

SMF ENERGY CORP
Form DEF 14A
October 22, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to § 240.14a-12

SMF ENERGY CORPORATION
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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- (1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

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 - (3) Filing Party:
 - (4) Date Filed:
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SMF ENERGY CORPORATION
200 West Cypress Creek Road, Suite 400
Fort Lauderdale, Florida 33309

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on December 10, 2010

To the Stockholders of SMF Energy Corporation:

NOTICE IS HEREBY GIVEN that an annual meeting of stockholders of SMF Energy Corporation (the "Company") will be held at the Sheraton Suites Cypress Creek, located at 555 NW 62nd Street, Fort Lauderdale, Florida, on December 10, 2010, beginning at 9:30 a.m. local time. At the meeting, stockholders will act on the following matters:

- To elect seven (7) directors to the Company's Board of Directors to serve until the next annual meeting of stockholders or until their successors are elected;
- To ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the current fiscal year; and
- Any other matters that may properly come before the meeting.

Only stockholders of record at the close of business on October 15, 2010 are entitled to receive notice of and to vote at the annual meeting or any postponement or adjournment thereof.

Your vote is important. Whether you plan to attend the meeting or not, we urge you to vote your shares by marking, signing, dating and mailing the enclosed proxy card in the envelope provided, or to vote by telephone or Internet. Telephone and Internet voting information is provided on the proxy card. If you hold your shares through your brokerage account or in "street name," telephone or Internet voting may be available to you. Check your proxy card for information. If you attend the meeting and prefer to vote in person, you may do so even if you have already voted your shares by proxy. You may also revoke your proxy in the manner described in the proxy statement at any time before it has been voted at the meeting.

By Order of the Board of Directors

LOUISE P. LUNGARO
Secretary

October 22, 2010
Fort Lauderdale, Florida

SMF ENERGY CORPORATION
200 West Cypress Creek Road, Suite 400
Fort Lauderdale, Florida 33309

PROXY STATEMENT

This proxy statement contains information related to the annual meeting of stockholders to be held on December 10, 2010 at 9:30 a.m. local time, at the Sheraton Suites Cypress Creek, located at 555 NW 62nd Street, Fort Lauderdale, Florida, or at such other time and place to which the annual meeting may be adjourned or postponed. You may obtain directions to the meeting by contacting us at (954)308-4175. The enclosed proxy is solicited on behalf of the Board of Directors of the Company. The proxy materials relating to the annual meeting are being mailed on or about October 30, 2010 to stockholders entitled to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for
the Annual Meeting of Stockholders to be Held on December 10, 2010.

The Company's Notice and Proxy Statement are available at
<http://www.mobilefueling.com/proxystatements.htm>

The Company's Annual Report to Stockholders for the year ended June 30, 2010 is
available at <http://www.mobilefueling.com/annualreports.htm>

ABOUT THE MEETING

Why are we calling this annual meeting?

We are calling the annual meeting to seek the approval of our stockholders to:

- Elect seven (7) directors to the Company's Board of Directors to serve until the next annual meeting of stockholders or until their successors are elected;
- Ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the current fiscal year; and
 - Approve any other matters that may properly come before the meeting.

What are the Board of Directors' recommendations?

Our Board of Directors believes that (i) the election of the nominated directors and (ii) the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the current fiscal year are in the best interests of the Company and its stockholders and recommends that you vote FOR the director nominees and the ratification of Grant Thornton LLP.

Who is entitled to vote at the meeting?

Only stockholders of record at the close of business on the record date, October 15, 2010, are entitled to receive notice of the annual meeting and to vote the shares that they hold on that date at the meeting, or any postponement or adjournment of the meeting.

Holders of our common stock (the "Common Stock") are entitled to one vote per share on each matter to be voted upon. Holders of our Series D Convertible Preferred Stock (the "Preferred Stock"), are also entitled to one vote per share on each matter to be voted upon at the meeting. The holders of Preferred Stock vote together with the holders of Common Stock as a single class except when otherwise required by law. For all of the actions described in this proxy statement, the holders of Preferred Stock will vote with the Common Stock as a single class. The shares of Common Stock and Preferred Stock entitled to vote at the meeting are referred to as the "Voting Shares."

As of the record date, we had 8,565,667 issued and outstanding shares of Common Stock and 599 outstanding shares of Series D Preferred Stock, for a total of 8,566,266 Voting Shares. If and to the extent holders of our Preferred Stock convert their shares of Preferred Stock to Common Stock before the record date for the annual meeting, the number of shares held by such stockholders would increase, since each share of Preferred Stock is convertible into 1,000 shares of Common Stock.

Who can attend the meeting?

All stockholders as of the record date, or their duly appointed proxies, may attend the annual meeting. Please note that if you hold your Voting Shares in "street name" (that is, through a broker or other nominee), to be admitted to the meeting, you will need to bring a copy of your proxy card as it was delivered to you by your brokerage firm.

What constitutes a quorum?

The presence at the annual meeting, in person or by proxy, of the holders of not less than one-third of the Voting Shares entitled to vote on the record date will constitute a quorum for our annual meeting. Signed proxies received but not voted and abstentions and broker non-votes will be included in the calculation of the number of Voting Shares considered to be present at the annual meeting.

How do I vote?

If you are a holder of record (that is, if your shares of Common Stock are registered in your name with American Stock Transfer & Trust Company, LLC, our transfer agent), there are four ways to vote:

Telephone Voting: You may vote by calling the toll-free number indicated on the proxy card and by following the instructions. Please follow the voice prompts that allow you to vote your shares and confirm that your instructions have been properly recorded.

Internet Voting: You may vote by logging on to the website indicated on the proxy card and by following the instructions. Please follow the website prompts that allow you to vote your shares and confirm that your instructions have been properly recorded.

Return Your Proxy Card by Mail: If you received your proxy card by mail, you may vote by marking, signing, dating and returning the proxy card in the enclosed postage-paid envelope. The proxy holders will vote your shares according to your directions. If you return your signed proxy, but do not mark your voting preference, the individuals named as proxies will vote your shares FOR the matters submitted for a vote at the meeting.

Vote at the Meeting: You may cast your vote in person at the annual meeting. Written ballots will be passed out to stockholders or legal proxies who want to vote in person at the meeting.

Telephone and Internet voting for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. (EST) on December 9, 2010. Internet voting and telephonic voting are both convenient methods of voting that save postage and mailing costs. Internet votes and telephonic votes are also recorded immediately, avoiding the risk that postal delays could cause paper proxies to arrive late and therefore not be counted.

If you are a holder of Preferred Stock, you may vote by marking, signing, dating and returning the Preferred Stock proxy card which will be sent to you in a separate mailing. The proxy holders will vote your shares according to your directions. If you return your signed proxy, but do not mark your voting preference, the individuals named as proxies will vote your shares FOR the matters submitted for a vote at the meeting. You may also cast your vote in person at the annual meeting.

What if I hold my shares in street name?

You should follow the voting instructions provided by your brokerage firm. You may complete and mail a voting instruction card to your brokerage firm or, in most cases, submit voting instructions by telephone or the Internet to your brokerage firm. If you provide specific voting instructions by mail, telephone or Internet, your brokerage firm will vote your shares of Common Stock as you have directed. Please note that if you hold your shares in "street name," you cannot vote the proxy card that was delivered to you by your brokerage firm at the meeting, since your brokerage firm has the record ownership of your shares. If you want to vote your "street name" shares at the meeting, your brokerage firm can give you a legal proxy that will give you the right to cast your vote in person at the meeting.

What if I vote by proxy and then change my mind?

You may revoke your proxy at any time before it is exercised by:

- filing a notice of revocation with the Secretary of the Company;
- sending in another valid proxy bearing a later date; or
- attending the meeting and casting your vote in person.

Your latest vote will be the only vote that is counted.

What vote is required to approve the items of business?

For purposes of electing directors, the nominees receiving the greatest number of votes of the Voting Shares present in person or by proxy at the meeting and entitled to vote thereon, shall be elected as directors. Ratification of Grant Thornton LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the Voting Shares present in person or by proxy at the meeting and entitled to vote thereon. Approval of any other matter that may properly come before the annual meeting requires the affirmative vote of a majority of the Voting Shares present in person or by proxy at the meeting and entitled to vote thereon (unless such other matter requires a greater vote under our Articles of Incorporation or Delaware law).

Abstentions will be counted towards the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes, other than for the election of directors. Broker non-votes (shares held by brokers that do not have discretionary authority to vote on the matter and have not received voting instructions from their clients) are not deemed to be present or represented by proxy for purposes of determining whether stockholder approval of a proposal has been obtained and therefore will not be counted for purposes of determining whether a proposal has been approved. The inspector of election appointed for the meeting will tabulate all votes and will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

How are we soliciting this proxy?

We are soliciting this proxy on behalf of our Board of Directors and we will pay all expenses associated therewith. In addition to this solicitation, which is being sent by mail, we have hired Alliance Advisors, LLC, 200 Broadacres Drive, 3rd Floor, Bloomfield, New Jersey 07003, to assist us with our proxy solicitation efforts. We are paying Alliance Advisers a base fee of \$5,500 and an additional success fee of \$5.00 for every successful stockholder contact, and \$4.50 per telephone vote received as a result of the contact. Alliance will also receive reimbursement for certain reasonable expenses. In addition, officers, directors and other employees of the Company may, without receiving any additional compensation beyond their regular salary or other similar compensation, solicit proxies by further mailing or personal conversations, or by telephone, facsimile or other electronic means. We will, upon request, reimburse brokers and other persons holding stock in their names, or in the names of nominees, for their reasonable out-of-pocket expenses for forwarding proxy materials to the beneficial owners of the capital stock and to obtain proxies.

PROPOSAL NO. 1

ELECTION OF SEVEN (7) INDIVIDUALS TO THE BOARD OF DIRECTORS

Nominees

The Board of Directors has fixed at seven the number of directors that will constitute the Board of Directors for the ensuing year. Each director elected at the annual meeting will serve for a term expiring at the 2011 Annual Meeting of Stockholders, or until his successor has been duly elected and qualified. Wendell R. Beard, Richard E. Gathright, Steven R. Goldberg, Nat Moore, Larry S. Mulkey, C. Rodney O'Connor and Robert S. Picow, each of whom is an incumbent director, have been nominated to be elected at the annual meeting by the stockholders. Proxies submitted to the Company by stockholders will be voted for such persons absent contrary instructions.

Our Board of Directors has no reason to believe that any nominee will refuse to act or be unable to accept election; however, in the event that a nominee for a directorship is unable or unwilling to accept election or if any other unforeseen contingencies should arise, it is intended that proxies will be voted for the remaining nominees and for such other person as may be designated by the Board of Directors, unless it is directed by a proxy to do otherwise.

Each of the nominees for election as a director is a current member of our Board of Directors. Mr. O'Connor has served as a director since 1999, Messrs. Beard, Gathright and Picow have served as directors since 2001, Mr. Moore has served as a director since 2006, Mr. Mulkey has served as a director since 2002, and Mr. Goldberg has served as a director since 2005.

The seven (7) nominees receiving the greatest number of votes of the Voting Shares present in person or represented by proxy at the meeting and entitled to vote on such matter shall be elected as directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"
THE ELECTION OF EACH OF THE SEVEN INDIVIDUALS TO THE
BOARD OF DIRECTORS

PROPOSAL NO. 2

RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS THE
COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The independent registered public accounting firm of Grant Thornton LLP has been selected by the Audit Committee to serve as the Company's independent public accountants for the year ending June 30, 2011 and to audit the Company's financial statements for that year. At the direction of the Board of Directors, this appointment is being presented to the stockholders for ratification or rejection at the annual meeting. If the stockholders do not ratify the appointment of Grant Thornton LLP, or if a substantial number of shares are voted against such ratification, the Audit Committee may reconsider its selection of Grant Thornton LLP to serve as our independent registered public accounting firm and may make another proposal to the stockholders with respect to the appointment of independent accountants for the year ending June 30, 2011.

We expect that a representative of Grant Thornton LLP will be present at the meeting and will be given an opportunity to make a statement if they so desire. We also expect that the representative will be available to respond to appropriate questions from stockholders.

Fees paid to Grant Thornton LLP

Grant Thornton LLP served as our Independent Registered Public Accounting Firm for the fiscal years 2010 and 2009 and provided services in the following categories and for the amounts indicated:

	2010	2009
Audit Fees(1)	\$ 285,882	\$ 288,308
Audited Related Fees(2)	\$ -	\$ 14,840
Tax Fees	\$ -	\$ -
All Other Fees	\$ -	\$ -

(1) Represents the aggregate fees billed for professional services rendered for the audit and/or review of the Company's financial statements and in connection with the Company's regulatory filings or engagements. Also includes services related to consents for registration statements filings.

(2) Represents the aggregate fees billed for audit-related services for research and consultation on various issues including the conversion of promissory notes, private placements and other related services. Also includes certain services related to the Company's acquisitions.

There were no non-audit related services rendered to the Company by Grant Thornton in fiscal 2010 and 2009. While the Audit Committee has not established formal policies and procedures concerning pre-approval of audit or non-audit services, the Company's executive officers and the Audit Committee have agreed that all audit and non-audit services by the Company's independent accountants will be approved in advance by the Audit Committee. The establishment of any such formal policies or procedures in the future is subject to the approval of the Audit Committee. All audit related services provided by Grant Thornton LLP were pre-approved by the Audit Committee.

The affirmative vote of a majority of the Voting Shares present in person or represented by proxy at the meeting and entitled to vote on such matter is required to ratify the selection of Grant Thornton LLP as the Company's independent registered public accounting firm.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"
THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS
THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

7

MANAGEMENT

Directors

The following table sets forth the names, ages and titles of each member of the Board of Directors of the Company:

Name	Age	Position and Office
Richard E. Gathright	56	Chairman of the Board; Chief Executive Officer and President; Director
Wendell R. Beard	83	Director
Steven R. Goldberg	59	Director
Nat Moore	58	Director
Larry S. Mulkey	67	Director
C. Rodney O'Connor	75	Director
Robert S. Picow	55	Director

Set forth below are the names of all directors of the Company, all positions and offices with the Company held by each person, the period during which each has served as such, and the principal occupations and employment of such persons during the last five years:

Mr. Gathright has been Chief Executive Officer and President of the Company since November 2000, a Director since March 2001 and Chairman of the Board since November 2002. He is responsible for the management of all business affairs of the Company, reporting directly to the Board of Directors. He was an advisor on operational and financial matters to the senior management of several domestic and international energy companies from January 2000 through October 2000. From September 1996 to December 1999, he was President and Chief Operating Officer of TransMontaigne Inc., a Denver-based publicly owned company providing logistical services to major energy companies and large industrial customers; a Director from April 1995 to December 1999; Executive Vice President from April 1995 to September 1996; and from December 1993 to April 1995 was President and Chief Operating Officer of a predecessor of TransMontaigne. From 1988 to 1993, he was President and Director of North American Operations for Aberdeen Petroleum PLC, a London-based public company engaged in international oil and gas operations, also serving on its Board of Directors. Prior to joining Aberdeen, he held a number of positions in the energy industry in the areas of procurement, operations and management of oil and gas assets. Mr. Gathright currently serves on the Board of Directors of the Nat Moore Foundation, a nonprofit organization for the benefit of disadvantaged youth.

The Company believes that Mr. Gathright, due to his longstanding service and commitment to the Company and his years of experience in the energy industry generally and in the mobile fueling industry, is highly qualified to be a member of the Board and to serve as its Chairman.

Mr. Beard has served as a Director of the Company since July 2001. He retired from Ryder System, Inc. in June 1994 after 17 years of service, the last three years of which he served as Executive Vice President, responsible for corporate public relations, advertising, government relations, special events and the Ryder Foundation. From August 1989 to June 1991, he served as Senior Vice President and from August 1987 to August 1989 as Vice President. From 1977 to 1984, he was Vice President of Corporate Development for Truck Stops Corporation of America, a Ryder subsidiary. He has served on the Executive Committee of the American Trucking Association, and for the past 16 years has been an advisor to the Truck Rental and Leasing Association. He is a Director of the Doral County Club in Miami; a Director of Baptist Health South Florida, a healthcare and hospital corporation; and a member of the Orange Bowl Committee. Mr. Beard is a noted speaker to the trucking industry, business and civic groups. He is the father of Robert W. Beard, the Company's Senior Vice President, Marketing & Sales and Investor Relations Officer.

The Company believes that Mr. Beard, due to his longstanding service commitment to the Company, his years of experience in the transportation industry generally and his knowledge of the Company's industry and its business, including its suppliers, customers and competitors, is qualified to be a member of the Board

Mr. Goldberg has served as a Director of the Company since July 2005. Since 2007 he has been President of Goldhammer Advisory LLC, specializing in M&A and corporate finance matters, located in Coral Gables, Florida. From 2006 to 2007, he was CEO of Coral Gables based Sunbelt Diversified Enterprises LLC, a privately owned holding company that acquires and oversees the operations of various small cap companies in diverse industries. Prior to joining Sunbelt, he was Senior Vice President of Arrow Air II LLC, from 2004 to 2006, after having previously served as Chief Financial Officer of its affiliate Arrow Air, Inc., a Miami-based cargo airline with related logistics and leasing entities. Prior to joining Arrow Air, from 2002 to 2004, he was a partner at Maplewood Partners LP, a private equity firm based in Coral Gables, Florida. Mr. Goldberg served with Ryder System, Inc. and its subsidiaries for 12 years, from 2000 to 2001 and from 1987 to 1998, in positions including Senior Vice President of Corporate Finance, Vice President of Corporate Development, Vice President and Treasurer of Ryder System, Inc and Chief Financial Officer of Ryder Transportation Services. From 1998 to 2000 he was Senior Vice President, Corporate Development of Republic Services, Inc., an environmental services company. Prior to joining the Ryder group, Mr. Goldberg held positions in the finance departments of Squibb Corporation and J.E. Seagram & Sons, Inc., having started his career at Manufacturers Hanover Trust in New York. He is a lecturer in finance at the undergraduate School of Business, University of Miami, as well as having been a guest lecturer at the Graduate School of Business in the area of mergers and acquisitions. Mr. Goldberg currently serves as Chairman of the Company's Audit Committee.

The Company believes that Mr. Goldberg, due to his longstanding commitment to the Company, his knowledge of the Company's business, and his expertise in financial, business and related matters, is qualified to be a member of the Board.

Mr. Moore has served as a Director of the Company since May 2006. Since 1987, he has served as President of Nat Moore & Associates Inc., an event management company located in Miami, and is the founder of The Nat Moore Foundation, a charitable organization that provides needed assistance to inner city organizations supporting sports teams and scholarships. A former professional football player with the Miami Dolphins, Mr. Moore is also the Vice President of Alumni Relations & Special Projects and Senior Advisor to the CEO of the Miami Dolphins Limited and serves as Director of Pro Bowl Youth Clinics for the National Football League's Special Events, and did the same for the Super Bowl Youth Clinics for 18 years. He also appears as a Color Analyst for Miami Dolphins preseason television broadcasts on WFOR CBS-4, for the University of Florida, Breakfast with the Gators and on other various football game broadcasts. He also has been a Color Analyst for Miami Hurricanes football broadcasts. Mr. Moore is a 13-year veteran of the Miami Dolphins football team and was the ninth inductee into the Miami Dolphins Ring of Honor. Mr. Moore currently serves on the Board of Directors of several other organizations, including Sun Trust Bank N.A., the Nat Moore Foundation, the Orange Bowl Committee, and the South Florida Golf Foundation. He currently serves as a member of the Audit Committee, a member of the Nominating Committee, a member of the Corporate Governance Committee and Chairman of the Compensation Committee.

The Company believes that Mr. Moore, due to his longstanding commitment to the Company, his financial experience and business acumen, and his broad experience as a Board member of numerous organizations, is qualified to be a member of the Board.

Mr. Mulkey has served as a Director of the Company since November 2002. Since 1997 he has served as the CEO and President of Mulkey & Associates, Inc., which provides consulting services specializing in transportation and logistics, business strategy, and real estate. He retired from Ryder System, Inc. in 1997 after 31 years of service, the last five years as President of Worldwide Logistics and as a member of the executive committee. Mr. Mulkey has served as a board and/or committee chairman in numerous organizations, including the American Trucking Association, and was the 1997 recipient of the Distinguished Service Award of the Council of Logistics Management which is the highest honor in the logistics industry. He currently serves as a Director of Cardinal Logistics Management, Inc., a private logistics and transportation company. Mr. Mulkey currently serves as a member of the Audit Committee, a member of the Compensation Committee, a member of the Nominating Committee and Chairman of the Corporate Governance Committee.

The Company believes that Mr. Mulkey, due to his longstanding commitment to the Company, his considerable experience in the transportation industry and his knowledge and understanding of business and finance generally and the Company's business in particular, is qualified to be a member of the Board.

Mr. O'Connor has served as a Director of the Company since July 1999. Mr. O'Connor previously assisted in the reorganization and refinancing of the Company, and is one of its largest stockholders today. He is the Chairman of Cameron Associates, Inc., a financial communications firm he founded in 1976. Prior to 1976, he served in numerous positions over a 20-year period in the investment industry with Kidder Peabody and Bear Stearns. Mr. O'Connor serves as a Director of Fundamental Management Corporation, a private fund management company whose partnerships hold an investment in the Company. He also was a founder and Director of Atrix Laboratories, Inc., a publicly traded specialty pharmaceutical company focused on advanced drug delivery which was sold in 2004.

The Company believes that Mr. O'Connor, due to his longstanding commitment to the Company and his expertise in corporate finance, investor relations and investments generally, is qualified to be a member of the Board.

Mr. Picow has served as a Director of the Company since March 2001. He is currently Chairman of Quamtel, a provider of mobile broad band and international long distance services. He is also the Vice Chairman of Eezinet Corporation, which is a private telecommunications company holding PCS licenses for cellular spectrum. He served as Chairman of Cenuco Inc. (which subsequently changed its name to Lander Co. Inc. and is now known as Ascendia Brands, Inc.), a public communications technology company, from April 2004 until its merger with Lander Co. Inc. Mr. Picow has served as a member of the board of directors of Cenuco (and now Ascendia) since July 2003, and as chief executive officer of the Cenuco Wireless division since 2005. From June 1996 to August 1997, he served as the Vice Chairman of Brightpoint, Inc., a publicly traded communications company, and was its President from June 1996 until October 1997. In 1981, Mr. Picow founded Allied Communications, Inc., the pioneer U.S. wireless electronics distributorship, serving 16 years as its Chairman, Chief Executive Officer and President until the 1996 merger of Allied and Brightpoint. Since May 2001, he has served as a Director of Fundamental Management Corporation, a private fund management company whose partnerships hold an investment in the Company. He also is a Director of Infasonics Corporation, a multinational telecommunications company, and American Telecom Services, Inc., a provider of Internet phone and prepaid long distance communications services. Mr. Picow currently serves as a member of the Compensation Committee, a member of the Corporate Governance Committee and Chairman of the Nominating Committee.

The Company believes that Mr. Picow, due to his longstanding commitment to the Company, his financial expertise, his business experience and acumen, and his considerable experience as a director for multiple organizations, is qualified to be a member of the Board.

Executive Officers

The following table sets forth the name and age of each of our executive officers, indicating all positions and offices presently held with the Company:

Name	Age	Position and Officers
Richard E. Gathright	56	Chairman of the Board, Chief Executive Officer and President
Michael S. Shore	42	Chief Financial Officer, Senior Vice President and Treasurer
Robert W. Beard	56	Senior Vice President, Operations
Timothy E. Shaw	46	Senior Vice President, Information Services & Administration and Chief Information Officer
Gary G. Williams	54	Senior Vice President, Supply
L. Patricia Messenbaugh	46	Vice President, Finance & Accounting and Chief Accounting Officer

Mr. Gathright has been Chief Executive Officer and President of the Company since November 2000, a Director since March 2001 and Chairman of the Board since November 2002. He is responsible for the management of all business affairs of the Company, reporting directly to the Board of Directors. For a detailed description of Mr. Gathright's business experience, see "Management – Directors."

Mr. Shore has been Chief Financial Officer, Senior Vice President and Treasurer of the Company since February 2002. He also was the Corporate Secretary from February 2002 to September 2005. Prior to joining the Company, he was CEO and President of Shore Strategic and Financial Consulting, providing financial and management services to corporate clients in the United States and Latin America. From 1998 to 2000, he served as Director of Finance/Controller for the North American Zone Operations of Paris-based Club Mediterranee. From 1996 to 1998, he was Vice President of Finance/Controller for Interfoods of America, Inc., the largest Popeye's Fried Chicken & Biscuits franchisee. From 1994 to 1996, he was the Manager of Accounting and Financial Reporting for Arby's, Inc. Mr. Shore began his professional career in 1990 with Arthur Andersen, LLP where he became a Senior Auditor. Mr. Shore has a diverse background in leading growth oriented public companies in mergers/acquisitions, capital formations, finance, treasury and accounting.

Mr. Beard (Robert W.) has been Senior Vice President, Operations, since September 3, 2010, responsible for all of the Company's fleet and facility operations as well as its marketing and sales operations. He had previously served as Senior Vice President, Marketing & Sales, of the Company and as its Investor Relations Officer since December 2006, when he responsible for marketing and sales operations and investor relations. From July 2005 to December 2006, he was Vice President, Corporate Development and Investor Relations Officer of the Company responsible for product line strategy and development, and for vendor and public relations. He was employed by Cendian Corporation, a chemical logistics subsidiary of Eastman Chemical Company, as Group Director of Client Development and Sales Support from 2004 to July 2005 and as Director of Business Marketing from 2001 to 2004. He was Senior Manager, Field Marketing for Ryder System, Inc. from 1994 to 2001. From 1986 to 1994, he was the Vice President of Marketing for Comdata Corporation. From 1985 to 1986, he was Manager of Vendor Relations for First Data Resources, a Division of American Express Travel Related Services Company. Mr. Beard also was employed by Ryder Systems from 1977 to 1985, serving in a number of positions including Manager, Vendor Relations, and as a General Manager and a Controller in its Truckstops of America Division. He is the son of Wendell R. Beard, a member of the Company's Board of Directors.

Mr. Shaw has been Senior Vice President, Information Services & Administration, of the Company and its Chief Information Officer since December 2006, responsible for all information systems management and corporate administration and from April 2006 to December 2006, he was Vice President, Information Systems Services and Chief Information Officer. From 1999 to April 2006 he was the Vice President of Information Services with Neff Corporation/Neff Rental LLC headquartered in Miami, one of the country's largest construction rental companies. From 1998 to 1999, he served as Director, Retail and Distribution Systems for Fruehauf Trailer Services in St. Louis, MO. From 1997 to 1998, he was Manager, Service Center Mechanization, for Southwestern Bell in St. Louis. From 1994 to 1997, he was Manager, Information Systems with Aggregate Equipment in East Peoria, IL. From 1991 to 1994, he was Systems Engineer with Electronic Data Systems (EDS) in Troy, MI. From 1981 to 1991, he was a Manufacturing Engineer and Area Supervisor for McDonnell Douglas Corp. in St. Louis. Mr. Shaw has an extensive background in IT leadership, process engineering, business operations, implementing enterprise resource solutions, storm disaster recovery planning, public company IT systems, Sarbanes-Oxley 404 implementation and compliance and the integration of acquisitions.

Mr. Williams has been Senior Vice President, Supply, of the Company since September 3, 2010, responsible for product procurement and for inventory and price management. He had previously served as Senior Vice President, Commercial Operations, since February 2001. Since December 2006 and prior to that time he was also responsible for marketing and sales and product procurement. From 1995 to February 2001, he was Vice President of Marketing for the supply, distribution and marketing subsidiary of TransMontaigne Inc., managing wholesale marketing functions in the Mid-Continent, Southeast and Mid-Atlantic and serving on that company's senior risk management committee. From 1987 to 1995, he was Regional Manager for Kerr-McGee Refining Corporation, responsible for unbranded petroleum product sales in its southeastern United States 11-state marketing region. Mr. Williams was employed by Kenan Transport Company as its Tampa Assistant Terminal Manager from 1986 to 1987. He was General Manager of Crum's Fuel Oil Service from 1980 to 1986.

Ms. Messenbaugh has been the Company's Chief Accounting Officer and Principal Accounting Officer since October 2007 and its Vice President of Finance & Accounting since April 2007. Prior to joining the Company, Ms. Messenbaugh served as Director-Assistant Corporate Controller for NationsRent, Inc., a SEC reporting construction distribution company in Fort Lauderdale, from 2005 to 2006. From 2003 to 2005, Ms. Messenbaugh served as Corporate Controller of Workstream, Inc., a publicly traded software application service company. From 2001 to 2003, she was the Senior Corporate Accountant for publicly traded Mayors Jewelers Inc. From 1992 to 2000, Ms. Messenbaugh served with Interim Healthcare, Inc. and Interim Services, Inc., now known as Spherion Inc., a publicly traded company, where she last held the position of Senior Financial Analyst. From 1989 to 1991, she was a Financial Analyst for publicly traded, NationsBank, now known as Bank of America. She began her career with KPMG. Ms. Messenbaugh is a Certified Public Accountant and holds a Bachelors degree in Computer Science and a MBA degree, both from Oral Roberts University, Tulsa, Oklahoma.

CORPORATE GOVERNANCE

Independence

After considering all of the relevant facts and circumstances, the Company's Board of Directors has determined that each of Messrs. Goldberg, Moore, Mulkey and Picow is independent from our management and qualifies as an "independent director" pursuant to Nasdaq Rule 5605(a)(2). The Board of Directors determined that none of the above referenced directors (1) is an officer or employee of the Company or its subsidiaries or (2) has any direct or indirect relationship that would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. A majority of the Company's directors are independent as required by Nasdaq Rule 5605(b)(1).

Code of Business Conduct

The Company has adopted a Code of Business Conduct that applies to all of the Company's employees, including its senior financial officer and Chief Executive Officer, which complies with the requirements of the Sarbanes-Oxley Act of 2002 and Nasdaq listing standards. Accordingly, the Code of Business Conduct is designed to deter wrongdoing, and to promote, among other things, honest and ethical conduct, full, timely, accurate and clear public disclosures, compliance with all applicable laws, rules and regulations, the prompt internal reporting of violations of the Code of Business Conduct, and accountability. The Company's Code of Business Conduct is available on the Company's website at <http://www.mobilefueling.com>. To access the Code and our other corporate governance materials, click on "Investors" and then click on "Corporate Governance."

Meetings and Committees of the Board of Directors

During the fiscal year ended June 30, 2010, the Board of Directors held seven (7) meetings and took action by unanimous written consent four (4) times. No incumbent director attended fewer than 75 percent of the aggregate of (i) the number of meetings of the Board of Directors held during the period he served on the Board of Directors, and (ii) the number of meetings of committees of the Board of Directors held during the period he served on such committees.

The standing committees of the Board of Directors are as follows: (i) the Audit Committee, (ii) the Compensation Committee, (iii) the Nominating Committee; and (iv) the Corporate Governance Committee.

Audit Committee. Messrs. Goldberg, Moore and Mulkey currently serve on the Audit Committee, which met six (6) times and took action by unanimous written consent one (1) time during the fiscal year ended June 30, 2010. Each member of the Audit Committee is independent as defined in Nasdaq Rule 5605(a)(2). The duties and responsibilities of the Audit Committee include (a) the appointment of the Company's auditors and any termination of such engagement, including the approval of fees paid for audit and non-audit services, (b) reviewing the plan and scope of audits, (c) reviewing the Company's significant accounting policies and internal controls and (d) having general responsibility for oversight of related auditing matters. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

The Board of Directors has determined that Mr. Goldberg qualifies as an “Audit Committee Financial Expert” as that term is defined by Item 407(d) of Regulation SK promulgated pursuant to the Exchange Act. In addition, each member of the Audit Committee is financially literate, as required pursuant to Nasdaq Rule 5605(c)(2)(A).

The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is available on the Company’s website at <http://www.mobilefueling.com>. To access our corporate governance materials, click on “Investors” and then click on “Corporate Governance.”

Compensation Committee. Messrs. Moore, Mulkey and Picow currently serve on the Compensation Committee, which took action by unanimous written consent four (4) times during the fiscal year ended June 30, 2010. Each member of the Compensation Committee is independent as defined in Nasdaq Rule 5605(a)(2). The Compensation Committee administers the 2009 Equity Incentive Plan and has the power and authority to (a) grant equity awards under the Plan and determine the terms thereof, and (b) construe and interpret the Plan. This Committee is also responsible for the final review and determination of compensation of the Chief Executive Officer and other executive officers. The compensation of the other executive officers is also set by the Compensation Committee based on recommendations from the Chief Executive Officer and such other input as the Committee believes appropriate and necessary.

The Compensation Committee has the authority to retain and terminate compensation consultants or other experts to assist the Committee in its evaluation of the Chief Executive Officer, his compensation or the compensation of any of the other executive officers. The Company has never engaged any compensation consultants or similar firms.

The Board of Directors has adopted a written charter for the Compensation Committee, a copy of which is available on the Company’s website at <http://www.mobilefueling.com>. To access the charter and our other corporate governance materials, click on “Investors” and then click on “Corporate Governance.”

Nominating and Corporate Governance Committee. Messrs. Moore, Mulkey and Picow served on the Nominating and Corporate Governance Committee, which did not hold any meetings but took action by unanimous written consent one (1) time during the fiscal year ended June 30, 2010. Each member of the Nominating and Governance Committee was independent as defined in Nasdaq Rule 5605(a)(2).

On September 23, 2010, in recognition of its increased corporate governance oversight responsibilities after the passage and pending implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Board of Directors determined to establish two separate committees to assume the duties and responsibilities previously handled by the Nominating and Corporate Governance Committee. The Board created a new standing committee, the Nominating Committee, to be responsible for nominations to the Board, including the qualifications of prospective directors, and appointments to Board committees. The Board also created a separate Corporate Governance Committee with primary responsibility for all corporate governance matters at the Board level.

Nominating Committee. Messrs. Moore, Mulkey and Picow currently serve on the Nominating Committee and each are independent as defined in Nasdaq Rule 5605(a)(2). This Committee is responsible for identifying individuals qualified to become directors of the Company, recommending to the Board of Directors director candidates to fill vacancies of the Board of Directors and to stand for election by the stockholders at the annual meeting of the Company. The Committee is also responsible for recommending to the Board the directors to serve on the various standing committees of the Board after reviewing their qualifications and eligibility for such service.

The Nominating Committee and the Board of Directors will, as a matter of policy, give consideration to nominees for the Board that are recommended by stockholders. A stockholder who wishes to recommend a nominee should direct his or her recommendation in writing to the Company's Corporate Secretary at the Company's address. Stockholder recommendations will be evaluated under the same criteria as the recommendations of the Nominating Committee and the Board of Directors. The Company must receive the required notice (as defined below) by the date set forth in the prior year's annual proxy statement under the heading "Stockholder Proposals" in order to be considered by the Nominating Committee in connection with the Company's next annual meeting of stockholders.

Stockholders wishing to nominate, or recommend a candidate for nomination to, the Board of Directors may do so by providing advance written notice to the Corporate Secretary. The notice must include the following information:

As to each proposed nominee:

- the name, age, business address and residence address;
- the principal occupation or employment;
- the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the nominee; and
- any other information relating to the nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder.

As to the stockholder giving notice:

- the name and record address of such stockholder;
- the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder;

- a description of all arrangements or understandings between such stockholder and each candidate for nomination and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder;
- a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the person(s) named in the stockholder's notice; and
- any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

Such notice must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a director if elected.

A proposed nominee for director should be a person of integrity and must be committed to devoting the time and attention necessary to fulfill his or her duties to the Company. The Nominating Committee will evaluate the independence of potential directors, as well as their business experience, understanding of and experience in the industry, personal skills, or specialized skills or experience, relative to those of the then-current directors. The Nominating Committee will also consider issues involving possible conflicts of interest of directors or potential directors, the results of interviews of selected candidates by members of the Nominating Committee and the Board of Directors, and the totality of the circumstances.

If all of the information set forth above is provided to the Corporate Secretary by a qualified stockholder in a timely manner, the Corporate Secretary will forward the information to the Nominating Committee, which will consider the information in making its own recommendations to the Board of Directors for Board nominees. In order for such information to be considered timely for the Company's 2011 annual meeting, it must be received on or before September 6, 2011. If the date of the 2011 annual meeting is advanced by more than 30 days or delayed (other than as a result of adjournment) by more than 60 days from the anniversary of the December 10, 2010 annual meeting, any such proposal must be submitted no earlier than the 120th day prior to the 2011 annual meeting and no later than the close of business on the later of the 90th day prior to the 2011 annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made.

If the Nominating Committee does not include the candidate proposed by the stockholder in its recommended slate of nominees and the Board does not otherwise determine to nominate the candidate, then a stockholder who has supplied all of the foregoing information to the Corporate Secretary in a timely manner may still appear at the meeting, in person or by proxy, to nominate the stockholder's candidate to the Board. The Company is under no obligation, however, to include any information in its proxy statement concerning stockholders' proposed nominees if they are not nominated by the Board.

The Company did not receive any information from stockholders concerning proposed nominees or recommended candidates for nomination for this year's annual meeting.

The Board of Directors has adopted a written charter for the Nominating Committee, a copy of which is available on the Company's website at <http://www.mobilefueling.com>. To access the Nominating Committee's charter and our other corporate governance materials, click on "Investors" and then click on "Corporate Governance."

Corporate Governance Committee. Messrs. Moore, Mulkey and Picow currently serve on the Corporate Governance Committee, with Mr. Mulkey serving as Chairman, and each are independent as defined in Nasdaq Rule 5605(a)(2). This Committee's principal responsibilities include periodically assessing the performance of the Board of Directors, periodically reviewing and assessing the Company's Code of Business Conduct and reviewing and recommending to the Board of Directors appropriate corporate governance policies and procedures for the Company. The Corporate Governance Committee is also charged with review and approval of any related party transactions, a duty that was assigned to the Audit Committee prior to the formation of a separate Corporate Governance Committee.

The Board of Directors has adopted a written charter for the Corporate Governance Committee, a copy of which is available on the Company's website at <http://www.mobilefueling.com>. To access this charter or our other corporate governance materials, click on "Investors" and then click on "Corporate Governance."

Director Attendance at Annual Meeting

All members of the Board of Directors are encouraged, but not required, to attend the annual meeting of stockholders. Each director attended the 2009 Annual Meeting of Stockholders held on December 4, 2009.

Communications with the Board of Directors

Stockholders who wish to communicate with the Board of Directors may do so by addressing their correspondence to the Board of Directors at SMF Energy Corporation, Attention: Corporate Secretary, 200 West Cypress Creek Road, Suite 400, Fort Lauderdale, Florida 33309. The Board of Directors has approved a process pursuant to which the Corporate Secretary shall review and forward correspondence to the appropriate director, committee or group of directors for response.

Board Leadership Structure

The Company believes the interests of the stockholders are best served at the present time by the Company's existing leadership model, which is based on a combined Chairman/CEO. As a relatively small business already burdened with regulatory complexities and expenses by virtue of being a public company, the Company believes adding another level of management hierarchy would only add inefficiencies to a Company that is constantly trying to streamline operations and reduce costs.

Richard Gathright, the current CEO, possesses an in-depth knowledge of the Company, its integrated operations, the unique conditions of an evolving mobile fueling industry and the array of challenges the Company currently faces. The Board believes that the CEO's experiences and other insights put the CEO in the best position to provide broad leadership for the Board as its Chairman in carrying out its fiduciary responsibilities to the stockholders.

In lieu of a separate Chairman or a lead independent director, the Company's Board of Directors has adopted an alternative governance model that it believes to be more efficient and effective for the Company under present circumstances. Wendell R. Beard currently acts as a liaison between the Company's management and the other non-employee directors, including the various Board committees. For example, when the company's independent directors meet from time to time to discuss Company business and corporate governance, Mr. Beard has been invited to attend a portion of those meetings to provide insight into, and facilitate communication with, management. Mr. Beard receives a separate fee from the Company, as would a committee chairman, for these liaison and other services that he renders to the Company as a member of its Board of Directors. While Mr. Beard is not considered independent under SEC and Nasdaq rules because his son, Robert W. Beard, serves as the Company's Senior Vice President, Operations, the Company believes that, in substance, he fulfills the role of lead independent director in addition to the other valuable services he provides to the Board. Under these circumstances, the Company does not believe it is necessary to establish a formal position of lead independent director for the Board to provide independent oversight of management.

The Board is comprised of a majority of independent directors, and all members of the Audit Committee, Nominating Committee, Corporate Governance Committee and Compensation Committee are independent under Nasdaq rules. Each independent director has access to the CEO and other Company executives on request; may call meetings of the independent directors; and may request agenda topics to be added or dealt with in more detail at meetings of the full Board or an appropriate Board committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that our directors, executive officers and persons who own more than ten percent of our Common Stock, file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock. Directors, officers and greater than ten percent stockholders are required by SEC rules to furnish us with copies of all ownership reports they file with the SEC.

The following table lists (i) each of the Company's directors, (ii) each of the Company's executive officers, and (iii) any persons known by the Company to beneficially own more than 5% of its Common Stock and Preferred Stock.

Name	Title/Designation
Richard E. Gathright	Chairman of the Board, Chief Executive Officer and President
Wendell R. Beard	Director
Steven R. Goldberg	Director
Nat Moore	Director
Larry S. Mulkey	Director
C. Rodney O'Connor	Director
Robert S. Picow	Director
Michael S. Shore	Chief Financial Officer, Senior Vice President and Treasurer
Robert W. Beard	Senior Vice President, Operations
Timothy E. Shaw	Senior Vice President, Information Services & Administration and Chief Information Officer
Gary G. Williams	Senior Vice President, Supply
L. Patricia Messenbaugh	Vice President, Finance & Accounting and Chief Accounting Officer

Based solely on review of the Forms 3 and 4 of the above referenced persons furnished to us and representations made by such persons to us, during the fiscal year ended June 30, 2010, no executive officer, director or ten percent stockholders of the Company (i) filed a late report, (ii) failed to report a transaction on a timely basis or (iii) failed to file a required form pursuant to the filing requirements under Section 16(a) of the Exchange Act.

Certain Relationships and Related Transactions

C. Rodney O'Connor, a Director of the Company, also is Chairman of Cameron Associates, Inc., a financial consulting and investor relations public relations firm, that has provided investor relations services to the Company since 1997. During the fiscal 2010, the Company paid \$78,000 to Cameron Associates, Inc. for such services, compared to \$80,253 during fiscal 2009. Of the \$80,253 paid to Cameron Associates, Inc. in 2009, \$2,064 was reimbursed to Mr. O'Connor in connection with his activities as a Director of the Company.

On September 10, 2009, the exercise price of all outstanding options previously granted to employees under the Company's 2000 Stock Option Plan were amended to have an exercise price of \$2.48 per share (the "Amendment"), which was \$0.77 above the \$1.71 closing bid price on the Nasdaq Capital Market on the trading day immediately preceding the Amendment.

The Amendment affected an aggregate of 327,614 shares of Common Stock underlying options previously granted to 31 employees, including executive officers. In particular, the Amendment affected the following executive officers: Richard E. Gathright, who held options to purchase 133,337 shares; Michael S. Shore, who held options to purchase 27,779 shares; L. Patricia Messenbaugh, who held options to purchase 12,224 shares, Robert W. Beard, who held options to purchase 18,891 shares; Timothy E. Shaw, who held options to purchase 18,892 shares; and Gary G. Williams, who held options to purchase 18,890 shares.

The Company believes that the foregoing transactions were entered into in good faith and on fair and reasonable terms that are no less favorable to the Company than those that would be available for comparable transactions in arm's length dealings with unrelated third parties.

The Company has a stated policy against any conflict of interest transaction in its Code of Business Conduct, which was most recently revised by the Board of Directors in March 2007. The Code of Business Conduct specifically prohibits officers, directors and employees from employment by, or investment in, any current or prospective customer, supplier or competitor of the Company. The Code of Business Conduct also prohibits acceptance of commissions, compensation or excessive gifts or entertainment from persons or firms with which the Company does or may do business, as well as any exploitation of a corporate opportunity for personal profit. Exceptions to the prohibitions on conflict of interest transactions may be made on a case-by-case basis to avoid undue hardship, such as investments made before employment or other pre-existing relationships.

The Charter of the Corporate Governance Committee includes a requirement for that committee to approve any transaction involving the Company and a related party in which the parties' relationship could enable the negotiation of terms on other than an independent, arm's length basis. For these purposes, a "related party transaction" includes any transaction that is required to be disclosed pursuant to Item 404 of SEC Regulation S-K. In making any determination concerning whether to approve a related party transaction, the Corporate Governance Committee is guided by the Company's Code of Business Conduct. The Corporate Governance Committee Charter specifically provides that the Committee shall review with management actions taken to ensure compliance with the Code of Conduct. The Charter also requires the Corporate Governance Committee to review any conduct of executive officers or directors that is alleged to be in violation or potential violation of the Code and, in appropriate instances, grant a waiver or exception for specific individuals. The Corporate Governance Committee has the authority to cause the Company to take remedial, disciplinary or other measures against executive officers and directors who violate the Code of Conduct and to cause the prompt public disclosure of any waiver of or change to the Code as it relates to executive officers or directors.

Copies of the Code of Business Conduct and the Corporate Governance Committee Charter are available on the Company's website at <http://www.mobilefueling.com>. To access these and other corporate governance materials, click on "Investors" and then click on "Corporate Governance."

Messrs. Moore, Mulkey and Picow served as members of the Compensation Committee during the last fiscal year. No member of the Compensation Committee during fiscal 2010 was an officer, former officer or employee of the Company or had any financial relationship with the Company other than the compensation they received for serving as independent directors of the Company. The Company is not aware of any interlocks or insider trading participation required to be disclosed under applicable rules of the Securities and Exchange Commission.

SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock and Preferred Stock by: (i) persons known to the Company to beneficially own more than 5% of its Common Stock and Preferred Stock, (ii) each of the Company's directors, (iii) the Company's principal executive officer and its two other most highly compensated executive officers and (iv) all directors and executive officers of the Company as a group. Except as otherwise indicated, each person has sole voting and investment power with respect to all shares shown as beneficially owned, subject to community property laws where applicable. Voting power is the power to vote or direct the voting of securities, and investment power is the power to dispose of or direct the disposition of securities.

Name and Address (1)	Common Stock Beneficially Owned (2)		Series D Convertible Preferred Stock Beneficially Owned (3)		Common Stock and Series D Convertible Preferred Stock ("Voting Shares") (4)	
	Shares	%	Shares	%	Shares	%
Directors and Named Executive Officers						
Richard E. Gathright, Chairman of the Board, Chief Executive Officer and President	186,883(5)	2.15			51,323	*
Michael S. Shore, Chief Financial Officer, Senior Vice President and Treasurer	41,245(6)	*			13,466	*
L. Patricia Messenbaugh, Vice President, Finance and Accounting, Chief Accounting Officer and Principal Accounting Officer	15,494(7)	*			3,270	*
Wendell R. Beard, Director	13,492(8)	*			1,889	*
Steven R. Goldberg, Director	10,379(9)	*			1,000	*
Nat Moore, Director	9,939(10)	*				