock. The Company believes that any conversion of the Series C Preferred Stock into common stock should not be treated as pursuant to a plan to periodically increase the holders' interest in the assets or earnings and profits of the Company. Accordingly, the amount of any deemed distribution upon conversion should be the lesser of: (i) the redemption premium for Series C Preferred Stock or (ii) the amount of dividends in arrears. Assuming the Company makes monthly payments of dividends on the Series C Preferred Stock, any constructive distribution attributable to conversion of the Series C Preferred Stock into common stock of the Company should be limited in amount.

U.S. Holder: Disposition of Series C Preferred Stock, Including Redemptions. Upon any sale, exchange, redemption (except as discussed below), or other disposition of the Series C Preferred Stock, a U.S. holder generally will recognize capital gain or loss equal to the difference between the amount realized by the U.S. holder on any sale, exchange, redemption (except as discussed below), or other disposition, and the U.S.

holder's adjusted tax basis in the Series C Preferred Stock. Such capital gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for the Series C Preferred Stock exceeds one year. A U.S. holder should consult its own tax advisors with respect to applicable tax rates and netting rules for capital gains and losses. Certain limitations exist on the deduction of capital losses by both corporate and non-corporate taxpayers. In addition, under the 2010 Reconciliation Act, gains recognized after December 31, 2012, by U.S. holders that are individuals could be subject to the 3.8% Medicare tax on net investment income.

A redemption of shares of the Series C Preferred Stock will generally be a taxable event. If the redemption is treated as a sale or exchange, instead of a dividend, a U.S. holder generally will recognize capital gain or loss (which will be long-term capital gain or loss, if the U.S. holder's holding period for such Series C Preferred Stock exceeds one year), equal to the difference between the amount realized by the U.S. holder and the U.S. holder's adjusted tax basis in the Series C Preferred Stock redeemed, except to the extent that any cash received is attributable to any accrued but unpaid dividends on the Series C Preferred Stock, which generally will be subject to the rules discussed above in "*U.S. Holder: Distributions in General*." A payment made in redemption of Series C Preferred Stock may be treated as a dividend, rather than as payment in exchange for the Series C Preferred Stock, unless the redemption:

is "not essentially equivalent to a dividend" with respect to a U.S. holder under Section 302(b)(1) of the Code;

is a "substantially disproportionate" redemption with respect to a U.S. holder under Section 302(b)(2) of the Code;

results in a "complete redemption" of a U.S. holder's stock interest in the Company under Section 302(b)(3) of the Code; or

is a redemption of stock held by a non-corporate shareholder, which results in a partial liquidation of the Company under Section 302(b)(4) of the Code.

In determining whether any of these tests has been met, a U.S. holder must take into account not only shares of Series C Preferred Stock and our common stock that the U.S. holder actually owns, but also shares and other equity interests that the U.S. holder constructively owns within the meaning of Section 318 of the Code.

A redemption payment will be treated as "not essentially equivalent to a dividend" if it results in a "meaningful reduction" in a U.S. holder's aggregate stock interest in the Company, which will depend on the U.S. holder's particular facts and circumstances at such time. If the redemption payment is treated as a dividend, the rules discussed above in "*U.S. Holder: Distributions in General*" apply.

Satisfaction of the "complete redemption" and "substantially disproportionate" exceptions is dependent upon compliance with the objective tests set forth in Section 302(b)(3) and Section 302(b)(2) of the Code. A redemption will result in a "complete redemption" if either all of our stock actually and constructively owned by a U.S. holder is exchanged in the redemption or all of our stock actually owned by the U.S. holder is exchanged in the redemption and the U.S. holder is eligible to waive, and, if the U.S. holder constructively owns our stock by reason of a family member's ownership of our stock, the U.S. holder effectively waives, the attribution of our stock constructively owned by the U.S. holder in accordance with the procedures described in Section 302(c)(2) of the Code. A redemption does not qualify for the "substantially disproportionate" exception if the stock redeemed is only non-voting stock, and for this purpose, stock which does not have voting rights until the occurrence of an event is not voting stock until the occurrence of the specified event. Accordingly, any redemption of Series C Preferred Stock will likely not qualify for this exception because the voting rights are limited as provided in the "*Description of Series C Preferred Stock-Voting Rights*."

For purposes of the "redemption from non-corporate shareholders in a partial liquidation" test, a distribution will be treated as in partial liquidation of a corporation if the distribution is not essentially equivalent to a dividend (determined at the corporate level rather than the shareholder level) and the distribution is pursuant to a plan and occurs within the taxable year in which the plan was adopted or within the succeeding taxable year. For these purposes, a distribution is generally not essentially equivalent to a dividend if the distribution results in a corporate contraction. The determination of what constitutes a corporate contraction is generally factual in nature, and has been interpreted under case law to include the termination of a business or line of business.

Each U.S. holder of Series C Preferred Stock should consult its own tax advisors to determine whether a payment made in redemption of Series C Preferred Stock will be treated as a dividend or as payment in exchange for the Series C Preferred Stock. If the redemption payment is treated as a dividend, the rules discussed above in "*U.S. Holder: Distributions in General*" apply.

U.S. Holder: Information Reporting and Backup Withholding. Information reporting and backup withholding may apply with respect to payments of dividends on the Series C Preferred Stock and to certain payments of proceeds on the sale or other disposition of our Series C Preferred Stock. Certain non-corporate U.S. holders may be subject to U.S. backup withholding (currently at a rate of 28%) on payments of dividends on the Series C Preferred Stock and certain payments of proceeds on the sale or other disposition of our Series C Preferred Stock unless the beneficial owner of such Series C Preferred Stock furnishes the payor or its agent with a taxpayer identification number, certified under penalties of perjury, and certain other information, or otherwise establishes, in the manner prescribed by law, an exemption from backup withholding.

U.S. backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability, which may entitle the U.S. holder to a refund, provided the U.S. holder timely furnishes the required information to the Internal Revenue Service.

Sunset Provisions of Certain Tax Rates. Several of the tax considerations described in this prospectus supplement and the accompanying prospectus are subject to a sunset provision. On December 17, 2010, President Obama signed into law the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, extending through December 31, 2012 certain federal income tax rates which had been set to expire (i.e., "sunset") on December 31, 2010. The amended sunset generally provides that for taxable years beginning after December 31, 2012, certain federal income tax rates will revert back to prior federal income tax rates. The impact of the sunset is not discussed in this prospectus supplement and the accompanying prospectus. Consequently, U.S. holders are urged to consult their own tax advisors regarding the effect of the sunset based on their individual tax situations.

Non-U.S. Holders

Subject to the qualifications set forth above under the caption "Material U.S. Federal Income Tax Consequences," the following discussion summarizes the material U.S. federal income tax consequences of the purchase, ownership and disposition of our Series C Preferred Stock by certain "non-U.S. holders" (as defined below). For purposes of this discussion, you are a "non-U.S. holder" if you are a beneficial owner of Series C Preferred Stock and you are not a "U.S. holder."

Non-U.S. Holder: Distributions on the Series C Preferred Stock. In general, if distributions (whether in cash or our common stock or Series C Preferred Stock) are made with respect to our Series C Preferred Stock, such distributions will be treated as dividends to the extent of our current and accumulated earnings and profits as determined for U.S. federal income tax purposes and will be subject to withholding as discussed below. Any portion of a distribution that exceeds our current and accumulated earnings and profits will first be applied to reduce the non-U.S. holder's tax basis in the Series C Preferred Stock and, to the extent such portion exceeds

the non-U.S. holder's basis, the excess will be treated as gain from the disposition of the Series C Preferred Stock, the tax treatment of which is discussed below under "*Non-U.S. Holder: Disposition of Series C Preferred Stock, Including Redemptions*." We do not have accumulated earnings and profits. Additionally, we may not have sufficient current earnings and profits during future fiscal years for the distributions on the Series C Preferred Stock to qualify as dividends for U.S. federal income tax purposes. Furthermore, if we are a U.S. real property holding corporation, or a "USRPHC," which we believe that we are, and any distribution exceeds our current and accumulated earnings and profits, we will need to choose to satisfy our withholding requirements either by treating the entire distribution as a dividend, subject to the withholding rules in the following paragraph (and withhold at a minimum rate of 10% or such lower rate as may be specified by an applicable income tax treaty for distributions from a USRPHC), or by treating only the amount of the distribution equal to our reasonable estimate of our current and accumulated earnings and profits as a dividend, subject to the withholding rules in the following paragraph, with the excess portion of the distribution subject to withholding at a rate of 10% or such lower rate as may be specified by an applicable income tax treaty as if such excess were the result of a sale of shares in a USRPHC (discussed below under "*Non-U.S. Holder: Disposition of Series C Preferred Stock, Including Redemptions*"), with a credit generally allowed against the non-U.S. holder's U.S. federal income tax liability in an amount equal to the amount withheld from such excess.

Dividends paid to a non-U.S. holder of our Series C Preferred Stock will generally be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, where a tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied including completing Internal Revenue Service Form W-8ECI (or other applicable form). Instead, such dividends are subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person as defined under the Code, unless an applicable income tax treaty provides otherwise. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder of our Series C Preferred Stock who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required to (a) complete Internal Revenue Service Form W-8BEN (or other applicable form) and certify under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits, or (b) if our Series C Preferred Stock is held through certain foreign intermediaries, satisfy the relevant certification requirements of applicable Treasury regulations.

A non-U.S. holder of our Series C Preferred Stock eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the Internal Revenue Service.

Non-U.S. Holder: Disposition of Series C Preferred Stock, Including Redemptions. Any gain realized by a non-U.S. holder on the disposition of our Series C Preferred Stock will generally not be subject to U.S. federal income or withholding tax unless:

the gain is effectively connected with the conduct of a trade or business by the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States);

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or

we are or have been a USRPHC for U.S. federal income tax purposes, as such term is defined in Section 897(c) of the Code, and such non-U.S. holder owned directly or pursuant to certain attribution rules at any time during the five-year period ending on the date of disposition more than 5% of our Series C Preferred Stock. This assumes that our Series C Preferred Stock is regularly traded on an established securities market,

within the meaning of Section 897(c)(3) of the Code. We believe we are a USRPHC and that our Series C Preferred Stock will be regularly traded on an established securities market.

A non-U.S. holder described in the first bullet point immediately above will generally be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates in the same manner as if the non-U.S. holder were a United States person as defined under the Code, and if it is a corporation, may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States. A non-U.S. holder described in the third bullet point above will be subject to U.S. federal income tax under regular graduated U.S. federal income tax rates with respect to the gain recognized in the same manner as if the non-U.S. holder were a United States person as defined under the Code.

If a non-U.S. holder is subject to U.S. federal income tax on any sale, exchange, redemption (except as discussed below), or other disposition of the Series C Preferred Stock, such a non-U.S. holder will recognize capital gain or loss equal to the difference between the amount realized by the non-U.S. holder on any sale, exchange, redemption (except as discussed below), or other disposition, and the non-U.S. holder's adjusted tax basis in the Series C Preferred Stock. Such capital gain or loss will be long-term capital gain or loss if the non-U.S. holder's holding period for the Series C Preferred Stock exceeds one year. A non-U.S. holder should consult its own tax advisors with respect to applicable tax rates and netting rules for capital gains and losses. Certain limitations exist on the deduction of capital losses by both corporate and non-corporate taxpayers.

If a non-U.S. holder is subject to U.S. federal income tax on any disposition of the Series C Preferred Stock, a redemption of shares of the Series C Preferred Stock will be a taxable event. If the redemption is treated as a sale or exchange, instead of a dividend, a non-U.S. holder generally will recognize long-term capital gain or loss, if the non-U.S. holder's holding period for such Series C Preferred Stock exceeds one year, equal to the difference between the amount of cash received and fair market value of property received and the non-U.S. holder's adjusted tax basis in the Series C Preferred Stock redeemed, except that to the extent that any cash received is attributable to any accrued but unpaid dividends on the Series C Preferred Stock, which generally will be subject to the rules discussed above in "*Non-U.S. Holder: Distributions on the Series C Preferred Stock*." A payment made in redemption of Series C Preferred Stock may be treated as a dividend, rather than as payment in exchange for the Series C Preferred Stock, in the same circumstances discussed above under "*U.S. Holder: Disposition of Series C Preferred Stock, Including Redemptions*." Each non-U.S. holder of Series C Preferred Stock should consult its own tax advisors to determine whether a payment made in redemption of Series C Preferred Stock will be treated as a dividend or as payment in exchange for the Series C Preferred Stock.

Non-U.S. Holder: Information reporting and backup withholding. We must report annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to such non-U.S. holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

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A non-U.S. holder will not be subject to backup withholding on dividends paid to such non-U.S. holder as long as such non-U.S. holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such non-U.S. holder is a United States person as defined under the Code), or such non-U.S. holder otherwise establishes an exemption.

Depending on the circumstances, information reporting and backup withholding may apply to the proceeds received from a sale or other disposition of our Series C Preferred Stock, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

U.S. backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Recently Enacted Legislation Relating to Foreign Accounts. Recently enacted legislation ("FATCA") will generally impose a 30% withholding tax on dividends on Series C Preferred Stock and the gross proceeds of a disposition of Series C Preferred Stock that are paid to: (i) a foreign financial institution (as that term is defined in Section 1471(d)(4) of the Code) unless that foreign financial institution enters into an agreement with the U.S. Treasury Department to collect and disclose information regarding U.S. account holders of that foreign financial institution (including certain account holders that are foreign entities that have U.S. owners) and satisfies other requirements; and (ii) specified other foreign entities unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity satisfies other specified requirements.

Although such legislation applies to payments made after December 31, 2012, recently issued guidance by the Internal Revenue Service indicates that under future Treasury regulations, the FATCA withholding tax of 30% will not apply to dividends paid on shares of our Series C Preferred Stock until after December 31, 2013, and to gross proceeds from the disposition of shares of our Series C Preferred Stock until after December 31, 2014.

Although administrative guidance and proposed Treasury regulations have been issued, Treasury regulations implementing the new FATCA regime have not been finalized and the exact scope of these rules remains unclear and potentially subject to material changes. Prospective investors should consult their own tax advisors regarding the possible impact of these rules on their investment in the Series C Preferred Stock.

PLAN OF DISTRIBUTION

We have entered into an At Market Issuance Sales Agreement, or a sales agreement, dated as of October 12, 2012, with MLV acting as our agent. Pursuant to the sales agreement, we may from time to time offer and sell up to 2,565,000 shares of our Series C Preferred Stock and up to $100 million of our common stock. Any such sales may be made in negotiated transactions or other transactions that are deemed to be "at-the-market" offerings, including sales made directly on the NYSE or sales made to or through a market maker other than on an exchange.

Upon its acceptance of written instructions from us, MLV has agreed to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell shares of our Series C Preferred Stock or our common stock, as the case may be, under the terms and subject to the conditions set forth in the sales agreement. We will instruct MLV as to the number of shares of our Series C Preferred Stock or our common stock to be sold by it. We may instruct MLV not to sell shares of Series C Preferred Stock or our common stock if the sale cannot be effected at or above the price designated by us in any instruction. We or MLV may suspend the offering of our Series C Preferred Stock and common stock upon proper notice and subject to other conditions.

MLV has agreed to provide written confirmation to us promptly and in no event later than the opening of the trading day on the NYSE on the day following the trading day in which shares of our Series C Preferred Stock or common stock were sold under the sales agreement. Each confirmation is required to include the number of shares sold on the preceding day, the net proceeds to us and the compensation payable by us to MLV in connection with the sales.

We will pay MLV commissions for its services in acting as agent in the sale of our Series C Preferred Stock and common stock. MLV will be entitled to compensation of up to 3.5% of the gross sales proceeds of all shares of Series C Preferred Stock sold through it from time to time under the sales agreement and up to 3.0% of the gross sales proceeds of all shares of common stock sold through it from time to time under the sales agreement.

We may also sell shares of Series C Preferred Stock or common stock to MLV as principal for its own account at a price agreed upon at the time of sale. If we sell shares of Series C Preferred Stock or common stock to MLV as principal, we will enter into a separate agreement setting forth the terms of such transaction, and, to the extent required by applicable law, we will describe this agreement in a separate prospectus supplement or pricing supplement. We have agreed to reimburse certain expenses of MLV in an amount not to exceed $15,000. We estimate that the total expenses for the offering, excluding compensation payable to MLV under the terms of the sales agreement, will be approximately $50,000.

Settlement for sales of shares of our Series C Preferred Stock or common stock will occur on the third trading day following the date on which any sales are made, or on some other date that is agreed upon by us and MLV in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar account. Sales of our Series C Preferred Stock and common stock as contemplated by this prospectus supplement will be settled through the facilities of DTC.

We will report at least quarterly the number of shares of our Series C Preferred Stock and common stock sold through MLV under the sales agreement, the net proceeds to us and the compensation paid by us to MLV in connection with the sales of our Series C Preferred Stock and common stock.

The offering of shares of our Series C Preferred Stock and common stock pursuant to the sales agreement will terminate upon the earlier of (1) the sale of all Series C Preferred Stock and common stock subject to the sales agreement through MLV on the terms and subject to the conditions set forth in the sales agreement and (2) termination of the sales agreement. The sales agreement may be terminated by us or MLV, each in its sole discretion, at any time by giving notice to the other party.

MLV and its affiliates have provided and may in the future provide various investment banking and advisory services to us from time to time for which they have received, and are expected to receive, customary fees and expenses. MLV previously acted as an underwriter in a public offering of 685,000 shares of our Series C Preferred Stock completed on September 28, 2012, for which MLV and the other underwriters received customary compensation.

In connection with the sale of shares of our Series C Preferred Stock and common stock on our behalf, MLV may, and will with respect to sales effected in an “at the market offering,” be deemed to be an “underwriter” within the meaning of the Securities Act, and the compensation of MLV may be deemed to be underwriting commissions or discounts. We have agreed to indemnify MLV against specified liabilities, including liabilities under the Securities Act, or to contribute to payments that MLV may be required to make because of those liabilities.

This prospectus supplement and the accompanying prospectus in electronic format may be made available on Internet websites maintained by the underwriter of this offering and may be made available on websites maintained by other dealers. Other than the prospectus supplement and the accompanying prospectus in electronic format, the information on the agent's website and any information contained in any other website maintained by any dealer is not part of the prospectus supplement and the accompanying prospectus or the registration statement of which the prospectus supplement and the accompanying prospectus form a part.

LEGAL MATTERS

The validity of the Series C Preferred Stock and common stock being offered by this prospectus supplement will be passed upon for us by LeClairRyan, A Professional Corporation, Newark, New Jersey. In rendering its opinion, as to matters of Tennessee law, LeClairRyan will rely upon the opinion of Anna E. Corcoran, Esq., our assistant general counsel. Certain legal matters will be passed upon for the agent by SNR Denton US LLP, New York, New York.

EXPERTS

The consolidated financial statements of Miller Energy Resources, Inc. and subsidiaries as of April 30, 2012 and 2011, and for the years then ended, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered accounting firm, incorporated by reference herein, and upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Miller Energy Resources, Inc. and subsidiaries as of April 30, 2010, and for the year then ended, has been incorporated by reference herein in reliance upon the report of Sherb & Co., LLP, independent registered accounting firm, incorporated by reference herein, and upon the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any materials we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-888-SEC-0330 for further information about the public reference room. The SEC also maintains an internet website at www.sec.gov that contains periodic and current reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC.

This prospectus supplement is part of a registration statement that we filed with the SEC, using a "shelf" registration process under the Securities Act of 1933, as amended (the "Securities Act"), relating to the securities to be offered. This prospectus supplement does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to the Company, and the securities offered by this prospectus supplement, reference is hereby made to the registration statement. The registration statement, including the documents incorporated by reference therein and the exhibits thereto, may be inspected at the Public Reference Room maintained by the SEC at the address set forth above or may be obtained at the SEC's website set forth above. Statements contained herein concerning any document filed as an exhibit are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement. Each such statement is qualified in its entirety by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by information that is included directly in this document.

This prospectus includes by reference the documents listed below that we have previously filed with the SEC and that are not included in or delivered with this document, excluding any information furnished under Item 2.02 or Item 7.01 of any Current Report on Form 8-K and exhibits filed on such form that are related to such items. These documents contain important information about us and our financial condition.

- Current Report on Form 8-K as filed on July 17, 2012,
- Current Report on Form 8-K as filed on July 26, 2012,
- Current Report on Form 8-K as filed on July 27, 2012 and amended on Form 8-K/A on August 1, 2012,
- Current Report on Form 8-K as filed on July 31, 2012,
- Current Report on Form 8-K as filed on August 17, 2012,
- Current Report on Form 8-K/A as filed on August 27, 2012,
- Current Report on Form 8-K as filed on September 4, 2012,
- Annual Report on Form 10-K for the year ended April 30, 2012, as amended on Form 10-K/A on September 6, 2012, and
- Quarterly Report on Form 10-Q as filed on September 10, 2012,
- Current Report on Form 8-K as filed on September 21, 2012,
- Current Report on Form 8-K as filed on September 24, 2012,
- Current Report on Form 8-K as filed on September 26, 2012, and
- Current Report on Form 8-K as filed on September 28, 2012.

All documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of the initial registration statement and prior to effectiveness of the registration statement and on or after the date of this prospectus and prior to the termination of our offering of securities shall be deemed to be incorporated by reference herein and to be a part of this prospectus from the date of filing of such documents, excluding any information furnished under Item 2.02 or Item 7.01 of any Current Report on Form 8-K and exhibits filed on such form that are related to such items. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You can obtain any of the documents incorporated by reference in this prospectus from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit to this prospectus. You can obtain documents incorporated by reference in this prospectus at no cost by requesting them in writing or by telephone from us at the following address: Corporate Secretary, Miller Energy Resources, Inc., 9721 Cogdill Road, Suite 302, Knoxville, TN 37932.

We have not authorized anyone to give any information or make any representation about us that is different from, or in addition to, that contained in this prospectus or in any of the materials that we have incorporated by reference into this document. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this document are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you.

PROSPECTUS

$500,000,000

Miller Energy Resources, Inc.

COMMON STOCK, PREFERRED STOCK, WARRANTS, UNITS

We may offer common stock, preferred stock, warrants, and or any combination of those securities at an aggregate initial offering price not to exceed $500,000,000. The warrants that we may offer will consist of warrants to purchase any of the other securities that may be sold under this prospectus. The securities offered under this prospectus may be offered separately, together, or in separate series, and in amounts, at prices and on terms to be determined at the time of sale. A prospectus supplement that will set forth the terms of the offering of any securities will accompany this prospectus. You should read this prospectus and any supplement carefully before you invest.

The aggregate of the offering prices of the securities covered by this prospectus will not exceed $500,000,000.

The securities may be sold directly to investors, through agents designated from time to time or to or through underwriters or dealers. See “Plan of Distribution” on page 9 of this prospectus. If any agents or underwriters are involved in the sale of any securities in respect of which this prospectus is being delivered, the names of such agents or underwriters and any applicable commissions or discounts will be set forth in the applicable prospectus supplement. The net proceeds we expect to receive from such sale also will be set forth in the applicable prospectus supplement.

Our common stock is listed on the New York Stock Exchange under the symbol "MILL". On September 5, 2012, the closing price of our common stock was $4.66 per share. We expect that any common stock sold pursuant to this prospectus will be listed on the exchange, subject to official notification. As of the date of this prospectus, neither the preferred shares or warrants or units that we may offer by this prospectus are listed on any national securities exchange nor are they quoted in the over the counter market.

INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS FOR A DISCUSSION OF CERTAIN MATTERS THAT YOU SHOULD CONSIDER BEFORE INVESTING IN OUR SECURITIES.

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

This prospectus may not be used to consummate the sale of any securities unless accompanied by a prospectus supplement relating to the securities offered.

The date of this prospectus is September 18, 2012

About This Prospectus

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission utilizing a "shelf" registration, or continuous offering, process. Under the shelf registration process, we may issue and sell any combination of the securities described in this prospectus in one or more offerings with a maximum offering price of up to $500,000,000.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities under this shelf registration, we will provide a prospectus supplement that will contain certain specific information about the terms of that offering, including a description of any risks related to the offering, if those terms and risks are not described in this prospectus. A prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement, you should rely on the information in the prospectus supplement. The registration statement we filed with the Securities and Exchange Commission includes exhibits that provide more details on the matters discussed in this prospectus. You should read this prospectus and the related exhibits filed with the Securities and Exchange Commission and the accompanying prospectus supplement together with additional information described under the headings "Available Information" and "Information Incorporated by Reference" before investing in any of the securities offered.

We may sell securities to or through underwriters or dealers, and also may sell securities directly to other purchasers or through agents. To the extent not described in this prospectus, the names of any underwriters, dealers or agents employed by us in the sale of the securities covered by this prospectus, the principal amounts or number of shares or other securities, if any, to be purchased by such underwriters or dealers and the compensation, if any, of such underwriters, dealers or agents will be set forth in the accompanying prospectus supplement.

The information in this prospectus is accurate as of the date on the front cover. Information incorporated by reference into this prospectus is accurate as of the date of the document from which the information is incorporated. You should not assume that the information contained in this prospectus is accurate as of any other date.

Unless specifically set forth to the contrary, when used in this prospectus the terms "we," "us," "ours," and similar terms refers to Miller Energy Resources, Inc., a Tennessee corporation formerly known as Miller Petroleum, Inc. and our subsidiaries, including Cook Inlet Energy, LLC, East Tennessee Consultants, Inc., East Tennessee Consultants II, LLC, Miller Drilling, TN LLC, Miller Rig & Equipment, LLC, Miller Energy Services, LLC, and Miller Energy GP, LLC. “MEI” means Miller Energy Income 2009-A, LP. In addition, when used herein “fiscal 2012” refers to the fiscal year ended April 30, 2012, “fiscal 2011” refers to the year

ended April 30, 2011 and “fiscal 2010” refers to the year ended April 30, 2010.

Available Information

We file annual, quarterly and other reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any materials that we file at the Securities and Exchange Commission's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers such as our company that file electronically with the Securities and Exchange Commission.

We have filed a registration statement under the Securities Act of 1933 with the Securities and Exchange Commission with respect to the securities to be sold by pursuant to this prospectus. This prospectus has been filed as part of the registration statement. This prospectus does not contain all of the information set forth in the registration statement because certain parts of the registration statement are omitted in accordance with the rules and regulations of the Securities and Exchange Commission. You should refer to the registration statement, including the exhibits, for further information about us and the securities being offered pursuant to this prospectus. Statements in this prospectus regarding the provisions of certain documents filed with, or incorporated by reference in, the registration statement are not necessarily complete and each statement is qualified in all respects by that reference. You may:

- inspect a copy of the registration statement, including the exhibits and schedules, without charge at the Securities and Exchange Commission's Public Reference Room;
- obtain a copy from the Securities and Exchange Commission upon payment of the fees prescribed by the Securities and Exchange Commission; or
- obtain a copy from the Securities and Exchange Commission’s website.

Our Internet address is www.millerenergyresources.com. We make available free of charge, through the investor relations section of our website, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. The information which appears on this web site is not part of this prospectus.

The Company

We are an independent exploration and production company that utilizes seismic data, and other technologies for geophysical exploration and development of oil and gas wells in the Appalachian region of eastern Tennessee and the Cook Inlet Basin in south central Alaska. In addition to our engineering and geological capabilities, we provide land drilling services on a contract basis to customers primarily engaged in natural gas exploration and production.

Unless specifically set forth to the contrary, when used in this prospectus, the terms “Miller Energy Resources," "Miller," "we," "us," "ours," and similar terms refers to our Tennessee corporation Miller Energy Resources, Inc., formerly known as Miller Petroleum, Inc., and our subsidiaries, Miller Rig & Equipment, LLC, Miller Drilling, TN LLC, Miller Energy Services, LLC, East Tennessee Consultants, Inc. ("ETC"), East Tennessee Consultants II, LLC ("ETCII"), Miller Energy GP, LLC, and Cook Inlet Energy, LLC ("CIE").

Our principal executive offices are located at 9721 Cogdill Road, Suite 302, Knoxville, TN 37932 and our telephone number is (865) 223-6575. Our fiscal year end is April 30. We maintain a corporate web site at www.millerenergyresources.com. The information which appears on this web site is not part of this prospectus.

Cautionary Statements Regarding Forward Looking Information

We have made forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 concerning our operations, economic performance and financial condition in our Annual Report on Form 10-K for fiscal 2012, as amended, and our other filings with the Securities and Exchange Commission (“SEC”), and may make other forward-looking statements from time to time in other public filings, press releases and discussions with our management. These forward-looking statements include information concerning future production and reserves, schedules, plans, timing of development, contributions from oil and gas properties, marketing and midstream activities, and also include those statements preceded by, followed by or that otherwise include the words “may,” “could,”

"believes," "expects," "anticipates," "intends," "estimates," "projects," "target," "goal," "plans," "objective," "should" expressions or variations on such expressions. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that our expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. These forward-looking statements involve risk and uncertainties. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following risks and uncertainties:

- the potential for Miller to experience additional operating losses;
- high debt costs under our existing senior credit facility;
- potential limitations imposed by debt covenants under our senior credit facility on our growth and our ability to meet our business objectives;
- our need to enhance our management, systems, accounting, controls and reporting performance;
- litigation risks;
- our ability to perform under the terms of our oil and gas leases, and exploration licenses with the Alaska DNR, including meeting the funding or work commitments of those agreements;
- our ability to successfully acquire, integrate and exploit new productive assets in the future;
- our ability to recover proved undeveloped reserves and convert probable and possible reserves to proved reserves;
- risks associated with the hedging of commodity prices;
- our dependence on third party transportation facilities;
- concentration risk in the market for the oil we produce in Alaska;
- the impact of natural disasters on our Cook Inlet Basin operations;
- adverse effects of the national and global economic downturns on our profitability;
- the imprecise nature of our reserve estimates;
- drilling risks;

- fluctuating oil and gas prices and the impact on our results from operations;
- the need to discover or acquire new reserves in the future to avoid declines in production;
- differences between the estimated present value of cash flows from proved reserves and the market value of those reserves;
- the existence within the industry of risks that may be uninsurable;
- constraints on production and costs of compliance that may arise from current and future environmental, FERC and other statutes, rules and regulations at the state and federal level;
- the impact that future legislation could have on access to tax incentives currently enjoyed by Miller;
- that no dividends may be paid on our common stock for some time;
- cashless exercise provisions of outstanding warrants;
- market overhang related to restricted securities and outstanding options and warrants;
- the impact of non-cash gains and losses from derivative accounting on future financial results; and
- risks to non-affiliate shareholders arising from the substantial ownership positions of affiliates.

Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers should carefully review our Annual Report on Form 10-K for fiscal 2012, as amended, in its entirety, including the risks described in Item 1A. Risk Factors, and our other filings with the Securities and Exchange Commission. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this prospectus, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

Risk Factors

Investing in our securities involves risk. Our business, financial condition, operating results and cash flows can be impacted by a number of factors, any of which could cause our results to vary materially from recent results or from our anticipated future results. See the risk factors described in our Annual Report on Form 10-K for fiscal 2012, as amended, together with any material changes contained in subsequent filed Quarterly Report on Form 10-Q, and those contained in our other filings with the SEC for our most recent fiscal year, which are incorporated by reference in this prospectus and any accompanying prospectus supplement. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus and any prospectus supplement. These risks could materially affect our business, results of operations or financial condition and cause the value of our securities to decline. You could lose all or part of your investment.

Use of Proceeds

Unless otherwise indicated in an accompanying prospectus supplement, the net proceeds from the sale of the securities offered hereby will be used for general corporate purposes, which may include working capital, capital expenditures, development costs, strategic investments and possible acquisitions. We have not allocated any portion of the net proceeds for any particular use at this time. The net proceeds may be invested temporarily until they are used for their stated purpose. Specific information concerning the use of proceeds from the sale of any securities will be included in the prospectus supplement relating to such securities. We will have significant discretion in the use of any net proceeds. The net proceeds may be invested temporarily in short-term marketable securities or applied to repay indebtedness outstanding at that time until they are used for their stated purpose.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical ratios of earnings to fixed charges for the periods indicated. This information should be read in conjunction with the consolidated financial statements and the accompanying notes incorporated by reference here in.

	Year Ended April 30,				
	2012	2011	2010	2009	2008
(Unaudited, in thousands except ratios)					
Pretax income	$(29,696)	$(10,161)	$435,618	$8,357	$(2,436)
Fixed charges:					
Interest expense, net of capitalized interest	724	989	898	212	368
Interest capitalized	3,700	—	—	—	—
Amortization of debt costs	1,123	491	—	—	—
Total fixed charges	5,547	1,480	898	212	368
Earnings	$(24,149)	$(8,681)	$436,516	$8,569	$(2,068)
Ratio of earnings to fixed charges	(4.4)	(5.9)	486.1	40.4	(5.6)

Because our preferred stock outstanding during fiscal 2012 did not have required dividends, the ratio of earnings to combined fixed charges and preferred dividends is identical to the ratio of earnings to fixed charges for fiscal 2012 and is not disclosed separately. No preferred stock was outstanding for any of the other periods presented.

General Description of the Offered Securities

We may from time to time offer under this prospectus, separately or together:

- common stock;
- preferred stock;
- warrants to purchase from us shares of our common stock or preferred stock; and
- units, each representing a combination of two or more of the foregoing securities.

The aggregate of the offering prices of the securities covered by this prospectus will not exceed $500,000,000.

Description of Our Capital Stock

The following is a general description of our capital stock. The terms of our amended and restated charter and bylaws are more detailed than the general information provided below. You should read our amended and restated charter and bylaws, which are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part.

Authorized and outstanding capital stock

Our authorized capital stock consists of 100,000,000 shares of preferred stock, $0.0001 par value per share, of which 250,000 shares have been designated as Series B redeemable preferred stock, and 500,000,000 shares of common stock, $0.0001 par value per share. As of August 31, 2012, there were 42,021,893 shares of common stock and no shares of preferred stock issued and outstanding.

Description of common stock

Holders of common stock are entitled to one vote for each share on all matters submitted to a shareholder vote. Holders of common stock do not have cumulative voting rights. Holders of common stock are entitled to share in those dividends that the board of directors, in its discretion, declares from legally available funds on our common stock. In the event of our liquidation, dissolution or winding up, subject to the preferences of any shares of preferred stock which may then be authorized and outstanding, each outstanding share entitles its holder to participate in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock.

Holders of common stock have no conversion, preemptive or other subscription rights, and there are no redemption provisions for the common stock. The rights of the holders of common stock are subject to any rights that may be fixed for holders of preferred stock, when and if any preferred stock is authorized and issued. All outstanding shares of common stock are duly authorized, validly issued, fully paid and non-assessable.

Transfer agent

The transfer agent for our common stock is Interwest Transfer Company, Inc., 1981 East Murray Holladay Road, Suite 100, Salt Lake City, Utah 84115, and its telephone number is (801) 272-9294.

Description of preferred stock

The preferred stock authorized under our amended and restated charter may be issued from time to time in one or more series. Our board of directors has the full authority permitted by law to establish, without further shareholder approval, one or more series and the number of shares constituting each such series and to fix by resolution full or limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or relative rights of any series of the preferred stock that may be desired. Our board of directors has designated a series of preferred stock as Series B redeemable preferred stock consisting of up to 275,000 shares. The designations, rights and preferences of this series include:

- a stated value of $100 per share,
- the holders will be entitled to receive a 12% semi-annual dividend, payable in cash on March 1 and September 1 of each year after issuance providing that we are in compliance with our “Capital Covenants” (under the terms of our loan agreement with Apollo Investment Corporation, dated June 29, 2012, which we refer to as the Apollo Loan Agreement), as of the end of the prior fiscal quarter and on a pro forma basis on the dividend date, and there is no default or event of default (as set forth in the Apollo Loan Agreement) on the dividend date;
- the dividend is cumulative, to the extent not paid in cash;
- we are entitled to redeem the shares in our sole discretion without premium at the stated value plus any accrued but unpaid dividends, with a mandatory redemption on the later of the fifth anniversary of the date of issuance or the 30th day after the security termination under the Apollo Loan Agreement;
- the Series B redeemable preferred stock is senior to all classes of our securities;
- the shares are not convertible into any other class of our securities; and
- the shares do not have any voting rights, except may be required under Tennessee law and with respect to the issuance of any new class of securities senior to or equal with the Series B redeemable preferred stock, in which case shareholders representing a majority of the Series B shares, voting as a class, must vote to

approve the new issuance.

We do not have any shares of Series B redeemable preferred stock presently issued and outstanding.

Any preferred stock that we issue under this prospectus will have the voting, dividend, liquidation, redemption and conversion rights described below, unless otherwise provided in the prospectus supplement relating to a particular series of preferred stock. You should read the prospectus supplement relating to the particular series of preferred stock for specific terms of the series, including:

- the title and liquidation preference per share and the number of shares offered;
- the price at which shares of the series will be sold;
- the form of dividend and dividend rate, if any, or method of calculation of dividends, the dates on which dividends will be payable, whether such dividends shall be cumulative or noncumulative and, if cumulative, the dates from which dividends will commence to accumulate;
- any redemption or sinking fund provisions;
- any conversion provisions; and
- any additional dividend, liquidation, redemption or sinking fund provisions and other rights, preferences, privileges, limitations and restrictions of such preferred stock.

When issued, the preferred stock will be fully paid and nonassessable. Unless otherwise specified in the prospectus supplement relating to a series of preferred stock, in the event of a liquidation, each series of preferred stock will rank on a parity as to dividends and distributions with all other outstanding preferred stock, if any. The following is a discussion of terms we expect to be generally applicable to the preferred stock that we may issue from time to time. The particular terms relating to a series of preferred stock that we offer pursuant to this prospectus, which may be different from or in addition to the terms described below, will be set forth in a prospectus supplement relating to such series of preferred stock.

Voting Rights

If we issue shares of any series of preferred stock, holders of such shares will be entitled to one vote for each share held on matters on which holders of such series are entitled to vote, as set forth in the prospectus supplement with respect to such series or as expressly required by applicable law. The affirmative vote or consent of the holders of a majority of the outstanding shares of each series of preferred stock, unless our board of directors establishes a higher amount, voting as a separate class, will be required for any amendment of our charter that adversely changes any rights or preferences of such series of preferred stock.

Dividend Rights

Holders of the preferred stock of a particular series will be entitled to receive, when, as and if declared by our board of directors, out of our assets legally available therefor, cash dividends at such rates and on such dates as are set forth in the prospectus supplement relating to such series. The rate may be fixed or variable or both. Our ability, however, to declare and pay cash dividends may be limited by the terms of the Apollo Loan Agreement or any other similar agreement which may then be in effect. Dividends will be payable to the holders of record as they appear on our stock books on the record dates and dividend dates fixed by our board of directors or a duly authorized committee thereof. Dividends on any series of preferred stock may be cumulative or noncumulative, as provided in the prospectus supplement relating to such series of preferred stock. If our board of directors fails to declare a dividend payable on a dividend payment date on any series of preferred stock for which dividends are noncumulative, then the right to receive a dividend in respect of the dividend period ending on such dividend payment day will be lost, and we will have no obligation to pay the dividend accrued for that period, whether or not dividends are declared for any subsequent period.

If the prospectus supplement relating to a series of preferred stock so provides, when dividends are not paid in full upon any series of preferred stock and any other preferred stock ranking on a parity as to dividends with such series of preferred stock, all dividends declared upon such series of preferred stock and any other preferred stock ranking on a parity as to dividends will be declared pro rata so that the amount of dividends declared per share on such series and such other preferred stock will in all cases bear to each other the same ratio that accrued dividends per share on such series of preferred stock and such other preferred stock bear to each other. Except as provided in the preceding sentence, unless full dividends, including, in the case of

cumulative preferred stock, accumulations, if any, in respect of prior dividend payment periods on all outstanding shares of any series of preferred stock have been paid, no dividends, other than in shares of common stock or another stock ranking junior to such series of preferred stock as to dividends and upon liquidation, will be declared or paid or set aside for payment or other distributions made upon our common stock or any of our other stock ranking junior to such preferred stock, including other series of preferred stock ranking junior to such series of preferred stock, as to dividends. If the prospectus supplement relating to a series of preferred stock so provides, no common stock or any other stock, including other series of preferred stock, ranking junior to or on a parity with such series of preferred stock as to dividends or upon liquidation may be redeemed, purchased or otherwise acquired for any consideration, or any monies paid to or made available for a sinking fund for the redemption of any shares of any such stock, by us, while such preferred stock remains outstanding, except by conversion into or exchange for our stock ranking junior to such series of preferred stock as to dividends and upon liquidation.

The amount of dividends payable for each dividend period will be computed by annualizing the applicable dividend rate and dividing by the number of dividend periods in a year, except that the amount of dividends payable for the initial dividend period or any period shorter than a full dividend period will be computed on the basis of 30-day months, a 360-day year and the actual number of days elapsed in the period.

Liquidation and Distribution

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of each series of preferred stock will be entitled to receive out of our assets available for distribution to shareholders, before any distribution of assets is made to holders of common stock or any other class of stock ranking junior to such series of preferred stock upon liquidation, liquidating distributions in the amount set forth in the prospectus supplement relating to such series of preferred stock. If, upon any voluntary or involuntary liquidation, dissolution or winding up of our business, the amounts payable with respect to the preferred stock of any series and any other shares of our stock ranking as to any such distribution on a parity with such series of preferred stock are not paid in full, the holders of the preferred stock of such series and of such other shares will share ratably in any such distribution of our assets in proportion to the full respective preferential amounts to which they are entitled.

Redemption

A series of preferred stock may be redeemable, in whole or in part, at our option, and may be subject to mandatory redemption pursuant to a sinking fund or otherwise, in each case upon terms, at the times and the redemption prices and for the types of consideration set forth in the prospectus supplement relating to such series.

Conversion or Exchange Rights

The prospectus supplement relating to a series of preferred stock will state the terms, if any, on which shares of that series are convertible or exchangeable into shares of our common stock, debt securities or another series of our preferred stock. These provisions may allow or require the number of our shares of common stock or other securities to be received by holders of shares of preferred stock to be adjusted upon the occurrence of events described in the applicable prospectus supplement, including: the issuance of a stock dividend to common shareholders or a combination, subdivision or reclassification of common stock; the issuance of rights, warrants or options to all common and preferred shareholders entitling them to purchase common stock for an aggregate purchase price per share less than the current market price per share of common stock; and any other events described in the prospectus supplement. Unless the prospectus supplement relating to a series of preferred stock so provides, our preferred stock will have no preemptive rights.

Description of Warrants

We may issue warrants for the purchase of preferred stock or common stock, or any combination of these securities. Warrants may be issued independently or together with other securities and may be attached to or separate from any offered securities. Each series of warrants will be issued under a separate warrant agreement. The following outlines some of the general terms and provisions of the warrants that we may issue from time to time. Additional terms of the warrants and the applicable warrant agreement will be set forth in the applicable prospectus supplement.

The following descriptions, and any description of the warrants included in a prospectus supplement, may not be complete and is subject to and qualified in its entirety by reference to the terms and provisions of the applicable warrant agreement, which we will file with the Securities and Exchange Commission in connection with any offering of warrants.

General

The prospectus supplement relating to a particular issue of warrants will describe the terms of the warrants, including the following:

- the title of the warrants;
- the offering price for the warrants, if any;
- the aggregate number of the warrants;
- the terms of the security that may be purchased upon exercise of the warrants;
- if applicable, the designation and terms of the securities that the warrants are issued with and the number of warrants issued with each security;
- if applicable, the date from and after which the warrants and any securities issued with the warrants will be separately transferable;
- the dates on which the right to exercise the warrants commence and expire;
- if applicable, the minimum or maximum amount of the warrants that may be exercised at any one time;
- if applicable, a discussion of material U.S. federal income tax considerations;
- anti-dilution provisions of the warrants, if any;
- redemption or call provisions, if any, applicable to the warrants; and
- any additional terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

Exercise of Warrants

Each warrant will entitle the holder of the warrant to purchase the securities that we specify in the applicable prospectus supplement at the exercise price that we describe in the applicable prospectus supplement. Holders may exercise warrants at any time up to the close of business on the expiration date set forth in the applicable prospectus supplement. After the close of business on the expiration date, unexercised warrants will be void. Holders may exercise warrants as set forth in the prospectus supplement relating to the warrants being offered.

Until a holder exercises the warrants to purchase any securities underlying the warrants, the holder will not have any rights as a holder of the underlying securities by virtue of ownership of warrants.

Description Of Units

We may issue units consisting of common stock, preferred stock, warrants or any combination of those securities. The applicable prospectus supplement will describe the terms of any units and the related offering in respect of which this prospectus is being delivered, including the following:

- the terms of each of the securities included in the units, including whether and under what circumstances the securities included in the units may or may not be traded separately or exchanged for or converted into any other securities;
- the terms of any unit agreement governing the units;
- if applicable, a discussion of certain United States federal income tax considerations; and
- the provisions for the payment, settlement, transfer or exchange of the units.

Material Federal Income Tax Consequences

A summary of any material United States federal income tax consequences to persons investing in the securities offered by this prospectus will be set forth in any applicable prospectus supplement. The summary will be presented for informational purposes only, however, and will not be intended as legal or tax advice to prospective purchasers. Prospective purchasers of securities are urged to consult their own tax advisors prior to any purchase of securities.

PLAN OF DISTRIBUTION

We may sell the securities in any one or more of the following ways:

- directly to investors, including through a specific bidding, auction or other process;
- to investors through agents;
- directly to agents;
- to or through brokers or dealers;
- to the public through underwriting syndicates led by one or more managing underwriters;
- in “at the market” offerings, within the meaning of Rule 415(a)(4) of the Securities Act of 1933, to or through a market maker or into an existing trading market on an exchange or otherwise;
- to one or more underwriters acting alone for resale to investors or to the public; and
- through a combination of any such methods of sale.

If we sell securities to a dealer acting as principal, the dealer may resell such securities at varying prices to be determined by such dealer in its discretion at the time of resale without consulting with us and such resale prices may not be disclosed in the applicable prospectus supplement. Any underwritten offering may be on a best efforts or a firm commitment basis.

Sales of the securities may be effected from time to time in one or more transactions, including negotiated transactions:

- at a fixed price or prices, which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to prevailing market prices; or
- at negotiated prices.

Any of the prices may represent a discount from the then prevailing market prices.

In connection with the sale of any of the securities, underwriters or agents may receive compensation from us in the form of underwriting discounts or commissions and may also receive compensation from purchasers of the securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell the securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Discounts, concessions and commissions may be changed from time to time. Dealers and agents that participate in the distribution of the securities may be deemed to be underwriters under the Securities Act of 1933, and any discounts, concessions or commissions they receive from us and any profit on the resale of securities they realize may be deemed to be underwriting compensation under applicable federal and state securities laws.

The applicable prospectus supplement will, where applicable:

- identify any such underwriter, dealer or agent;
- describe any compensation in the form of discounts, concessions, commissions or otherwise received from us by each such underwriter or agent and in the aggregate by all underwriters and agents;
- describe any discounts, concessions or commissions allowed by underwriters to participating dealers;
- identify the amounts underwritten; and
- identify the nature of the underwriter's or underwriters' obligation to take the securities.

Unless otherwise specified in the related prospectus supplement, each series of securities will be a new issue with no established trading market, other than our common stock, which is listed on the NYSE. We expect that any common stock sold pursuant to a prospectus supplement will be listed on the NYSE, subject to official notice of issuance. We may elect to list any series of preferred stock on an exchange, but we are not obligated to do so. It is possible that one or more underwriters may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of, or the trading market for, any offered securities.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If disclosed in the applicable prospectus supplement, in connection with those derivative transactions, third parties may sell securities covered by this prospectus and such prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or from others to settle those short sales or to close out any related open borrowings of securities, and may use securities received from us in settlement of those derivative transactions to close out any related open borrowings of securities. If the third party is or may be deemed to be an underwriter under the Securities Act of 1933, it will be identified in the applicable prospectus supplements.

Until the distribution of the securities is completed, rules of the SEC may limit the ability of any underwriters and selling group members to bid for and purchase the securities. As an exception to these rules, underwriters are permitted to engage in some transactions that stabilize the price of the securities. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the securities.

Underwriters may engage in overallotment. If any underwriters create a short position in the securities in an offering in which they sell more securities than are set forth on the cover page of the applicable prospectus supplement, the underwriters may reduce that short position by purchasing the securities in the open market.

The lead underwriters may also impose a penalty bid on other underwriters and selling group members participating in an offering. This means that if the lead underwriters purchase securities in the open market to

reduce the underwriters' short position or to stabilize the price of the securities, they may reclaim the amount of any selling concession from the underwriters and selling group members who sold those securities as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security before the distribution is completed.

We do not make any representation or prediction as to the direction or magnitude of any effect that the transactions described above might have on the price of the securities. In addition, we do not make any representation that underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Under agreements into which we may enter, underwriters, dealers and agents who participate in the distribution of the securities may be entitled to indemnification by us against or contribution towards certain civil liabilities, including liabilities under the applicable securities laws.

Underwriters, dealers and agents may engage in transactions with us or perform services for us in the ordinary course of business.

If indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by particular institutions to purchase securities from us at the public offering price set forth in such prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on the date or dates stated in such prospectus supplement. Each delayed delivery contract will be for an amount no less than, and the aggregate amounts of securities sold under delayed delivery contracts shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Institutions with which such contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but will in all cases be subject to our approval. The obligations of any purchaser under any such contract will be subject to the conditions that:

- the purchase of the securities shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which the purchaser is subject, and
- if the securities are being sold to underwriters, we shall have sold to the underwriters the total amount of the securities less the amount thereof covered by the contracts.

The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts.

To comply with applicable state securities laws, the securities offered by this prospectus will be sold, if necessary, in such jurisdictions only through registered or licensed brokers or dealers. In addition, securities may not be sold in some states unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Legal Matters

The validity of the securities offered by this prospectus will be passed upon for us by Pearlman Schneider LLP, 2200 Corporate Boulevard, N.W., Suite 210, Boca Raton, Florida 33431. In rendering its opinion, as to specific applications regarding Tennessee law and the Tennessee Business Corporation Act, Pearlman Schneider LLP has relied on the supporting opinion of Anna E. Corcoran, Esq., our Assistant General Counsel and a member of the Bar of the State of Tennessee, which has been filed as an exhibit to the registration statement of which this prospectus is a part.

Experts

The consolidated financial statements of Miller Energy Resources, Inc. and subsidiaries as of April 30, 2012 and 2011, and for the years then ended, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered accounting firm, incorporated by reference herein, and upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Miller Energy Resources, Inc. and subsidiaries as of April 30, 2010, and for the year then ended, has been incorporated by reference herein in reliance upon the report of Sherb & Co., LLP, independent registered accounting firm, incorporated by reference herein, and upon the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, we file reports, proxy statements and other information with the SEC. Certain of our SEC filings are available over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facilities:

Public Reference Room Office

100 F Street, N.E.

Room 1580

Washington, D.C. 20549

You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Callers in the United States can also call 1-202-551-8090 for further information on the operations of the public reference facilities.

Information Incorporated By Reference

The Securities and Exchange Commission allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information filed with the Securities and Exchange Commission will update and supersede this information. We incorporate by reference the documents listed below, any of such documents filed since the date this registration statement was filed and any future filings with the Securities and Exchange Commission under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the termination of the offering of securities covered by this prospectus:

- Annual Report on Form 10-K for the year ended April 30, 2012 as filed on July 16, 2012 and amended on August 28, 2012, and further amended on September 6, 2012,
- Current Report on Form 8-K as filed on July 17, 2012,
- Current Report on Form 8-K as filed on July 26, 2012,
- Current Report on Form 8-K as filed on July 27, 2012 and amended on August 1, 2012,
- Current Report on Form 8-K as filed on July 31, 2012,
- Current Report on Form 8-K as filed on August 1, 2012,
- Current Report on Form 8-K as filed on August 17, 2012,
- Current Report on Form 8-K/A as filed on August 27, 2012, and
- Current Report on Form 8-K as filed on September 4, 2012.

We will provide without charge to any person to whom this prospectus is delivered, on the written or oral request of such person, a copy of any or all of the foregoing documents incorporated by reference, excluding exhibits, unless we have specifically incorporated an exhibit in the incorporated document. Written requests should be directed to: Corporate Secretary, Miller Energy Resources, Inc., 9721 Cogdill Road, Suite 302, Knoxville, TN 37932.

Each document or report subsequently filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date hereof and prior to the termination of the offering of the securities shall be deemed to be incorporated by reference into this prospectus and to be a part of this prospectus from the date of filing of such document, unless otherwise provided in the relevant document. Any statement contained herein, or in a document all or a portion of which is incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of the registration statement and this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the registration statement or this prospectus.

The information relating to our company contained in this prospectus and the accompanying prospectus supplement is not comprehensive, and you should read it together with the information contained in the incorporated documents.

Limitation On Directors' and Officers' Liability and Commission Position on Indemnification for Securities Act Liabilities

The Tennessee Business Corporation Act provides that a corporation may indemnify any of its directors and officers against liability incurred in connection with a proceeding if:

- the director or officer acted in good faith;
- in the case of conduct in his or her official capacity with the corporation, the director or officer reasonably believed such conduct was in the corporation's best interest;
- in all other cases, the director or officer reasonably believed that his or her conduct was not opposed to the best interest of the corporation; and
- in connection with any criminal proceeding, the director or officer had no reasonable cause to believe that his conduct was unlawful.

In actions brought by or in the right of the corporation, however, the Tennessee Business Corporation Act provides that no indemnification may be made if the director or officer was adjudged to be liable to the corporation. In cases where the director or officer is wholly successful, on the merits or otherwise, in the defense of any proceeding instituted because of his or her status as an officer or director of a corporation, the Tennessee Business Corporation Act mandates that the corporation indemnify the director or officer against reasonable expenses incurred in the proceeding. The Tennessee Business Corporation Act also provides that in connection with any proceeding charging improper personal benefit to an officer or director, no indemnification may be made if the officer or director is adjudged liable on the basis that personal benefit was improperly received. Notwithstanding the foregoing, the Tennessee Business Corporation Act provides that a court of competent jurisdiction, upon application, may order that an officer or director be indemnified for reasonable expenses if, in consideration of all relevant circumstances, the court determines that the individual is fairly and reasonably entitled to indemnification, notwithstanding the fact that:

- the officer or director was adjudged liable to the corporation in a proceeding by or in the right of the corporation;
- the officer or director was adjudged liable on the basis that personal benefit was improperly received by him or her; or
- the officer or director breached his or her duty of care to the corporation.

Our board of directors has adopted these provisions to indemnify our directors, executive officers and agents.

The Tennessee Business Corporation Act also provides that a corporation may limit the liability of a director for monetary damages in the event of a breach of fiduciary duty. Our shareholders approved an amendment to our charter to provide for this limitation on our directors' liability.

Insofar as the limitation of, or indemnification for, liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or persons controlling us pursuant to the foregoing, or otherwise, we have been advised that, in the opinion of the Securities and Exchange Commission, such limitation or indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable.

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$500,000,000

MILLER ENERGY RESOURCES, INC.

PROSPECTUS

September 18, 2012

2,565,000 Shares

of

10.75% Series C Cumulative Redeemable

Preferred Stock

$100,000,000 of Common Stock

PROSPECTUS SUPPLEMENT

October 12, 2012

he NEO's authority,

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duties or responsibilities such that they are materially inconsistent with his/her position in the Company; or (iv) relocation of the Company's headquarters to a location that materially increases the NEO's commute. In order for a resignation with Good Reason to be effective, each NEO must provide written notice of his or her resignation for Good Reason to the Company within 60 days after the date the NEO becomes aware of the initial occurrence of any of the foregoing, and the separation date must occur not later than six months after the NEO becomes aware of the initial occurrence of the event constituting Good Reason.

In the event of a termination by the Company without Cause or by an executive for Good Reason, the amount of the severance payments and benefits to which each such executive is entitled depends on such executive's position with the Company. For each executive other than Mr. Levine, our CEO, the severance payments and benefits consist of (i) six months of the executive's annual base salary, (ii) reimbursement of insurance premiums payable to retain group health coverage as of the termination date for such executive and such executive's eligible dependents under COBRA for six months, (iii) a prorated portion of such executive's target bonus for the fiscal year during which termination occurs, and (iv) outplacement assistance in accordance with the Company's then-current policies and practices with respect to outplacement assistance for other similarly situated executives of the Company. Under the terms of Mr. Levine's employment agreement, in the event his employment is terminated by the Company without Cause or if he resigns his employment for Good Reason, his severance payments and benefits consist of (i) 12 months of his annual base salary, (ii) reimbursement of insurance premiums payable to retain group health coverage as of the termination date for him and his eligible dependents under COBRA for 12 months, (iii) a prorated bonus for the fiscal year in which the separation occurs based upon the number of months he was employed during the fiscal year, and (iv) outplacement assistance in accordance with the Company's then-current policies and practices with respect to outplacement assistance for other similarly situated executives of the Company.

Termination in Connection with a Change in Control of the Company

Each of our NEO's severance payments and benefits are generally larger in the event that the termination of employment occurs in connection with a change in control of the Company. Each NEO's employment agreement generally defines "change in control" to include the following:

the direct or indirect acquisition of beneficial ownership by a person or group of persons of more than 50% of (i) the outstanding shares of the Company's common stock or (ii) the combined voting power of the Company's then-outstanding securities entitled to vote generally in the election of directors (other than trustees or other fiduciaries holding securities under a Company employee benefit plan or an entity in which the Company directly or indirectly beneficially owns at least 50% of the voting securities);

the consummation by the Company of a merger or consolidation which merger or consolidation results in (i) the holders of voting securities of the Company outstanding immediately before such merger or consolidation failing to continue to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the then outstanding voting securities of the corporation or entity resulting from or surviving such merger or consolidation or (ii) individuals who are directors of the Company just prior to such merger or consolidation not constituting more than 50% of the members of the Board of the surviving entity or corporation immediately after the consummation of such merger or consolidation; or

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all or substantially all of the assets of the Company and its subsidiaries are, in any transaction or series of transactions, sold or otherwise disposed of (or consummation of any transaction, or series of related transactions, having similar effect), other than to an affiliate.

For each of our executives, including the NEOs, in the event such executive's employment is terminated without Cause or such executive resigns for Good Reason, in each case within three months prior to or twelve months following a change in control, the severance payments and benefits consist of the following:

24 months of the executive's annual base salary;

200% of the executive's target annual bonus for the fiscal year in which the termination occurs;

reimbursement of two times the insurance premiums payable to retain group health coverage as of the termination date for such executive and such executive's eligible dependents under COBRA for 12 months;

full and immediate vesting of all outstanding unvested options and RSUs; and

outplacement assistance in accordance with the Company's then-current policies and practices with respect to outplacement assistance for other similarly situated executives of the Company.

Termination as a Result of Death or Disability

In the event of Mr. Levine's termination of employment because of incapacity or death, his employment agreement provides for the acceleration of vesting for stock options and RSUs previously granted to Mr. Levine that would have vested within twelve months of such termination.

In the event of termination of employment of any of our other NEOs because of incapacity or death, their respective employment agreements provide for the acceleration of vesting for stock options and RSUs previously granted to each such NEO that would have vested within six months of such termination.

Restrictive Covenants and Release of Claims

In consideration for the potential receipt of payments and benefits upon termination of employment, each of our executives, including the NEOs, is subject to compliance with certain restrictive covenants as set forth in their individual employment agreements. Generally, these covenants prohibit our executives from disclosing our proprietary or confidential information during their employment with the Company and thereafter, soliciting any of our employees to leave employment with the Company or any of our customers or suppliers to do business with any of our competitors for the duration of their employment with the Company and for one year thereafter, and from competing with the Company for the duration of their employment. Severance benefits may cease in the event of violation of these covenants. In addition, severance payments and benefits are conditioned upon an executive entering into a full release of claims in favor of the Company.

Section 4999 of the Code

If, in connection with a change in control of the Company, any payments or benefits payable to our NEOs would be subject to the excise tax imposed by Section 4999 of the Code, their payments and benefits will be reduced to the extent necessary so that no amount will be subject to this excise tax, provided that the reduction will occur only if the NEO will be in a more favorable after-tax position than if no reduction had been made. We believe that this approach protects the value of compensation already awarded to our executives and mitigates any potential personal bias against a potential corporate transaction.

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Other Information

The Compensation Committee does not consider the potential payments and benefits under these arrangements when making compensation decisions for our executives, including the NEOs. These arrangements serve very specific purposes that are unrelated to the determination of our NEOs compensation for a specific year.

Potential Payments to our NEOs on Termination of Employment

The tables below quantify potential payments to our NEOs who were employed by us at the end of fiscal year 2015 in the event of a termination of employment or a change in control of our Company, based on the terms of employment agreements in effect as of June 30, 2015. The amounts shown assume that the termination and change in control, as applicable, occurred on June 30, 2015, the last business day of fiscal year 2015. The amounts set forth in the tables below represent what we believe are reasonable estimates of the amounts that would be paid to the NEOs upon their termination of employment, including any termination in connection with a change in control, but exclude (a) any accrued amounts payable to them through the date of separation (including any earned but unpaid bonus) and (b) the value of any stock awards or option awards that vested on or before June 30, 2015. The actual amounts to be paid can only be determined at the time of the NEOs' separation from our Company or upon the occurrence of a change in control.

The value of the stock option and RSU vesting acceleration was calculated based on the assumption that the change in control and the executive's employment termination occurred on June 30, 2015. The closing price of our stock on the NASDAQ Global Select Market as of June 30, 2015 was $6.74 per share, which was used as the value of our stock for purpose of these calculations. The value of the vesting acceleration for stock options was calculated by multiplying the number of accelerated option shares as of June 30, 2015 by the spread between the closing price of our stock as of June 30, 2015 and the exercise price for such unvested option shares. The value of vesting acceleration for RSUs was calculated by multiplying the number of accelerated RSUs by the closing price of our stock as of June 30, 2015. The values reflected also assume that the payments and benefits to the NEOs are not reduced by virtue of the provisions in their employment agreements relating to Section 4999 of the Code.

Joshua Levine

Benefits	**Termination by Company without Cause or by NEO for Good Reason (No Change in Control) ($)**	**Termination by Company without Cause or by NEO for Good Reason in connection with a Change in Control ($)**
Base Salary Severance	665,000	1,330,000
Target Bonus	798,000	1,596,000
COBRA Premium Reimbursement	26,594	53,188
Options Acceleration		32,583
RSU Acceleration		5,897,500
Total	$ 1,489,594	$ 8,909,271

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Gregory Lichtwardt(1)

Benefits	Termination by Company without Cause or by NEO for Good Reason (No Change in Control) ($)	Termination by Company without Cause or by NEO for Good Reason in connection with a Change in Control ($)
Base Salary Severance	200,000	800,000
Target Bonus	280,000	560,000
COBRA Premium Reimbursement	13,175	52,700
Options Acceleration		
RSU Acceleration		2,226,667
Total	$ 493,175	$ 3,639,367

(1) Mr. Lichtwardt retired and resigned from the Company effective September 14, 2015.

Kelly Londy

Benefits	Termination by Company without Cause or by NEO for Good Reason (No Change in Control) ($)	Termination by Company without Cause or by NEO for Good Reason in connection with a Change in Control ($)
Base Salary Severance	200,000	800,000
Target Bonus	280,000	560,000
COBRA Premium Reimbursement	13,297	53,188
Options Acceleration		26,942
RSU Acceleration		1,512,577
Total	$ 493,297	$ 2,952,707

Alaleh Nouri

Benefits	Termination by Company without Cause or by NEO for Good Reason (No Change in Control) ($)	Termination by Company without Cause or by NEO for Good Reason in connection with a Change in Control ($)
Base Salary Severance	137,500	550,000
Target Bonus	137,500	275,000
COBRA Premium Reimbursement	8,824	35,296
Options Acceleration		2,102
RSU Acceleration		353,176

Total	$ 283,824	$ 1,215,574

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COMPENSATION OF NON-EMPLOYEE DIRECTORS

Director Summary Compensation Table for Fiscal 2015

The following table sets forth summary information concerning the compensation earned by our non-employee directors for their service during fiscal 2015.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	All Other Compensation ($)(2)	Total ($)
Elizabeth Dávila	66,500	119,996	40,000	226,496
Jack Goldstein, Ph.D.	55,500	119,996	40,000	215,496
Louis J. Lavigne, Jr.	105,500	119,996		225,496
Richard Pettingill	43,500	119,996	40,000	203,496
Emad Rizk, M.D.	44,000	119,996		163,996
Robert S. Weiss	54,500	119,996	40,000	214,496
Dennis Winger	66,000	119,996	40,000	225,996

(1) The amounts reflected in this column represent the grant date fair value for financial statement purposes for the fiscal year ended June 30, 2015 associated with the award of RSUs granted in fiscal 2015, measured in accordance with FASB ASC Topic 718. See Note 2 and Note 10 of the notes to our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015 for a discussion of how all assumptions made by us are derived in determining the FASB ASC Topic 718 fair values of our equity awards. The following table provides additional information regarding each RSU grant made to the individuals who served as non-employee directors of the Company in fiscal 2015, as well as options and RSUs held by them at the end of fiscal 2015:

Name	Grant Date	Outstanding Option Awards at June 30, 2015	RSU Awards Granted during fiscal 2015	Outstanding RSU Awards at June 30, 2015
Elizabeth Dávila		90,424		
	11/28/14		17,416	17,416
Jack Goldstein, Ph.D.		19,000		
	11/28/14		17,416	17,416
Louis J. Lavigne, Jr.		36,896		
	11/28/14		17,416	17,416
Richard Pettingill		11,164		
	11/28/14		17,416	17,416
Emad Rizk, M.D.				
	11/28/14		17,416	17,416
Robert S. Weiss		178,424		
	11/28/14		17,416	17,416
Dennis Winger		56,795		
	11/28/14		17,416	17,416

(2) The amounts reflected in this column represent RSU release net-settlement reimbursement.

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Director Cash Compensation

Effective November 2013, each non-employee director received an annual cash retainer of $35,000 per year, paid quarterly. In addition, Mr. Lavigne, received an annual cash retainer of $50,000, paid quarterly, for serving as Chairperson of our Board, and Ms. Dávila received an annual cash retainer of $10,000, paid quarterly, for serving as the Vice Chairperson of our Board. Directors who served on the standing committees of our Board and the chairperson of each such committee received an additional annual cash retainer as follows:

Committee	Chairperson retainer ($)	Member retainer ($)	Number of meetings covered
Audit Committee	$ 25,000	$ 10,000	8
Compensation Committee	15,000	5,000	6
Nominating and Corporate Governance Committee	10,000	3,000	4

For meetings of standing committees in excess of the number set forth above, and for each Board meeting in excess of four, each director, including the chairperson, received $1,000 per meeting attended in-person and $500 per meeting attended telephonically.

In addition to the foregoing, all of our directors are reimbursed for the reasonable expenses incurred in connection with participating in the meetings of our Board and committees of our Board. Employee directors are not compensated for board services in addition to their regular employee compensation.

Non-Employee Director Equity Compensation

Pursuant to guidelines for annual equity awards adopted by our Board in November 2010 and affirmed in November 2014, each of our non-employee directors receives an annual RSU grant equal to the number of shares of our common stock obtained by dividing $120,000 by the fair market value (as of the date of grant) of one share of our common stock, such RSUs to be granted on the last day of the month in which our Annual Meeting of stockholders occurs, with a vesting commencement date of the date of the Annual Meeting. On November 28, 2014, each then-current director was granted an RSU grant covering 17,416 shares of the Company's common stock under the 2007 Incentive Award Plan, with a vesting commencement date of November 20, 2014. The annual RSU grants vest in full on the first anniversary of the vesting commencement date and are subject to 100% acceleration of vesting in the event of a change of control of the Company. We expect to make an annual RSU grant to each of our continuing directors in accordance with these guidelines on approximately November 30, 2015. In November 2012, the Board revised the equity compensation for newly elected non-employee directors such that upon initial appointment to our Board, a non-employee director will receive an RSU grant equal to the number of shares of our common stock obtained by dividing $120,000 by the fair market value (as of the date of grant) of one share of our common stock. The RSU grant will be prorated for the number of months the newly elected non-employee director will serve on the Board prior to the next Annual Meeting of stockholders. The vesting commencement date for the initial RSU grant is the date of appointment for the new director, with full vesting on the next Annual Meeting of stockholders. Vesting of the initial RSU grant would be accelerated in full in the event of a change in control of our Company.

No additional option or RSU grants are provided for committee membership or for serving as the chairperson of a committee.

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Our current Corporate Governance Guidelines require non-employee directors of the Company to own the number of shares having a value equal to at least three times the non-employee director's regular annual cash board retainer.

Non-employee directors have five years from the later of July 1, 2010 and the date of election or appointment to attain the foregoing ownership levels. The Company expects each non-employee director to retain at least 25% of the net shares he or she receives pursuant to all Company equity awards (excluding shares sold to cover (i) the exercise price of any Company options and/or (ii) taxes), until the foregoing ownership levels are achieved. All of the non-employee directors who have served in that capacity for at least one year are in compliance with the ownership levels provided in the Corporate Governance Guidelines or are on track to be in compliance within the time period provided by the guidelines.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth as of June 30, 2015 certain information regarding our equity compensation plans. All of our equity compensation plans have been approved by our security holders.

Plan category	A Number of securities to be issued upon exercise of outstanding options, warrants, and rights	B Weighted average exercise price of outstanding options, warrants, and Rights(1)(3)	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column A)
Equity compensation plans approved by security holders	7,018,130(2)(3)	$ 7.91	2,844,633(4)
Equity compensation plans not approved by security holders			
Total	7,018,130(2)(3)	$ 7.91	2,844,633(4)

(1) The weighted average exercise price does not take into account the shares issuable upon vesting of outstanding restricted stock units and performance stock units, which have no exercise price.

(2) Includes 2,379,925 shares subject to outstanding stock options, 3,324,870 shares subject to outstanding RSU grants, 1,137,997 shares subject to outstanding performance based MSU grants, and 20,000 shares subject to outstanding performance stock units all under our 2007 Incentive Award Plan and 155,338 shares subject to outstanding stock options under the our 1998 Stock Option Plan.

(3) This table does not include equity awards that have been assumed by the Company in connection with the acquisition of TomoTherapy Incorporated. As of June 30, 2015, an additional 1,254 shares of the Company's common stock were subject to outstanding stock options under TomoTherapy's 2002 Stock Option Plan and 2007 Incentive Award Plan (with a weighted average exercise price of $5.63 per share). Shares issued in respect of these assumed awards do not count against the share limits of the 2007 Incentive Award Plan. The Company does not grant additional awards under such plans.

(4) Includes 2,014,365 shares available for future issuance under the 2007 Incentive Award Plan and 830,268 shares reserved for issuance under the Company's 2007 Employee Stock Purchase Plan.

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SECURITY OWNERSHIP

Security Ownership of Certain Beneficial Owners and Management

The following table presents information as to the beneficial ownership of our common stock as of September 30, 2015 by:

- each of our NEOs;
- each of our current directors;
- all of our current directors and executive officers as a group; and
- each stockholder known by us to be the beneficial owner of more than 5% of our common stock.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of our common stock subject to options or warrants that are currently exercisable, or exercisable within 60 days of September 30, 2015, are deemed to be outstanding and to be beneficially owned by the person holding the options or warrants for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address for each of the stockholders in the table below is c/o Accuray Incorporated, 1310 Chesapeake Terrace, Sunnyvale, California 94089.

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This table lists applicable percentage ownership based on 79,864,804 shares of common stock outstanding as of September 30, 2015.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% Stockholders		
Primecap Management Company(1) 225 South Lake Ave., #400 Pasadena, CA 91101	8,665,700	10.9%
Blackrock, Inc.(2) 55 East 52nd Street New York, NY 10022	6,492,172	8.1%
Kornitzer Capital Management, Inc.(3) 5420 West 61st Place, Shawnee Mission, KS 66205	4,926,132	6.2%
The Vanguard Group(4) 100 Vanguard Blvd., Malvern, PA 19355	4,656,341	5.8%
Partner Fund Management, L.P.(5) 4 Embarcadero Center, Suite 3500 San Francisco, CA 94111	4,192,823	5.2%
Named Executive Officers and Directors		
Joshua H. Levine(6)	694,816	*
Kelly Londy(7)	216,858	*
Kevin Waters(8)	42,085	*
Alaleh Nouri(9)	76,643	*
Robert S. Weiss(10)	373,962	*
Elizabeth Dávila(11)	178,962	*
Dennis Winger(12)	172,333	*
Louis J. Lavigne, Jr.(13)	158,348	*
Jack Goldstein, Ph.D.(14)	96,638	*
Richard R. Pettingill(15)	49,694	*
Emad Rizk(16)	66,505	*
All current executive officers and directors as a group (11 persons)	2,126,844	2.7%
Former Executive Officers		
Gregory Lichtwardt(17)	116,229	*

* Less than 1%.

(1) Based upon a Schedule 13G/A filed with the SEC on February 13, 2015 reporting beneficial ownership as of December 31, 2014. Primecap Management Company has sole power to vote 8,665,700 of these shares and sole power to dispose of all of these shares.

(2) Based upon a Schedule 13G/A filed with the SEC on January 23, 2015 reporting beneficial ownership as of December 31, 2014. Blackrock, Inc., a parent holding company, has sole power to vote 6,492,172 and sole power to dispose of all of these shares.

(3) Based upon a Schedule 13G filed with the SEC on January 22, 2015 reporting beneficial ownership as of December 31, 2014. Kornitzer Capital Management Inc. ("KMC") has sole power to vote 4,926,132 shares and sole power to dispose 4,769,169 shares, and

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shared power to dispose 156,963 shares. KCM is an investment adviser with respect to our shares of common stock for the accounts of other persons who have the right to receive, and the power to direct the receipt of, dividends from, or the proceeds from the sale of, our common stock.

(4)

Based upon a Schedule 13G/A filed with the SEC on February 11, 2015 reporting beneficial ownership as of December 31, 2014. The Vanguard Group has sole power to vote 97,642 shares and sole power to dispose 4,563,999 shares, and shared power to dispose 92,342 shares. Vanguard Fiduciary Trust Company is the beneficial owner of 92,342 shares and Vanguard Investments Australia, Ltd. is the beneficial owner of 5,300 shares. All of remaining shares may be deemed beneficially owned by The Vanguard Group.

(5)

Based on a Schedule 13G/A dated May 26, 2015 filed with the SEC, Partner Fund Management, L.P. ("PFM") and Partner Fund Management GP, LLC ("PFM-GP") may be deemed to beneficially own 4,115,898 shares. Partner Investment Management, L.P. ("PIM") and Partner Investment Management GP, LLC ("PIM-GP") may be deemed to beneficially own 76,925 shares. Brian D. Grossman ("Grossman") and Christopher M. James ("James" and, collectively with PFM, PFM-GP, PIM, PIM-GP and Grossman, the "Reporting Persons") may be deemed to beneficially own 4,192,823 shares. The Schedule 13G/A was jointly filed by PFM, PFM-GP, PIM, PIM-GP, Grossman and James with respect to shares of common stock of the above-named issuer owned by PFM Healthcare Master Fund, L.P., a Cayman Islands limited partnership ("HCM"), PFM Healthcare Opportunities Master Fund, L.P., a Cayman Islands limited partnership ("HCOPP"), PFM Oncology Opportunities Master Fund, L.P., a Cayman Islands limited partnership ("ONCOPP"), and PFM Healthcare Principals Fund, L.P., a Delaware limited partnership ("HCP" and, collectively with HCM, HCOPP and ONCOPP, the "Funds"). PFM is the investment advisor for HCM, HCOPP and ONCOPP. PIM is the investment advisor for HCP. PFM-GP and PIM-GP are, respectively, the general partners of PFM and PIM. Grossman is the portfolio manager for the health care strategy for the Funds. James is the chief investment officer for PIM and PFM and member manager of PFM-GP and PIM-GP.

(6)

Amount shown includes 145,833 shares that may be acquired under stock options that are currently exercisable or exercisable within 60 days of September 30, 2015.

(7)

Amount shown includes 113,217 shares that may be acquired under stock options that are currently exercisable of exercisable within 60 days of September 30, 2015.

(8)

Mr. Waters was promoted to the position of Chief Financial Officer at the Company effective September 15, 2015. Mr. Waters does nt have any stock options that are currently exercisable or exercisable within 60 days of September 30, 2015.

(9)

Amount shown includes 45,521 shares that may be acquired under stock options that are currently exercisable of exercisable within 60 days of September 30, 2015.

(10)

Amount shown includes 178,424 shares that may be acquired under stock options that are currently exercisable or exercisable within 60 days of September 30, 2015.

(11)

Amount shown includes 90,424 shares that may be acquired under stock options that are currently exercisable or exercisable within 60 days of September 30, 2015. Includes 71,122 shares held by The Dávila Family Trust, with respect to which Ms. Dávila has shared voting rights with her spouse.

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(12) Amount shown includes 56,795 shares that may be acquired under stock options that are currently exercisable or exercisable within 60 days of September 30, 2015.

(13) Amount shown includes 36,896 shares that may be acquired under stock options that are currently exercisable or exercisable within 60 days of September 30, 2015.

(14) Amount shown includes 19,000 shares that may be acquired under stock options that are currently exercisable or exercisable within 60 days of September 30, 2015.

(15) Amount shown includes 11,164 shares that may be acquired under stock options that are currently exercisable or exercisable within 60 days of September 30, 2015.

(16) Dr. Rizk does not have any stock options that are currently exercisable or exercisable within 60 days of September 30, 2015.

(17) Mr. Lichtwardt retired and resigned from the Company effective September 14, 2015. Mr. Lichtwardt does not have any stock options that are currently exercisable or exercisable within 60 days of September 30, 2015.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who beneficially own more than 10% of our common stock to file reports of ownership and reports of changes in ownership of our common stock and other equity securities with the SEC. Directors, executive officers and beneficial owners of more than 10% of our common stock are required by SEC regulations to furnish us with copies of all these forms they file.

Based solely upon our review of the copies of Forms 3, 4 and 5 received by us, or written representations from reporting persons that no forms were required of such persons, we believe that during our fiscal year ended June 30, 2015, all Section 16(a) reports were timely filed.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS

Director Independence

Our Board consists of eight directors. Other than Joshua H. Levine, our President and CEO, our Board has determined that each of our current directors is independent under the director independence standards of the NASDAQ Stock Market.

Board Leadership Structure

Our Board has a general policy that the positions of Chairperson of the Board and CEO should be held by separate persons as an aid in the Board's oversight of management and to allow our CEO to focus on managing his day-to-day responsibilities to our Company. This policy is reflected in the Company's current Corporate Governance Guidelines. The Board believes that there may be advantages to having an independent chairperson for matters such as: communications and relations between the Board, the CEO, and other senior management; assisting the Board in reaching consensus on particular strategies and policies; and facilitating robust director, Board and CEO evaluation processes. Our CEO serves as a member of the Board, and the remaining board members, including Louis J. Lavigne, Jr., our current Chairperson of the Board, and Elizabeth Dávila, our Vice Chairperson of the Board, are independent.

The Corporate Governance Guidelines provide that the Board may consider having one person fill both the roles of CEO and Chairperson of the Board. In making such a determination, the Board should consider factors that include, but are not limited to, the size of the Company's business, the composition of the Board, of director candidates for Board seats, applicable regulations and the

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Company's succession planning goals. In the event the Board determines that it is in the best interests of the Company and its stockholders to have these roles filled by one individual, or if the Chairperson of the Board is otherwise not independent, then the Corporate Governance Guidelines provide that the Board shall appoint a Lead Independent Director who shall lead executive sessions.

Majority Voting

Our Bylaws provide for a majority voting standard in the election of directors in uncontested elections and our Corporate Governance Guidelines require all director nominees to submit their resignations to the Board, which resignations are contingent upon (1) their not receiving a majority of votes cast in uncontested elections and (2) the Board accepting the resignation.

Board Oversight of Risk

The Board, as a whole and through the various committees of the Board, oversees the Company's risk management process, including operational, financial, legal and regulatory, strategic and reputational risks. Our Board's approach to risk oversight is designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. A fundamental part of our risk oversight is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for us. In setting our business strategy, our Board assesses the various risks being mitigated by management and determines what constitutes an appropriate level of risk for the Company.

Board committees consider risks within their respective areas of oversight responsibility and the respective committee chairs advise the Board of any significant risks and management's response via periodic committee reports to the full Board. In particular, the Audit Committee focuses on financial and accounting risk, including internal controls. The Compensation Committee considers risks relating to the Company's compensation programs and policies. The Nominating and Corporate Governance considers risks relating to the Company's corporate governance.

While the Board oversees risk management, the Company's management is charged with managing risk on a day-to-day basis. The Company has strong internal processes and a robust internal control environment, which facilities the identification and management of risks and regular communication with the Board. These processes include an enterprise risk management program, an enterprise risk management committee chaired by our General Counsel, quarterly management disclosure committee meetings, a Code of Conduct and Ethics, and a strong compliance program.

The results of the compensation risk assessment described below under "*Compensation Risk Consideration*" will be reported back to the full Board.

Committees of the Board of Directors

Our Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. From time to time, our Board may also create various ad hoc committees for special purposes. A copy of the charter for each such standing committee can be found on our website, *www.accuray.com,* under the section titled "*Investors*" and under the subsection "*Corporate Governance*."

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The current membership of each of the three standing committees of our Board, as well as the number of meetings and actions by written consent of each such committee during the fiscal year ended June 30, 2015, is set forth below:

Name of Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Louis J. Lavigne, Jr.		Chairperson	
Elizabeth Dávila	Member	Member	
Jack Goldstein, Ph.D.		Member	Chairperson
Robert S. Weiss	Member		Member
Dennis L. Winger	Chairperson		
Richard R. Pettingill			Member
Emad Rizk, M.D.		Member	
Number of meetings	9	6	4
Number of actions by written consent	3	3	0

Mr. Levine is not a member of any committee of our Board.

Audit Committee

The Audit Committee oversees our corporate accounting and financial reporting process. Among other matters, the Audit Committee evaluates the independent auditors' qualifications, independence and performance; determines the engagement of the independent auditors; reviews and approves the scope of the annual audit and the audit fee; discusses with management and the independent auditors the results of the annual audit and the review of our quarterly consolidated financial statements; approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the Company's engagement team as required by law; reviews our critical accounting policies and estimates; oversees our internal audit function and annually reviews the Audit Committee charter and the Audit Committee's performance.

The members of the Audit Committee during fiscal 2015 were Mr. Winger, the chairperson of the committee, Ms. Dávila, and Mr. Weiss. All members of the Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ. Our Board has determined that Messrs. Weiss and Winger are Audit Committee financial experts as defined under the applicable rules of the SEC and each has the requisite financial sophistication as defined under the applicable rules and regulations of NASDAQ. Each of the members of the Audit Committee is independent as defined under the applicable rules and regulations of the SEC and NASDAQ.

Compensation Committee

The Compensation Committee reviews and recommends policies relating to compensation and benefits of our officers and employees. The Compensation Committee reviews and approves corporate goals and objectives relevant to compensation of our CEO and other executive officers, evaluates the performance of these officers in light of those goals and objectives, and sets the compensation of these officers (other than the CEO, whose compensation is set by the independent directors of the Board) based on such evaluations. The Compensation Committee also administers the issuance of stock options and other awards under our stock plans (other than awards granted to non-employee members of our Board). The 2007 Equity Incentive Plan permits delegation by the Compensation Committee to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend awards to participants under the plan other than (i) senior executives of the Company who are subject to Section 16 of the Exchange Act, (ii) Covered Employees under

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Section 162(m) of the Code, or (iii) direct reports of the CEO (or members of the Board) to whom authority to grant or amend awards has been delegated thereunder. The Compensation Committee may at any time rescind the authority so delegated or appoint a new delegate. Effective as of July 1, 2010, the Compensation Committee delegated the authority to grant routine stock options and other awards under our stock plans (other than awards granted to employees who report directly to the CEO) to our CEO and CFO, collectively, within guidelines determined by the Compensation Committee, to newly hired employees of the Company, and effective March 25, 2011, the Compensation Committee delegated the authority to grant routine stock options and other awards made to employees of the Company (other than awards granted to employees who report directly to the CEO) under our stock plans to our CEO and CFO, collectively, within guidelines determined by the Compensation Committee, for the purpose of promotion or special recognition. The Compensation Committee also reviews and recommends policies relating to the compensation of non-employee directors. The Compensation Committee will review and evaluate, at least annually, the performance of the Compensation Committee as a whole and of its members, including compliance of the Compensation Committee with its charter.

The members of the Compensation Committee during fiscal 2015 were Mr. Lavigne, the chairperson of the Committee, Ms. Dávila, Dr. Goldstein and Dr. Rizk. Each of the members of the Compensation Committee is independent under the applicable rules and regulations of the SEC, NASDAQ and the Internal Revenue Service.

Compensation Risk Consideration

During fiscal 2015, at the direction of our Compensation Committee, Compensia, with the assistance of our management, conducted a review of the Company's compensation policies and practices and their respective risk profiles. Compensia presented the findings to the Compensation Committee for consideration. After consideration of the information presented, the Compensation Committee concluded that our compensation programs are designed with an appropriate balance of risk and reward in relation to our overall business strategy and do not encourage excessive or unnecessary risk-taking behavior.

In making this determination, the Compensation Committee considered our pay mix, our base salaries, and the attributes of our variable compensation programs including our annual bonus plan, our equity programs, and our sales compensation plans. We also have in place numerous business controls such as maximum payout levels in our bonus plan, a sales compensation committee, a recoupment policy and other internal business and operational approval processes.

The Compensation Committee believes that the design of our compensation programs as outlined in the "*Compensation Discussion and Analysis*" section above places emphasis on long-term incentives and competitive base salaries, while a portion of the total annual compensation is tied to short-term performance in the form of an annual bonus. The Compensation Committee concluded that this mix of incentives appropriately balances risk and also properly aligns our executives' motivations for the Company's long-term success, including stock price performance.

The results of the foregoing compensation risk assessment will be reported back to the full Board by the Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for making recommendations to our Board regarding candidates for directorships and the size and composition of our Board. In addition, the Nominating and Corporate Governance Committee is responsible for reporting and making recommendations to our board concerning governance matters and for overseeing the performance evaluations of the members of our Board.

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The members of the Nominating and Corporate Governance Committee during fiscal 2015 were Dr. Goldstein, the chairperson of the Committee, Mr. Pettingill and Mr. Weiss. Each of the foregoing members of the Nominating and Corporate Governance Committee is independent under the applicable rules and regulations of the SEC and NASDAQ.

Meetings Attended by Directors

Our Board held a total of eleven meetings and acted by unanimous written consent one time during our fiscal year ended June 30, 2015. During fiscal 2015, all of our directors attended at least 75% of the total number of meetings held by our Board and each of the committee(s) of our Board on which he or she served during the period for which he or she was a director. The Chairperson of our Board, who is independent, chaired each Board meeting.

The independent directors hold meetings on a periodic basis. During our fiscal year ended June 30, 2015, the independent directors held six such meetings. The meetings of the independent directors typically take place in connection with the regularly scheduled meetings of the full Board. The independent directors may also meet at such other times as they deem necessary or appropriate.

Pursuant to our Corporate Governance Guidelines, our directors are encouraged to attend our Annual Meeting of stockholders. Other than Dr. Rizk, all then-current directors attended our 2014 Annual Meeting of Stockholders.

Consideration of Director Nominees

Stockholder Nominations and Recommendations. The policy of the Nominating and Corporate Governance Committee is to consider recommendations and properly submitted stockholder nominations for candidates for membership on our Board. A stockholder may make such a recommendation or nomination by following the procedures set forth below in the "*Recommendations and Nominations of Director Candidates*" section of this Proxy Statement.

Director Qualifications. The Nominating and Corporate Governance Committee believes that the members of our Board should have the highest professional and personal ethics and values, and conduct themselves in a manner that is consistent with our Code of Conduct and Ethics. While the Nominating and Corporate Governance Committee has not established specific minimum qualifications for director candidates, the Nominating and Corporate Governance Committee may consider the following criteria, among others, for candidates and nominees: (i) personal and professional integrity, ethics and values; (ii) experience in corporate management and a general understanding of market, finance and other elements relevant to the success of a publicly traded company; (iii) experience in our industry and with relevant social policy concerns; (iv) prior experience as a director of a publicly held company; (v) academic expertise in an area of our operations; and (vi) practical and mature business judgment, including ability to make independent analytical inquiries.

Identifying and Evaluating Director Nominees. Candidates for nomination to our Board typically come to the attention of our Board through professional search firms, although they may also be suggested by existing directors or executive officers, stockholders or other persons. The Nominating and Corporate Governance Committee reviews the qualifications of any candidates who have been properly brought to the Committee's attention. Such review generally includes discussions with persons familiar with the candidate and an interview with the candidate, and may include other actions that the Nominating and Corporate Governance Committee deems proper. The Nominating and Corporate Governance Committee considers the suitability of each candidate, including the current members of our Board, in light of the current size and composition of our Board. In evaluating the qualifications of the candidates, the Nominating and Corporate Governance Committee considers many factors, including issues of character, judgment, independence, age, expertise, diversity of experience, length of service, other commitments and other similar factors. The Company's Corporate Governance

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Guidelines provide that the Nominating and Corporate Governance Committee and the Board should see that the Board has the benefit of a wide range of skills, expertise, industry knowledge and other attributes, including cultural, gender and ethnic diversity, experience in industries beyond healthcare, and age diversity. The Nominating and Corporate Governance Committee assesses its achievement of diversity through the review of Board composition as part of the Board's annual self-assessment process. The Nominating and Corporate Governance Committee evaluates such factors, among others, and does not assign any particular weighting or priority to any of these factors. The Nominating and Corporate Governance Committee expects that it would evaluate candidates properly recommended by stockholders using the same criteria as other candidates.

Code of Conduct and Ethics

We are committed to maintaining the highest standards of business conduct and ethics. Our Code of Conduct and Ethics reflects our values and the business practices and principles of behavior that support this commitment. The code applies to all of our officers, directors and employees. Our Code of Conduct and Ethics can be found on our website, *www.accuray.com*, under the section titled "Investors" and under the subsection "Corporate Governance."

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee during fiscal 2015 has at any time been one of our executive officers or employees. None of our current executive officers currently serves, or in the past fiscal year has served, as a member of the Board or Compensation Committee of any entity that has one or more of its executive officers serving on our Board or Compensation Committee.

Stockholder Communications

We have established a process by which stockholders may send communications to our Board, any committee of our Board or any individual director, including non-employee directors. Stockholders may so communicate by writing to: Board of Directors, c/o Corporate Secretary, Accuray Incorporated, 1310 Chesapeake Terrace, Sunnyvale, California 94089. The Corporate Secretary will forward correspondence to our Board, one of the committees of our Board or an individual director, as the case may be, or, if the Corporate Secretary determines in accordance with his or her best judgment that the matter can be addressed by management, then to the appropriate executive officer.

EXECUTIVE OFFICERS

Set forth below is certain information regarding each of our executive officers as of September 30, 2015:

Name	Age	Position(s)
Joshua H. Levine	57	President, Chief Executive Officer and Director
Kevin Waters	38	Senior Vice President and Chief Financial Officer
Kelly Londy	48	Executive Vice President, Chief Commercial Officer
Alaleh Nouri	36	Senior Vice President, General Counsel and Corporate Secretary

Further information with respect to Mr. Levine, our current President and CEO, is provided above under "*Proposal One Election of Directors*."

Kevin Waters has served as our Senior Vice President and Chief Financial Officer since September 2015 and previously served as our Senior Vice President, Finance, from October 2013 until September 2015. From January 2008 to October 2013, Mr. Waters served as Vice President, Finance, of Conceptus, Inc., a publicly traded company (acquired by Bayer) that provides innovative solutions in women's healthcare. From October 2006 to January 2008, Mr. Waters served in the role of Corporate

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Controller at Conceptus. Before Conceptus, Mr. Waters served as Corporate Controller at Laserscope, Inc., a manufacturer of urology and aesthetic laser products. Prior to this, Mr. Waters held various finance leadership positions at VISX, Incorporated, a manufacturer of laser vision correction technologies. Mr. Waters began his career at PricewaterhouseCoopers, LLP. He earned his B.S. in Business Administration, with a double concentration in Finance and Accounting, from Cal Poly San Luis Obispo.

Kelly Londy has served as our Executive Vice President, Chief Commercial Officer, since April 2013 and previously served as our Senior Vice President, Chief Commercial Officer, from October 2011 to April 2013. From August 2009 to September 2011, Ms. Londy served as Vice President and General Manager of Molecular Imaging, at GE Healthcare North America, where she optimized multi-business strategy with a focus on value proposition for improved cost, quality and access to new technologies. From July 2002 to August 2009, Ms. Londy held multiple leadership roles at Philips Healthcare North America, including Vice President and General Manager. Prior to that, from March 1996 to July 2002, she held roles in Marketing, Executive Account Management and as a product specialist in the Magnetic Resonance and Women's Health businesses at GE Medical Systems. Ms. Londy began her career as a radiographer and manager at the University of Michigan. Ms. Londy holds a degree in Radiologic Technology from Washtenaw College and a B.B.A. from Cleary University where she graduated Suma Cum Laude.

Alaleh Nouri has served as our Senior Vice President, General Counsel and Corporate Secretary since August 2014. Ms. Nouri served as our Vice President, Associate General Counsel from December 2010 to February 2014 and as our Interim General Counsel from February 2014 to August 2014. From March 2009 to December 2010, Ms. Nouri served as Corporate Counsel at Mirion Technologies, Inc., a provider of radiation detection and monitoring services. Ms. Nouri started her career as an associate at the law firm of Orrick, Herrington & Sutcliffe LLP. Ms. Nouri holds a Bachelors of Commerce degree with specializations in International Business and Finance from the University of British Columbia in Canada and a J.D. from the University of California, Hastings College of Law.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review, Approval or Ratification of Transactions with Related Parties

During fiscal 2015, we do not believe that there have been any transaction or series of similar transactions to which we were, or are to be, a party in which the amount involved exceeds $120,000 and in which any director, executive officer or holder of more than 5% of our common stock, or members of any such person's immediate family, had or will have a direct or indirect material interest. Any such transactions are required to be approved by the Audit Committee and we intend that such transactions will be on terms no less favorable to us than could be obtained from unaffiliated third parties. Our Code of Conduct and Ethics contains a written policy to the effect that any transaction of the nature described above must be approved by the Audit Committee or another independent body of the Board.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Our SEC filings are also available to the public at the SEC's website at *www.sec.gov* and through our website at *www.accuray.com.*

We will deliver promptly, without charge, upon written or oral request a separate copy of the annual report to any stockholder requesting a copy. To receive a copy of our annual report, you may write or call our Corporate Secretary at Accuray Incorporated, 1310 Chesapeake Terrace, Sunnyvale, California 94089, Attention: Alaleh Nouri, Senior Vice President, General Counsel and Corporate Secretary, telephone: 408-716-4600.

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Stockholders Sharing the Same Address

We have adopted a procedure called "householding." Under this procedure, we are delivering only one copy of the Notice of Internet Availability of Proxy Materials and, as applicable, any additional proxy materials to multiple stockholders who share the same address, unless we have received contrary instructions from an affected stockholder.

We will deliver promptly upon written or oral request a separate copy of the Notice of Internet Availability of Proxy Materials, Annual Report or the Proxy Statement to any stockholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the Notice of Internet Availability of Proxy Materials, Annual Report or Proxy Statement, you may write or call our Corporate Secretary at the contact information set forth above under "*Where You Can Find Additional Information*." You may also access our Notice of Internet Availability of Proxy Materials, Annual Report and Proxy Statement on our website, *www.accuray.com*, under the section titled "Investors" and under the subsection "SEC Filings."

If you are a holder of record and would like to revoke your householding consent and receive a separate copy of the Annual Report or Proxy Statement in the future, please contact Computershare, 250 Royall Street, Canton, MA 02021, telephone: (800) 851-9677. You will be removed from the householding program within 30 days of receipt of the revocation of your consent.

Any stockholders of record who share the same address and currently receive multiple copies of our Notice of Internet Availability of Proxy Materials, Annual Report and Proxy Statement who wish to receive only one copy of these materials per household in the future should contact our Corporate Secretary at the contact information listed above to participate in the householding program. Stockholders who participate in householding will continue to receive separate proxy cards.

A number of brokerage firms have instituted householding. If you hold your shares in "street name," please contact your bank, broker or other holder of record to request information about householding.

Stockholder Proposals

For a stockholder proposal to be considered for possible inclusion in our proxy statement for the Annual Meeting to be held in 2016, the proposal must be in writing and received by our Corporate Secretary at our principal executive offices no later than June 11, 2016. If, however, the date of next year's Annual Meeting is more than 30 days before or 30 days after the anniversary date of this year's Annual Meeting, the deadline for receipt by the Corporate Secretary of stockholder proposals intended to be included in our proxy statement will instead be a reasonable time before we begin to print and mail our proxy materials. Stockholder proposals must comply with the requirements of Rule 14a-8 promulgated under the Exchange Act and any other applicable rules established by the SEC.

For stockholder proposals that are not intended by the stockholder to be included in our proxy materials for next year's Annual Meeting, our Bylaws establish an advance notice procedure in order to permit such proposals to be brought before an annual meeting of stockholders. In general, notice must be received at our principal executive offices not less than 90 calendar days or more than 120 calendar days before the one-year anniversary of the date on which we first mailed our proxy statement to stockholders in connection with the previous year's Annual Meeting of stockholders. Therefore, to be presented at our 2016 Annual Meeting of stockholders, such a proposal must be received by us on or after June 11, 2016 but no later than July 11, 2016. If, however, the date of the Annual Meeting is more than 25 days earlier or more than 25 days later than such anniversary date, the Corporate Secretary must receive the notice not later than the close of business on the date that is ten calendar days following the date on which public announcement of the date of the Annual Meeting is first made. Our Bylaws also specify additional requirements as to the form and content of a stockholder's notice.

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Recommendations and Nominations of Director Candidates

If a stockholder or stockholder group wishes to recommend a nominee or nominees for director for possible inclusion in our proxy statement and proxy card relating to our 2016 Annual Meeting, the stockholder(s) should submit such recommendation in writing, including the nominee's name and qualifications for Board membership, to our Corporate Secretary at our principal executive offices. The stockholder(s) should also provide The written consent of each recommended nominee to serve as a member of our Board, if so elected, as well as a written statement that the recommended nominee intends to tender his or her irrevocable resignation upon his or her election or re-election, which resignation shall become effective only upon the nominee's failure to receive the requisite number of votes and the acceptance by the Board of such resignation.

If a stockholder desires to nominate a candidate for election of the Board, the stockholder must give timely notice to our Corporate Secretary at our principal executive offices. Under our Bylaws, the notice is timely if our Corporate Secretary receives it no earlier than June 11, 2016 (120 days prior to the anniversary of the mailing date of this year's proxy materials) and no later than July 11, 2016 (90 days prior to the anniversary of the mailing date of this year's proxy materials). If, however, the date of the Annual Meeting is more than 25 days earlier or more than 25 days later than the anniversary date of the prior Annual Meeting, notice must be received not later than the close of business on the date that is ten calendar days following the date on which public announcement of the date of the Annual Meeting is first made. The notice must be in writing and must include the nominee's name and qualifications for service on the Board. Our Bylaws also require that the notice include the written consent of each nominee to serve as a member of our Board, if so elected as well as a written statement that the director nominee intends to tender his or her irrevocable resignation upon his or her election or re-election, which resignation shall become effective only upon the nominee's failure to receive the requisite number of votes and the acceptance by the Board of such resignation. Stockholders are also advised to review our Bylaws, which contain additional requirements with respect to the nomination of directors by stockholders.

OTHER MATTERS

As of the date of this Proxy Statement, no stockholder had advised us of the intent to present any other matters, and we are not aware of any other matters to be presented, at the Annual Meeting. Accordingly, the only items of business that our Board intends to present at the Annual Meeting are set forth in this Proxy Statement.

If any other matter or matters are properly brought before the Annual Meeting, the persons named as proxyholders will use their discretion to vote on the matters in accordance with their best judgment as they deem advisable.

By order of the Board of Directors,

/s/ ALALEH NOURI

Alaleh Nouri
Senior Vice President, General Counsel and Corporate Secretary

Sunnyvale, California
October 9, 2015