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BIO KEY INTERNATIONAL INC
Form SC 13G
February 15, 2006

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G
Under the Securities Exchange Act of 1934

BIO-KEY INTERNATIONAL, INC.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

09060C101

(CUSIP Number)

December 31, 2005

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
 Rule 13d-1(c)
 Rule 13d-1(d)

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 09060C101

1) Names of Reporting Persons
I.R.S. Identification Nos. of Above Persons (Entities Only)

Trellus Management Company, LLC (13-3807183)

2) Check The Appropriate Box If a Member of a Group (See Instructions)

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(A) []
(B) []

3) SEC Use Only

4) Citizenship or Place of Organization

DELAWARE LIMITED LIABILITY COMPANY

Number of Shares Beneficially Owned by Each Reporting Person With:

5) Sole Voting Power

0

6) Shared Voting Power

5,083,500

7) Sole Dispositive Power

0

8) Shared Dispositive Power

5,083,500

9) Aggregate Amount Beneficially Owned by Each Reporting Person

5,083,500

10) Check If the Aggregate Amount in Row (9) Excludes Certain Shares
(See Instructions)

[]

11) Percent of Class Represented by Amount in Row (9)

5.53%

12) Type of Reporting Person (See Instructions)

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2

CUSIP No. 09060C101

1) Names of Reporting Persons
I.R.S. Identification Nos. of Above Persons (Entities Only)

Adam Usdan

2) Check The Appropriate Box If a Member of a Group (See Instructions)

(A) []
(B) []

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3) SEC Use Only

4) Citizenship or Place of Organization

USA

Number of Shares Beneficially Owned by Each Reporting Person With:

5) Sole Voting Power

0

6) Shared Voting Power

5,083,500

7) Sole Dispositive Power

0

8) Shared Dispositive Power

5,083,500

9) Aggregate Amount Beneficially Owned by Each Reporting Person

5,083,500

10) Check If the Aggregate Amount in Row (9) Excludes Certain Shares
(See Instructions)

[]

11) Percent of Class Represented by Amount in Row (9)

5.53%

12) Type of Reporting Person (See Instructions)

IN

3

Item 1. (a) Name of Issuer:

Bio-Key International, Inc.

(b) Address of Issuer's Principal Executive Offices:

3349 HIGHWAY 138, BUILDING D, SUITE B
WALL, NJ 07719

Item 2. (a) Name of Person Filing:

Trellus Management Company, LLC

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Adam Usdan

(b) Address of Principal Business Office or, if none, Residence:

350 Madison Avenue, 9th Floor
New York, New York 10017

(c) Citizenship:

Trellus Management Company, LLC is a Delaware limited liability company.
Adam Usdan is a citizen of the United States.

(d) Title of Class of Securities:

Common Stock

(e) CUSIP Number: 09060C101

Item 3. If this statement is being filed pursuant to Rule 13d-1(b) or (c), or 13d-2(b), check whether the person filing is:

- (a) Broker or dealer registered under Section 15 of the Act
- (b) Bank as defined in section 3(a)(6) of the Act
- (c) Insurance company as defined in section 3(a)(19) of the Act
- (d) Investment company registered under section 8 of the Investment Company Act of 1940
- (e) An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E)
- (f) An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F)
- (g) A parent holding company or control person in accordance with Rule 13d-1(b)(ii)(G)
- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act
- (i) A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940
- (j) Group, in accordance with 13d-1(b)(1)(ii)(J)

4

Item 4. Ownership:

- (a) Amount Beneficially Owned: 5,083,500*
- (b) Percent of Class: 6.20%
- (c) Number of Shares as to which such person has:
 - (i) Sole power to vote or direct the vote: 0
 - (ii) Shared power to vote or direct the vote: 5,083,500*
 - (iii) Sole power to dispose or direct the disposition of: 0
 - (iv) Shared power to dispose or direct the disposition of: 5,083,500*

*See Attachment A.

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Item 5. Ownership of Five Percent or Less of a Class:

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities check the following

[]

Item 6. Ownership of More than Five Percent on Behalf of Another Person:

Various other persons have the right to receive or the power to direct the receipt of dividends from, or proceeds from sale of, the securities whose ownership is reported on this Schedule 13G. No other person's interest in such securities relates to more than five percent of the class.

Item 7. Identification and Classification of the Subsidiary which Acquired the Security Being Reported on By the Parent Holding Company

N/A

Item 8. Identification and Classification of Members of the Group

N/A

Item 9. Notice of Dissolution of Group

N/A

5

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: Trellus Management Company, LLC

/s/ Anthony G. Miller

Name: Anthony G. Miller
Title: Chief Financial Officer

/s/ Adam Usdan

Adam Usdan

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Date: February 15, 2006

6

ATTACHMENT A

As of December 31, 2005, Trellus Management Company, LLC ("Trellus") was the beneficial owner of 5,083,500 shares of Common Stock of Bio-Key International, Inc. ("Common Stock") for a total beneficial ownership of 6.20% of the outstanding shares of Common Stock. Adam Usdan is the President of Trellus. Trellus and Adam Usdan are shown as sharing voting power and dispositive power of the same 5,083,500 shares of Common Stock.

ATTACHMENT B

AGREEMENT OF JOINT FILING

In accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with all other persons signatory below of a statement on Schedule 13G or any amendments thereto, with respect to the Common Stock of Bio-Key International, Inc. and that this Agreement be included as an attachment to such filing.

This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original and all of which together shall be deemed to constitute one and the same Agreement.

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement on the 15th day of February, 2006.

By: Trellus Management Company, LLC

/s/ Anthony G. Miller

Name: Anthony G. Miller
Title: Chief Financial Officer

/s/ Adam Usdan

Adam Usdan

7

bsp; Audit-related fees consists of aggregate fees billed for accounting consultations and other services that were reasonably related to the performance of audits or reviews of our financial statements and were not reported above under "Audit Fees." The amount for 2012 primarily related to services provided in connection with our 2012 preferred stock offering, and the amount for 2013 related to services provided in connection with registering shares under our equity compensation plan.

Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and non-audit services provided by our independent registered public accounting firm. Requests to provide services requiring pre-approval by the Audit Committee are submitted to the Audit Committee with a description of the services to be provided and an estimate of the fees to be charged in connection with such services. The Audit Committee pre-approved all services performed by our independent registered accounting firm during fiscal years 2012 and 2013.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014.

Table of Contents

AUDIT COMMITTEE REPORT

The Audit Committee (the "Audit Committee") of the Board of Directors (the "Board") of CoreSite Realty Corporation (the "Company") assists the Board with its oversight responsibilities regarding the Company's financial reporting process. The Company's management is responsible for the preparation, presentation and integrity of the Company's financial statements and the reporting process, including the Company's accounting policies, internal audit function, internal control over financial reporting and disclosure controls and procedures. KPMG LLP, the Company's independent registered public accounting firm, is responsible for performing an audit of the Company's financial statements.

With regard to the fiscal year ended December 31, 2013, the Audit Committee (i) reviewed and discussed with management our audited consolidated financial statements as of December 31, 2013, and for the year then ended; (ii) discussed with KPMG LLP, the independent auditors, the matters required by PCAOB AU Section 380, *Communications with Audit Committees*; (iii) received the written disclosures and the letter from KPMG LLP required by applicable requirements of the PCAOB regarding KPMG LLP's communications with the Audit Committee regarding independence; and (iv) discussed with KPMG LLP their independence.

Based on the review and discussions described above, the Audit Committee recommended to our Board that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the Securities and Exchange Commission.

The Audit Committee:

David A. Wilson
Paul E. Szurek
Michael Koehler

Table of Contents

PROPOSAL THREE: ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Pursuant to Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our stockholders are entitled to cast an advisory vote at the Annual Meeting to approve the compensation of our named executive officers, as disclosed pursuant to the SEC's compensation disclosure rules, including the "Compensation Discussion and Analysis" section of this proxy statement, or "CD&A," the compensation tables and accompanying narrative disclosures. While this stockholder vote on executive compensation is an advisory vote that is not binding on the company or the Board, we value the opinions of our stockholders and will consider the outcome of the vote when making future compensation decisions. The vote on the advisory resolution to approve the compensation of our named executive officers requires the affirmative vote of a majority of all the votes cast on the proposal.

Our current policy is to provide stockholders with an opportunity to approve the compensation of our named executive officers each year at the annual meeting of stockholders until the next required stockholder vote on the frequency of such votes. We expect that the next such frequency vote will occur at the 2017 annual meeting of stockholders.

As described more fully in the CD&A, our executive compensation program is designed to attract, motivate and retain individuals with the skills required to formulate and drive our strategic direction and achieve annual and long-term performance necessary to create stockholder value. The program also seeks to align executive compensation with stockholder value on an annual and long-term basis through a combination of base pay, annual incentives and long-term incentives. Our practice of placing a significant portion of each executive's compensation at risk demonstrates this pay-for-performance philosophy.

We actively review and assess our executive compensation program in light of the industry in which we operate, the marketplace for executive talent in which we compete, and evolving compensation governance and best practices. We are focused on compensating our executive officers fairly and in a manner that promotes our compensation philosophy and is consistent with our annual and longer-term performance. Specifically, our compensation program for executive officers focuses on the following principal objectives:

align executive compensation with stockholder interests;

attract and retain talented personnel by offering competitive compensation packages;

motivate employees to achieve strategic and tactical corporate objectives and the profitable growth of our company; and

reward employees for individual, functional and corporate performance.

Our Board believes that our executive compensation program satisfies these objectives, properly aligns the interests of our executive officers with those of our stockholders, and is worthy of stockholder support. In determining whether to approve this proposal, we believe that stockholders should consider the following:

Independent Compensation Committee. Executive compensation is reviewed and established by a Compensation Committee of the Board consisting solely of independent directors. The Compensation Committee meets in executive session in determining annual compensation. The Compensation Committee receives data, analysis and input from an independent compensation consultant that is not permitted to perform any additional services for CoreSite management without the Compensation Committee's approval.

Table of Contents

Performance-Based Incentive Compensation. Elements of performance-based, incentive compensation are largely aligned with financial and operational objectives established in the Board-approved annual operating plan.

Limited Perquisites. Our executive officers do not receive any perquisites other than those that are offered to non-executive, salaried employees.

Equity Plans. Grants under our equity plans generally include three- or four-year vesting periods, and our plan prohibits repricing or exchange of outstanding option awards without consent of stockholders, and requires that options be granted with exercise prices at fair market value.

Accordingly, we ask our stockholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the stockholders approve, on an advisory basis, the compensation of our named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion in this proxy statement."

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

Table of Contents

INFORMATION ABOUT OUR BOARD OF DIRECTORS AND ITS COMMITTEES

Our Board currently consists of seven directors. Our charter and bylaws provide that the number of directors constituting our Board may be increased or decreased by a majority vote of our entire Board, provided the number of directors may not be decreased to fewer than one, the minimum number required under the Maryland General Corporate Law ("MGCL") nor, unless our bylaws are amended, more than 15 directors.

Our bylaws require that nominees for director, whether for election by the stockholders or by the Board, shall include such individuals as are entitled to be nominated pursuant to the Operating Partnership Agreement. The Operating Partnership Agreement provides that, for so long as the number of Operating Partnership units and shares of common stock held collectively by the real estate funds affiliated with Carlyle (the "Funds") is equal to or greater than 50% of the total number of shares of outstanding common stock (assuming all Operating Partnership units are exchanged for common stock), certain of the Funds shall have the right to nominate the number of directors that is one less than the lowest whole number that would exceed one-third of the directors, but not less than one director. With the Board having seven members, the Funds presently are entitled to nominate two directors. Such rights to nominate directors are subject to decrease as follows (in each case assuming all Operating Partnership units are exchanged for common stock):

If the Funds collectively own less than 50% but at least 10% of the outstanding common stock, then the Funds will be entitled to nominate the number of directors that is one less than the lowest whole number that would exceed 20% of the directors, but not less than one director. Assuming that the Board still had seven directors, then the Funds would be entitled to nominate only one director under this scenario.

If the Funds collectively own less than 10% of the outstanding common stock, then the Funds will no longer be entitled to nominate any directors.

During 2013, the Board held nine meetings. Each member of the Board attended or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board (held during the period for which such person has been a director) and (ii) the total number of meetings held by all committees of the Board on which such person served (during the periods that such person served).

There are no family relationships among our executive officers and directors.

Board Leadership Structure

The Board does not have a policy regarding separation of the roles of Chief Executive Officer and Chairman of the Board. The Board believes it is in our best interests to make that determination based on current circumstances. The Board has determined that an independent director serving as Chairman is in our best interests at this time. This structure ensures a greater role of independent directors in the active oversight of our business, including risk management oversight, and in setting agendas and establishing Board priorities and procedures. This structure also allows the Chief Executive Officer to focus to a greater extent on the management of our day-to-day operations. In addition to an independent chairman, our bylaws also require us to have a lead independent director, who may preside over meetings of independent directors in the event of a potential conflict of interest that precludes our chairman from participating. The current lead independent director is Mr. Szurek.

Executive Sessions

Our non-employee directors met in a special executive session without management at each regularly scheduled Board meeting in 2013, except for a separate meeting of non-employee directors in September 2013 and a meeting in December 2013 in which the non-employee directors met in executive session on the day prior to the Board meeting. Robert G. Stuckey, as Chairman of the Board,

Table of Contents

chaired the non-employee director executive sessions held during 2013 and generally chairs any executive sessions held by non-employee directors. The Board expects to continue to conduct an executive session limited to non-employee directors at least annually and our non-employee directors may schedule additional executive sessions in their discretion.

Committees of the Board of Directors

Our Board has a standing Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee. Each of these committees must be composed exclusively of independent directors. The Audit Committee and the Nominating/Corporate Governance Committee must each have at least three directors; the Compensation Committee must have at least two directors. Our Board may from time to time establish other committees to facilitate the management of our company. The Operating Partnership Agreement currently requires that, so long as the Funds collectively own at least 10% of the outstanding common stock (assuming all Operating Partnership units are exchanged for common stock), the Funds shall have the right to have at least one of their nominees on each committee, unless prohibited by law or the rules of the NYSE, other than any committee whose purpose is to evaluate or negotiate any transaction with the Funds. The Funds have exercised this right by requesting that Mr. Stuckey be appointed to the Nominating/Corporate Governance Committee, but have not requested that either of its two nominees be appointed to either the Audit Committee or the Compensation Committee.

The Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee each operate under written charters adopted by the Board. These charters are available on our website at www.coresite.com.

Audit Committee

The Audit Committee assists the Board with its oversight responsibilities regarding the integrity of our financial statements, the qualifications and independence of our independent auditor and the performance of our internal audit function and independent auditors. The Audit Committee selects, appoints, assists and meets with the independent auditor, oversees each annual audit and quarterly review, establishes and maintains our internal audit controls and prepares an annual report for inclusion in our annual proxy statement pursuant to federal securities laws. The Audit Committee also works with management regarding risk assessment and risk management, and discusses with management our leverage and any issues that arise with respect to our leverage. Messrs. Wilson, Koehler and Szurek currently serve as members of the Audit Committee, with Mr. Wilson serving as chair. The Board has determined that all three members of the committee are "financially literate" as defined under the NYSE rules, that Mr. Wilson and Mr. Szurek each qualify as an "Audit Committee Financial Expert" as defined under SEC rules, and that all three members of the committee are independent under applicable NYSE and SEC rules for purposes of membership on the Audit Committee. The Audit Committee met seven times in 2013.

Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee assists the Board in identifying qualified individuals to become directors, makes recommendations to the Board concerning the size, structure and composition of the Board and its committees, monitors the process to assess the Board's effectiveness and is primarily responsible for oversight of corporate governance, including implementing our Corporate Governance Guidelines. In evaluating potential nominees to the Board, the Nominating/Corporate Governance Committee considers, among other things, independence, character, ability to exercise sound judgment, demonstrated leadership, skills, including financial literacy, and experience in the context of the needs of the Board, as well as criteria for Board nominees set forth under "Proposal One: Election of Directors" above. The Nominating/Corporate Governance Committee considers

Table of Contents

candidates proposed by stockholders and evaluates them using the same criteria as for other candidates. Messrs. Szurek, Stuckey and Thompson currently serve as members of the Nominating/Corporate Governance Committee, with Mr. Szurek serving as chair. The Board has determined that all three members of the committee are independent under applicable NYSE rules. The Nominating/Corporate Governance Committee met four times in 2013.

At least annually, the Nominating/Corporate Governance Committee evaluates the performance of each current director and considers the results of such evaluation when determining whether to recommend the nomination of such director for an additional term. At an appropriate time prior to each annual meeting at which directors are to be elected or re-elected, the Nominating/Corporate Governance Committee recommends to the Board for nomination by the Board such candidates as the Nominating/Corporate Governance Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve.

At an appropriate time after a vacancy arises on the Board or a director advises the Board of his or her intention to resign, the Nominating/Corporate Governance Committee will recommend to the Board for election by the Board to fill such vacancy, such prospective member of the Board as the Nominating/Corporate Governance Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve. In determining whether a prospective member is qualified to serve, the Nominating/Corporate Governance Committee will consider the factors listed above.

The foregoing notwithstanding, if we are legally required by contract or otherwise to permit a third party to designate one or more of the director nominees to be elected (for example, pursuant to rights contained in the Operating Partnership Agreement), then the nomination or election of such directors will be governed by such requirements.

Compensation Committee

The Compensation Committee reviews and approves the compensation and benefits of our executive officers, administers and makes recommendations to the Board regarding our compensation and stock incentive plans, produces an annual report on executive compensation for inclusion in our annual proxy statement and publishes an annual committee report for our stockholders. Messrs. Koehler, Wilson and Thompson currently serve as members of the Compensation Committee, with Mr. Koehler serving as chair. The Board has determined that all three members of the committee are independent under applicable NYSE and SEC rules for purposes of membership on the Compensation Committee. The Compensation Committee met four times in 2013. For a description of the Compensation Committee's processes and procedures, including the roles of our executive officers and independent compensation consultants in the Compensation Committee's decision-making process, see the section titled "Compensation Discussion and Analysis."

Board Oversight of Risk Management

The Board believes that overseeing how the executive team manages the various risks confronting the company is one of its most important areas of oversight. In carrying out this critical responsibility, the Board has designated the Audit Committee with primary responsibility for overseeing enterprise risk management. While the Audit Committee has primary responsibility for overseeing enterprise risk management, each of the other Board committees also considers risk within its area of responsibility. For example, the Nominating/Corporate Governance Committee reviews risks related to legal and regulatory compliance as they relate to corporate governance structure and processes, and the Compensation Committee reviews risks related to compensation matters. The Board is apprised by the committee chairs of significant risks and management's response to those risks via periodic reports. While the Board and its committees oversee risk management strategy, management is responsible for implementing and supervising day-to-day risk management processes and reporting to the Board and its committees on such matters.

Table of Contents

With respect to risk related to compensation matters, the Compensation Committee considers, in establishing and reviewing our executive compensation program, whether the program encourages unnecessary or excessive risk taking and has concluded that it does not. Executives' base salaries are fixed in amount and thus do not encourage risk-taking. Bonuses are capped and are tied to overall corporate performance. Any other compensation provided to the executive officers is primarily in the form of long-term equity awards that are important to help further align executives' interests with those of our stockholders. The Compensation Committee believes that these awards do not encourage unnecessary or excessive risk-taking because the ultimate value of the awards is tied to our stock price and because awards are staggered and subject to long-term vesting schedules to help ensure that executives have significant value tied to long-term stock price performance.

The Compensation Committee also has reviewed our compensation programs for employees generally and has concluded that these programs do not create risks that are reasonably likely to have a material adverse effect on the company. The Compensation Committee believes that the design of our annual cash and long-term equity incentives provides an effective and appropriate mix of incentives to help ensure our performance is focused on long-term stockholder value creation and does not encourage the taking of short-term risks at the expense of long-term results. In general, bonus opportunities for our employees are capped, and we have discretion to reduce bonus payments (or pay no bonus) based on individual performance and any other factors we may determine to be appropriate in the circumstances.

Corporate Governance Guidelines

The Board has adopted a set of governance guidelines, the CoreSite Realty Corporation Corporate Governance Guidelines, which are designed to promote the continued vitality of the Board and excellence in the execution of its duties. Our Corporate Governance Guidelines establish the practices and procedures of the Board with respect to Board composition and member selection, Board independence, Board meetings and involvement of senior management, management succession planning, Board committees, stock ownership guidelines and the evaluation of senior management and the Board. The Board reviews our Corporate Governance Guidelines at least annually and updates them as necessary to reflect improved corporate governance practices and changes in regulatory requirements. A copy of the Corporate Governance Guidelines is available on our website at www.coresite.com.

Stock Ownership Guidelines

Effective January 1, 2014, the Board adopted stock ownership and retention guidelines for all of our executive officers and non-employee directors who are also not employees of Carlyle ("Non-Employee Directors") to further align their interests with our stockholders. Under these guidelines, each of our executive officers is expected to own common stock of the Company with a market value equal to the following amounts for as long as he or she remains an executive officer: Chief Executive Officer Five times (5.0x) base salary; Other C-Level Executives (CFO, COO, General Counsel) Three times (3.0x) base salary; and Senior Vice Presidents One and One-Half times (1.5x) base salary. Non-Employee Directors are expected to own common stock of the Company with a market value equal to five times (5.0x) the value of each Non-Employee Director's annual cash retainer (excluding any annual cash retainer for committee membership or chairmanship). Each executive officer and Non-Employee Director must hold 50% of all net settled shares received from the vesting, delivery or exercise of equity awards from the Company until such executive officer's or Non-Employee Director's stock ownership equals or exceeds the applicable ownership threshold. Executive officers and Non-Employee Directors have until the later to occur of (i) January 1, 2019 or (b) the fifth anniversary of his or her first appointment or election as an executive officer or Non-Employee Director, as applicable, to meet the requirements of these stock ownership guidelines. These stock ownership

Table of Contents

guidelines were based on analysis of peer and market practices, as prepared by our independent compensation consultant.

Code of Ethics

Our Code of Business Conduct and Ethics applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer, and the Board. A copy of the Code of Business Conduct and Ethics is available on our website at www.coresite.com. We intend to disclose any changes in or waivers from the Code of Business Conduct and Ethics by posting such information on our website.

2013 Director Compensation

The Board determines the form and amount of director compensation after its review of recommendations made by the Compensation Committee. A substantial portion of each director's annual retainer is in the form of equity. During 2013, pursuant to our Non-Employee Director Compensation Policy, and under our 2010 Equity Incentive Award Plan (As Amended and Restated) (the "2010 Plan"), Non-Employee Directors received an annual grant of restricted stock units ("RSUs") having a fair market value as of the date of grant equal to \$40,000 and an equal number of tandem dividend equivalents under our 2010 Plan on the date of the annual meeting of stockholders (each, an "Annual RSU Award"). Dividend equivalents give holders the right to receive, upon payment of any ordinary cash dividend paid to holders of our common stock, an equivalent payment in the form of additional RSUs and dividend equivalents. All Annual RSU Awards vest one year from the grant date. Each RSU entitles the director to one share of our common stock payable upon termination of service as a director. In addition, during 2013, each Non-Employee Director was paid an annual cash retainer of \$40,000 for services as a director. Directors who are employees of our company or our subsidiaries and those directors nominated by Carlyle do not receive compensation for their services as directors.

During 2013, Non-Employee Directors who served on our Audit, Nominating/Corporate Governance and/or Compensation Committees other than as chair of the committee received an additional annual cash retainer fee of \$5,000 for each committee on which they served. Non-Employee Directors who served as the chair of our Audit Committee received an additional annual retainer of \$15,000. Non-Employee Directors who served as the chair of one of our other Board committees received an additional annual retainer of \$10,000.

The following table presents information regarding the compensation paid during 2013 to Non-Employee Directors who served on the Board during the year. The compensation paid to Mr. Ray is presented below under "Compensation Discussion and Analysis" in the table titled "2013 Summary Compensation Table" and the related explanatory tables. Messrs. Stuckey, Attwood and Ray do not receive any compensation for their services as members of the Board.

Name	Fees Earned or Paid in	Stock	Total (\$)
	Cash (\$)	Awards \$(1)	
Michael Koehler	55,000	40,000	95,000
Paul E. Szurek	55,000	40,000	95,000
J. David Thompson	50,000	40,000	90,000
David A. Wilson	60,000	40,000	100,000

(1) The amounts included under the "Stock Awards" column reflect the aggregate grant date fair value of the restricted stock unit awards granted to each Non-Employee Director, computed in accordance with FASB ASC Topic 718, excluding the effect of any estimated

Table of Contents

forfeitures. Assumptions used to calculate these amounts are described in Note 11, "Equity Incentive Plan" to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.

The following table presents the number of outstanding and unexercised option awards and the number of outstanding RSUs held by each of the Non-Employee Directors as of December 31, 2013.

Director	Number of Shares Subject to Outstanding Options as of December 31, 2013(1)	Number of Shares Subject to Outstanding RSUs as of December 31, 2013(2)
Michael Koehler	2,500	8,211
Paul E. Szurek	2,500	8,211
J. David Thompson	2,500	8,211
David A. Wilson	2,500	8,211

(1) The stock options are fully vested.

(2) The restricted stock units for each director are fully vested, except for 1,171 restricted stock units which will vest on May 22, 2014.

2014 Director Compensation

In order to bring our non-employee director compensation in line with market compensation, including the non-employee director compensation of our competitors, the Board approved an Amended and Restated Non-Employee Director Compensation Policy (the "Amended Directors Plan") effective January 1, 2014. Under the Amended Directors Plan, Non-Employee Directors will receive an annual grant of RSUs having a fair market value as of the date of grant equal to \$75,000 (the "Annual Director RSUs") and an equal number of tandem dividend equivalents as described above under 2013 Director Compensation. The Annual Director RSUs and corresponding dividend equivalents will vest one year from the grant date, subject to such Non-Employee Director's continued service to us as of the vesting date. Each RSU entitles the director to one share of our common stock, and will be payable and settled at the time of vesting, unless a deferral election is made by a Non-Employee Director. Directors who are employees of our company or our subsidiaries and those directors nominated by Carlyle will continue not to receive Annual Director RSUs for their service as directors.

In addition, under the Amended Directors Plan, each Non-Employee Director will receive an annual cash retainer of \$75,000 for services as a director. Non-Employee Directors who serve on our Audit, Nominating/Corporate Governance and/or Compensation Committees other than as chair of the committee will receive an additional annual cash retainer fee of \$10,000 for each committee on which they serve. Non-Employee Directors who serve as the chair of our Audit Committee or Compensation Committee will receive an additional annual cash retainer of \$20,000, and Non-Employee Directors who serve as the chair of the Nominating/Corporate Governance Committee will receive an additional annual cash retainer of \$15,000. All annual cash retainers will be paid in quarterly installments subject to such Non-Employee Director's continued service on the Board on each applicable payment date. Directors who are employees of our company or our subsidiaries and those directors nominated by Carlyle will continue not to receive compensation for their service as directors.

These changes to our non-employee director compensation were based on analysis of peer and market practices, as prepared by our independent compensation consultant, and constitute the first changes to our director compensation since our initial public offering in 2010.

Table of Contents

Communications with the Board

Any stockholder or other interested party may contact the Board, including any non-employee director or the non-employee directors as a group, or any individual director or directors, by writing to our Corporate Secretary at 1001 17th Street, Suite 500, Denver, Colorado 80202, with a request to forward the communication to the intended recipient or recipients. In general, any stockholder communication delivered to our Corporate Secretary for forwarding to the Board or specified Board member or members will be forwarded in accordance with the stockholder's instructions. However, our Corporate Secretary reserves the right not to forward to Board members any abusive, threatening or otherwise inappropriate materials. Information regarding the submission of comments or complaints relating to our accounting, internal accounting controls or auditing matters can be found on our website at www.coresite.com.

Attendance of Directors at 2014 Annual Meeting of Stockholders

While we do not have a formal policy requiring our directors to attend stockholder meetings, directors are invited and encouraged to attend all meetings of stockholders. All of our directors attended the 2013 Annual Meeting of Stockholders.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or has ever been an executive officer of the company, and no member of the Compensation Committee had any relationships requiring disclosure by us under the SEC's rules requiring disclosure of certain relationships and related-party transactions. None of our executive officers served on any compensation committee (or its equivalent) of any other entity, the executive officers of which served as a director of the company or a member of our Compensation Committee.

Table of Contents**EXECUTIVE OFFICERS AND COMPENSATION**

The following table sets forth certain information as of April 9, 2014, regarding our executive officers.

Name	Position With the Company	Age
Thomas M. Ray	President and Chief Executive Officer	51
Jeffrey S. Finnin	Chief Financial Officer	50
Billie R. Haggard	Senior Vice President, Data Centers	48
Derek S. McCandless	Senior Vice President, Legal, General Counsel and Secretary	43
Robert K. Rockwood	Senior Vice President, General Management	53
Steven J. Smith	Senior Vice President, Sales and Sales Enablement	49
Dominic M. Tobin	Senior Vice President, Operations	60

Please see "Proposal One: Election of Directors Directors" starting on page 5 for information regarding Thomas M. Ray.

Jeffrey S. Finnin has served as our Chief Financial Officer since January 2011. Before joining us in January 2011, Mr. Finnin served as Managing Director and Chief Accounting Officer of Prologis, a publicly held REIT, for over five years. Prior to his tenure at Prologis, Mr. Finnin spent 18 years in public accounting as a partner with KPMG LLP and Arthur Andersen LLP, where he served as the Industry Lead Partner in charge of Real Estate and Financial Services Practices in Denver, Colorado. Mr. Finnin is a Certified Public Accountant and received his B.S. in Business Administration from Colorado State University.

Billie R. Haggard has served as our Senior Vice President, Data Centers since March 2009. In this role, Mr. Haggard is responsible for the design, construction, maintenance, facilities staffing and ultimately uptime, reliability and energy efficiency of our data centers. Mr. Haggard served as our Vice President of Facilities from 2009 to 2010. Prior to joining us in March 2009, Mr. Haggard was the Senior Technical Manager at Switch and Data Facilities Company, Inc. ("Switch and Data"), a provider of network-neutral data centers, where he oversaw all aspects of data center design and management for more than 40 data centers across North America. Prior to joining Switch and Data in 2003, Mr. Haggard held the position of Technical Manager for Lee Technologies, a data center solutions provider, focused upon data center and mission-critical facilities. Mr. Haggard studied Engineering at Louisiana State University and Louisiana Tech University. Additionally, Mr. Haggard held positions of increasing responsibility focused upon nuclear power technology and maintenance during his 14-year career as an officer in the United States Navy. Mr. Haggard was recognized with four Naval Achievement Medals and numerous letters of commendation stemming from his work and teachings concerning highly sensitive, mission-critical facilities.

Derek S. McCandless has served as our Senior Vice President, Legal, General Counsel and Secretary since March 2011. Prior to joining us in March 2011, Mr. McCandless served as Senior Vice President and Assistant General Counsel at Apartment Investment and Management Company, a REIT focused on apartment properties, which he joined in 2003. Prior to his tenure with Apartment Investment and Management Company, Mr. McCandless was in private practice with the law firms of Holme Roberts & Owen LLP (since combined with Bryan Cave LLP) and Cooley LLP. Mr. McCandless received a J.D. from The University of Chicago and a B.S., cum laude, from Brigham Young University.

Robert K. Rockwood has served as our Senior Vice President, General Management since December 2004. Mr. Rockwood has been with us since shortly after the company's founding in 2001. Mr. Rockwood has been involved with many aspects of our data center portfolio development and management and has served as Chief Operating Officer, Chief Investment Officer, SVP of Acquisitions and SVP and General Manager, Eastern Region before assuming his current role. Before joining us in

Table of Contents

2001, Mr. Rockwood was Managing Director of the Faris Group, an independent consulting company specializing in increasing the value of data centers and telecom real estate. He was also the director of business development for Broadband Office and the general manager of Transcom, a wholly-owned telecommunications subsidiary of the Columbia Energy Group. Prior to entering the private sector, Mr. Rockwood was a Captain and Commander in the United States Army. Mr. Rockwood received his M.P.A. from the JFK School of Government at Harvard University, his M.S. in construction management from the University of Illinois, and B.S. from the United States Military Academy at West Point.

Steven J. Smith has served as our Senior Vice President, Sales and Sales Enablement since January 2014. Mr. Smith is responsible for overseeing our sales organization, including direct sales, indirect partner channel and sales enablement. Prior to joining us in January 2014, Mr. Smith was a Regional Vice President for SAP AG, a business software company, from March 2008 to January 2013, where he led large enterprise sales across application portfolios, including enterprise resource planning, big data, customer relationship management (CRM), cloud and mobile. From December 2002 to March 2008, he held various roles with Avaya, Inc., a global provider of business communications and collaboration systems, software and services, most recently as Vice President and General Manager of U.S. Channel Sales. Mr. Smith received a B.A. in Marketing and Economics from the University of New Mexico.

Dominic M. Tobin has served as our Senior Vice President, Operations since January 2007. Mr. Tobin is responsible for our company's operations activities, including all Any² Exchange® related initiatives. Mr. Tobin served as our Field Operations Director from 2007 to 2009 and Vice President of Operations from 2009 to 2010. Prior to joining us in January 2007, Mr. Tobin spent 15 combined years at First Level Technology and AT&T, where he held roles of increasing responsibility including Field Operations Director and District Manager. Mr. Tobin obtained his B.S. in Telecommunications Management, magna cum laude, from Golden Gate University. He also received a Network Management Certificate from U.C. Santa Cruz Extension and was a First Class Electronics Technician in the U.S. Coast Guard.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis is designed to provide our stockholders with a clear understanding of our compensation philosophy and objectives, compensation-setting process, and the 2013 compensation of our named executive officers, or NEOs. For 2013, our NEOs were:

Thomas M. Ray	President and Chief Executive Officer
Jeffrey S. Finnin	Chief Financial Officer
Jarrett Appleby(1)	Chief Operating Officer
Derek S. McCandless	Senior Vice President, Legal, General Counsel and Secretary
Dominic M. Tobin	Senior Vice President, Operations

(1) Mr. Appleby's employment with the Company ended effective January 24, 2014.

Executive Summary

Our compensation program for our NEOs and other executive officers is designed to meet the following primary objectives:

Management Development and Continuity. Attract and retain individuals of superior ability and managerial talent to develop, grow and manage our business by offering competitive compensation opportunities with a significant long-term component;

Performance-Based. Align executive officer compensation with the achievement of our short- and long-term corporate strategies and business objectives and with the long-term interests of our stockholders through the use of performance-based and variable compensation elements; and

Long-Term Focus on Stockholder Value. Align executives with stockholder value creation by delivering a significant portion of our executive officers' compensation in the form of equity-based awards that vest over multiple years.

We believe compensation should be structured to ensure that a significant portion of the total compensation opportunity for our named executive officers is directly related to our performance and other factors that directly and indirectly influence stockholder value. For 2013, our fixed compensation versus targeted variable compensation was structured as follows for our CEO and other named executive officers:

We believe our executive compensation should be structured to appropriately balance annual cash compensation with long-term equity-based compensation. For 2013, our target annual cash versus

Table of Contents

long-term equity-based compensation was structured as follows for our CEO and other named executive officers:

Selected 2013 Company Performance Highlights

Performance for our company was strong in 2013, highlighted by the following:

Total shareholder return in 2013 was 20.6%;

Revenue in 2013 grew by 13.5% over 2012, with data center revenue in 2013 growing 14.3% over 2012;

EBITDA (as defined below) in 2013 grew by 23.5% versus 2012; and

Funds from operations (FFO) (as defined below) attributable to common shares and units in 2013 grew by 18.5% versus 2012.

In addition to the financial highlights above, we achieved the following in 2013:

Maintained six nines of up time across our platform for third consecutive year;

Completed Statement on Standards for Attestation Engagements (SSAE) 16 Type 2 examinations covering all operational data centers across our portfolio;

Launched the Open Cloud Exchange to provide customers with flexible options to securely and easily connect to public, private and hybrid cloud services;

Maintained our focus on operational excellence, executing over 8,000 service orders, including a record number of fiber cross-connect installations;

Executed 453 new and expansion leases, representing an increase of 33.6% over 2012; and

Continued to expand our national footprint and geographic reach, with significant development activity in four major markets, including Secaucus, New Jersey, Reston, Virginia, Santa Clara, California and Los Angeles, California.

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At our annual meeting of stockholders in May 2013, we held a vote on an advisory resolution to approve the compensation of our named executive officers ("say-on-pay"). The compensation of our named executive officers reported in our 2013 proxy statement was approved by approximately 97% of the votes cast at the 2013 annual meeting. Our Compensation Committee believes this affirms our stockholders' support of our approach to executive compensation, and the Compensation Committee did not materially change its approach in 2013. The Compensation Committee will continue to consider the outcome of our say-on-pay votes when making future compensation decisions for our named executive officers.

Role of the Board of Directors, the Compensation Committee, Management and Consultant

Our Compensation Committee is charged with, among other things, the responsibility of reviewing executive officer compensation policies and practices to ensure adherence to our compensation

Table of Contents

philosophy and objectives and that the total compensation paid to our executive officers is consistent with our performance, fair, reasonable and competitive with companies within our industry. The Compensation Committee's primary responsibilities with respect to determining executive compensation are (i) setting performance targets under all annual bonus and long-term and management incentive compensation plans, including our 2010 Plan; (ii) verifying that performance targets used for any performance-based equity compensation plans have been met before payment of any executive bonus or compensation; (iii) approving all amendments to, and terminations of, all compensation plans and any awards under such plans; (iv) granting any awards under any performance-based annual bonus, long-term incentive compensation and equity compensation plans to executive officers; (v) approving which executive officers and other employees receive awards under our equity and incentive compensation plan(s), including the 2010 Plan; and (vi) conducting an annual review of all compensation plans. All plan reviews include reviewing the plan's administrative costs, reviewing current plan features relative to any proposed new features, and assessing the performance of the plan's internal and external administrators if any duties have been delegated.

The Compensation Committee reviews and considers our Chief Executive Officer's recommendations with respect to compensation decisions for our named executive officers other than himself. The Compensation Committee believes it is valuable to consider the recommendations of our Chief Executive Officer with respect to these matters because, given his knowledge of our operations, the data center industry and the day-to-day responsibilities of our executive officers, he is in a unique position to provide the Compensation Committee perspective into the performance of our executive officers in light of our business at a given point in time. The Board and Compensation Committee make all compensation decisions with regard to our Chief Executive Officer.

As part of the 2013 compensation process, the Compensation Committee retained W.T. Haigh & Company, Inc. ("W.T. Haigh") as its independent compensation consultant. W.T. Haigh provides us advisory services only with respect to executive compensation, and works with management only with the approval and under the direction of the Compensation Committee. W.T. Haigh reviewed the compensation components of our 2013 program for our named executive officers and advised the Compensation Committee regarding the components and levels of the executive compensation program, including our incentive and equity-based compensation plans. A representative of W.T. Haigh attended the meetings of the Board and Compensation Committee in February, March and December 2013, and February and March 2014, and continues to make himself available on an ongoing basis to provide guidance to the Compensation Committee on compensation issues as they arise. The Compensation Committee has reviewed its and our company's relationships with W.T. Haigh and has not identified any conflicts of interest.

Peer Companies

The Compensation Committee uses peer company data to guide its review of the total compensation of our executive officers and generally reviews the compensation data of our peer companies and industry to understand market competitive compensation. The Compensation Committee focuses on ensuring that the performance-based elements of our executive compensation program are consistent with peer and industry trends. However, the Compensation Committee does not benchmark compensation to a specific percentage of the compensation of peer companies.

In 2013, the Compensation Committee approved a peer group based on analysis and preliminary recommendations by W.T. Haigh. This peer group is comprised of 19 companies in the data center, real estate and general technology industries and the peer group was selected based on a number of criteria, including each company's revenue, market capitalization, number of employees and other key financial metrics. We believe these companies are broadly comparable to us, and appropriately reflect our size, complexity, growth prospects, operations, and labor market for key leadership positions. Our peer group for 2013 was refined versus a broader group of peer companies in 2012 to focus more

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Table of Contents

exclusively on data center real estate investment trusts and technology companies operating in the colocation, cloud computing and technology services sectors.

The 2013 peer companies are listed below:

Akamai Technologies, Inc.	Alexandria Real Estate Equities, Inc.	BioMed Realty Trust, Inc.
Cogent Communications Group, Inc.	CyrusOne Inc.	Digital Realty Trust, Inc.
Digital River, Inc.	DuPont Fabros Technology, Inc.	Equinix, Inc.
Internap Network Services Corp.	InterXion Holding N.V.	Limelight Networks, Inc.
Perficient, Inc.	Rackspace Hosting, Inc.	Savvis Inc.*
Silicon Graphics International Corp.	TelecityGroup plc	ValueClick, Inc.
Websense, Inc.		

*

Savvis Inc. was a peer company for compensation analysis performed in February 2013, but was not included in the peer companies for analysis performed at year-end 2013 due to compensation data not being available in the second half of 2013.

The Compensation Committee will review our peer group annually to determine whether changes are necessary to ensure that the peer companies continue to be comparable to us based on changing scope and growth characteristics.

Elements of 2013 Compensation

Our compensation program is made up of the following direct compensation elements:

Element	Fixed or Variable	Description
Base Salary	Fixed	To attract and retain executives by offering fixed compensation that is competitive with market opportunities and that recognizes each executive's position, role, responsibility and experience.
Annual Incentive	Variable	To motivate and reward the achievement of our annual performance, including objectives related to revenue, EBITDA and FFO.
Equity Awards	Variable	To align executives' interests with the interests of stockholders through equity-based compensation and promote the long-term retention of our executives and key management personnel.

For 2013, the following was the targeted mix of compensation:

2013 Compensation Decisions

Base Salaries. After the end of 2012, base salaries were reviewed to ensure that they generally were competitive with market levels and generally reflected our level of financial performance during the previous year. No formulaic base salary increases are provided to the NEOs; however, annual merit increases are provided when we determine that such increases are warranted in light of national salary

Table of Contents

increase levels, salary levels within our peer companies, individual performance and/or overall company performance.

The base salaries of our named executive officers in 2013, which were effective as of April 1, 2013, were as follows:

Named Executive Officer	2013 Base Salary	Increase Over 2012 Base Salary
Thomas M. Ray	\$ 465,000	3.3%
Jeffrey S. Finnin	\$ 365,000	2.8%
Jarrett Appleby	\$ 357,000	2.0%
Derek S. McCandless	\$ 267,800	3.0%
Dominic M. Tobin	\$ 205,000	2.5%

Annual Cash Incentive Awards. An important component of our total compensation program is the annual cash incentive based on the achievement of preset, annual company performance objectives and individual executive performance, which is determined in the Compensation Committee's discretion.

In March 2013, the Compensation Committee established the following 2013 target annual incentive amounts for each of our named executive officers under our 2013 annual cash incentive program (the "2013 Bonus Plan"): Mr. Ray \$465,000 (100% of base salary); Mr. Finnin \$219,000 (60% of base salary); Mr. Appleby \$267,750 (75% of base salary); Mr. McCandless \$171,392 (64% of base salary); and Mr. Tobin \$102,500 (50% of base salary). In setting the 2013 target bonus amounts for each of our named executive officers, the Compensation Committee considered the following factors: (i) organizational level and expected impact on our annual operating results; (ii) the scope, level of expertise and experience required for the named executive officer's position; and (iii) competitive levels of target annual incentive opportunity. The 2013 target bonus percentages were unchanged from the target bonus percentages in 2012. Participants under the 2013 Bonus Plan were eligible to receive between 0% and 175% of each participant's respective target bonus.

Actual bonus amounts earned for 2013 were based on the level of company-wide achievement of revenue, earnings before interest, taxes, depreciation and amortization (EBITDA) and funds from operations (FFO) in 2013 versus targets established by the Compensation Committee with management's input at the beginning of the year. The total incentive bonus actually paid to each named executive officer is determined based on the extent to which specified weighted objective company performance goals are achieved, multiplied by a weighting and bonus factor. The bonus

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Table of Contents

factors for each performance factor used to calculate the total incentive bonuses as approved by the Compensation Committee were as follows:

Results as a Percentage of Target			
Revenue	EBITDA	FFO	Multiplier
0% - 89.99%	0% - 87.99%	0% - 84.99%	0%
90.00% - 90.99%	88.00% - 88.99%	85.00% - 85.99%	25%
91.00% - 91.99%	89.00% - 89.99%	86.00% - 87.99%	30%
92.00% - 92.99%	90.00% - 90.99%	88.00% - 88.99%	35%
93.00% - 93.99%	91.00% - 92.99%	89.00% - 90.99%	40%
94.00% - 94.99%	93.00% - 93.99%	91.00% - 91.99%	45%
95.00% - 95.99%	94.00% - 94.99%	92.00% - 93.99%	50%
96.00% - 96.99%	95.00% - 95.99%	94.00% - 94.99%	60%
97.00% - 97.99%	96.00% - 97.99%	95.00% - 96.99%	70%
98.00% - 98.99%	98.00% - 98.99%	97.00% - 97.99%	80%
99.00% - 99.99%	99.00% - 99.99%	98.00% - 99.99%	90%
100.00% - 100.99%	100.00% - 100.99%	100.00% - 101.99%	100%
101.00% - 101.99%	101.00% - 101.99%	102.00% - 102.99%	110%
102.00% - 102.99%	102.00% - 103.99%	103.00% - 104.99%	120%
103.00% - 103.99%	104.00% - 104.99%	105.00% - 105.99%	130%
104.00% - 104.99%	105.00% - 105.99%	106.00% - 107.99%	140%
105.00% - 105.99%	106.00% - 106.99%	108.00% - 108.99%	150%
106.00% - 106.99%	107.00% - 108.99%	109.00% - 110.99%	155%
107.00% - 107.99%	109.00% - 109.99%	111.00% - 111.99%	160%
108.00% - 108.99%	110.00% - 110.99%	112.00% - 113.99%	165%
109.00% - 109.99%	111.00% - 111.99%	114.00% - 114.99%	170%
110.00% or more	112.00% or more	115.00% or more	175%

The Compensation Committee has the discretion to adjust the actual results based on extraordinary events and/or conditions that either positively or negatively impact our performance. No adjustments were made to the 2013 actual results of the performance factors. In addition, the Compensation Committee may further adjust the bonus payments in its discretion based on each named executive officer's achievement of departmental and individual goals, and overall job performance. The table below sets forth the calculation of the 2013 bonus payouts with respect to the objective company performance goals:

Performance Factor	2013 Target	2013 Actual	2013 Actual as a Percentage of Target		Weighting	Multiplier	Bonus Payout
			of Target	of Target			
Revenue	\$244.3 million	\$234.8 million	96.1%	33.3%	33.3%	60%	20.0%
EBITDA	\$100.5 million	\$100.5 million	100.0%	33.3%	33.3%	100%	33.3%
FFO	\$83.5 million	\$85.3 million	102.1%	33.3%	33.3%	110%	36.7%

TOTAL **90.0%**

Funds from operations ("FFO") represents net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property and impairment write-downs of depreciable real estate, plus real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures. EBITDA is defined as earnings before interest, taxes, depreciation and amortization ("EBITDA").

In light of our performance in 2013 and the Compensation Committee's discretionary evaluation of each named executive officer's job performance, we paid Messrs. Ray and McCandless approximately

Table of Contents

86% of their respective target bonus amounts, Mr. Finnin approximately 99% of his target bonus amount, and Mr. Tobin approximately 104% of his target bonus amount. In connection with his separation from our company in January 2014, Mr. Appleby received a cash bonus of \$146,777 (55% of his target bonus amount) under the 2013 Bonus Plan.

Equity Compensation. Generally in the first quarter of each year, the Compensation Committee grants equity-based awards to our named executive officers, other executives and key management personnel in order to align their interests with those of the stockholders and to provide a compensation element intended to retain our named executive officers and other executives over the long term. For 2013, the value of the long-term equity awards granted to each named executive officer was based on the Compensation Committee's assessment of each named executive officer's expected future contributions to our company, ability to impact our long-term results that drive stockholder value, each named executive officer's overall long-term performance and competitive levels of long-term equity compensation for similarly situated executives. Subject to the Board's and the Compensation Committee's discretion, Mr. Appleby's employment agreement provided that his annual equity grant be targeted at three times his base salary.

In February 2013, the Compensation Committee approved equity awards with 60% of the value of the equity award in the form of restricted stock and 40% of the value of the equity award in the form of stock options (using a Black-Scholes valuation to determine the number of stock options). The Compensation Committee believes that the combination of stock options, which only have value if our stock price appreciates, and restricted stock awards, which offer a strong retention incentive and are less dilutive to our current stockholders than stock options, offers an effective equity-based compensation approach for our named executive officers and other executives. The stock options and restricted stock vest in four equal annual installments beginning on the first anniversary of the grant date, subject to continued employment with us.

Name	Stock Option Awards:	Restricted Stock Awards:
	Number of Securities Underlying Options (#)	Number of Shares of Restricted Stock (#)
Thomas M. Ray	60,181	27,778
Jeffrey S. Finnin	22,066	10,185
Jarrett Appleby	40,120	18,519
Derek S. McCandless	19,258	8,889
Dominic M. Tobin	10,030	4,630

Changes to 2014 Equity Compensation. In an effort to further our objective to tie executive compensation to the achievement of our corporate strategies and business objectives and to the long-term interests of our stockholders, beginning in 2014, the Compensation Committee awarded a portion of each executive officer's equity compensation in the form of performance-based restricted stock ("PSAs"). The number of PSAs earned is based on our achievement of relative total shareholder return ("TSR") measured versus the MSCI US REIT Index over a three-year performance period, and the number of shares earned under the PSAs may range from 0% to 150%. The PSAs are earned as follows: (i) 20% of the PSAs are earned upon TSR achievement in year one of the performance period, (ii) 20% of the PSAs are earned upon TSR achievement in year two of the performance period, (iii) 20% of the PSAs are earned upon TSR achievement in year three of the performance period, and (iv) 40% of the PSAs are earned upon a cumulative TSR achievement over the three-year performance period. Earned PSAs are released at the end of the three-year performance period provided that the executive officer continues to be employed by us at the end of the performance period. Holders of earned PSAs are also entitled to cash dividends that will be paid at the end of the performance period. This performance share plan is based on analysis of peer and market practices, as prepared by W.T. Haigh, our independent compensation consultant, and is consistent with our performance-based compensation philosophy.

Table of Contents

Defined Contribution Plans. We have maintained a Section 401(k) Savings/Retirement Plan (the "401(k) Plan") for eligible employees of our company and any designated affiliate, including our named executive officers. The 401(k) Plan provides our named executive officers and other employees with the opportunity to save for their future retirement by deferring compensation up to IRS imposed limits. We currently make safe harbor contributions to the 401(k) Plan in an amount equal to three percent (3%) of the participant's annual salary and subject to certain other limits. Plan participants vest immediately in the amounts contributed by us. Our employees are eligible to participate in the 401(k) Plan following their first month of full employment, with safe harbor contributions beginning after six months of credited service.

Other Elements of Compensation and Perquisites. In addition to other elements of compensation, as described above, we provide the following benefits to our named executive officers:

Medical Insurance. We offer to each named executive officer, the named executive officer's spouse and the named executive officer's children such health, dental and vision insurance programs as we make available to other eligible employees of our company.

Life and Disability Insurance. We provide each named executive officer such short-term and long-term disability and/or life insurance as we make available to other eligible employees of our company. Our company offers life insurance coverage equal to the annual salary of each employee, up to a designated maximum amount per employee.

Parking Allowance. We provide each named executive officer with the choice of paid parking at each company location or reimbursement of public transportation expenses, such as our company makes available to every other employee of our company.

Other Compensation Components

We believe that it is important to maintain flexibility to adapt our compensation structure to properly attract, motivate, and retain the top executive talent for which we compete. We may provide compensation components that are different from or in addition to the components described above to our named executive officers, to ensure that we provide a balanced, comprehensive and competitive compensation structure, as deemed appropriate by the Compensation Committee.

Accounting Considerations

ASC Topic 718, *Compensation - Stock Compensation* (referred to as ASC Topic 718), requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of stock options, restricted stock, restricted stock units and performance units under our equity incentive award plans will be accounted for under ASC Topic 718. Going forward, we expect to consider the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

Table of Contents**COMPENSATION COMMITTEE REPORT**

The Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board") of CoreSite Realty Corporation reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management. Based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement for filing with the Securities and Exchange Commission.

The Compensation Committee:

Michael Koehler
J. David Thompson
David A. Wilson

2013 Summary Compensation Table

The following table sets forth certain information with respect to the compensation paid to our named executive officers during the fiscal years ended December 31, 2013, 2012 and 2011, as applicable. Unless otherwise specified, positions listed below are those currently held by the named executive officers.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-Equity Incentive	All Other Compensation (\$)(3)(4)	Total (\$)
					Plan Compensation (\$)(2)		
Thomas M. Ray <i>President and Chief Executive Officer</i>	2013	459,327	900,007	600,005	400,000	10,980	2,370,319
	2012	443,750	877,506	585,000	638,000	10,064	2,554,320
	2011	425,000	719,998	529,841	689,250	11,058	2,375,147
Jeffrey S. Finnin <i>Chief Financial Officer</i>	2013	362,500	329,994	219,998	216,810	10,980	1,140,282
	2012	353,750	278,404	185,601	293,000	11,911	1,122,666
	2011	329,808	1,089,994	294,301	361,401	8,127	2,083,631
Jarrett Appleby(5) <i>Former Chief Operating Officer</i>	2013	355,520	600,016	399,996	146,777	7,680	1,509,989
	2012	228,846	3,307,098		241,000	899	3,777,843
Derek S. McCandless <i>Senior Vice President, Legal and General Counsel</i>	2013	265,850	288,004	192,002	146,540	10,020	902,416
	2012	257,500	193,191	128,801	265,000	9,939	854,431
	2011	201,923	289,994	112,387	237,120	4,698	846,122
Dominic M. Tobin(6) <i>Senior Vice President, Operations</i>	2013	203,750	150,012	99,999	106,088	8,903	568,752

- (1) The amounts included under the "Stock Awards" and "Options Awards" columns reflect the aggregate grant date fair value of the restricted stock awards and option awards to purchase our common stock granted in each respective fiscal year, computed in accordance with FASB ASC Topic 718, excluding the effect of any estimated forfeitures. Assumptions used to calculate these amounts are described in Note 11, "Equity Incentive Plan" to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.
- (2) Represents the actual 2013 cash incentive awards earned by each named executive officer under the 2013 Bonus Plan.
- (3) Represents company contributions to 401(k) plans, life insurance premiums and parking fees for each named executive officer for 2013.
- (4)

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Previous filings incorrectly reflected cash dividends accrued on unvested restricted stock awards. Because the payment of dividends is factored into the grant date fair value that is reported in the value of the "Stock Awards" in the table above, it is not necessary to include the cash dividends as a component of total compensation. The amounts for 2011 and 2012 under "All Other Compensation" have been amended from previous filings to exclude any accrued dividends on unvested restricted stock awards for each respective named executive officer for each year.

- (5) Mr. Appleby was appointed as our Chief Operating Officer effective May 2012, and his employment with us ended effective January 24, 2014.
- (6) Mr. Tobin was not a named executive officer of our company in either 2011 or 2012.

Table of Contents**2013 Grants of Plan-Based Awards**

The following table presents information regarding plan-based awards granted to our named executive officers for the fiscal year ended December 31, 2013.

Name	Award Description	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units(#)	All Other Option Awards: Number of Securities Underlying Option Awards(#)	Exercise or Base Price of Option Awards(\$/Share)	Grant Date Fair Value of Stock and Option Awards\$(1)
			Threshold(\$)	Target(\$)				
Thomas M. Ray	Annual Cash Incentive			465,000	813,750			
	Restricted Stock	2/28/2013				27,778		900,007
	Stock Option	2/28/2013					60,181	32.40
Jeffrey S. Finnin	Annual Cash Incentive			219,000	383,250			
	Restricted Stock	2/28/2013				10,185		329,994
	Stock Option	2/28/2013					22,066	32.40
Jarrett Appleby	Annual Cash Incentive			267,750	468,563			
	Restricted Stock	2/28/2013				18,519		600,016
	Stock Option	2/28/2013					40,120	32.40
Derek S. McCandless	Annual Cash Incentive			171,392	299,936			
	Restricted Stock	2/28/2013				8,889		288,004
	Stock Option	2/28/2013					19,258	32.40
Dominic M. Tobin	Annual Cash Incentive			102,500	179,375			
	Restricted Stock	2/28/2013				4,630		150,012
	Stock Option	2/28/2013					10,030	32.40

(1)

The amounts included under this column reflect the grant date fair value of the restricted stock awards and option awards to purchase our common stock granted during 2013, computed in accordance with FASB ASC Topic 718, excluding the effect of any estimated forfeitures. Assumptions used to calculate these amounts are described in Note 11, "Equity Incentive Plan" to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Amounts in the "Non-Equity Incentive Plan Compensation" column of the 2013 Summary Compensation Table represent the actual 2013 cash incentive award earned by each named executive officer under the 2013 Bonus Plan. Amounts in the "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" columns of the 2013 Grants of Plan-Based Awards Table represent the target cash incentive award opportunity for each named executive officer under the 2013 Bonus Plan. See "Annual Cash Incentive Awards" above for a more detailed description of the 2013 Bonus Plan.

Employment Agreements

Thomas M. Ray On August 1, 2010, we entered into an employment agreement with Thomas M. Ray, our President and Chief Executive Officer. The agreement has an initial one-year term, subject to automatic annual renewal, unless either party elects to terminate the agreement by providing at least 90 days' notice prior to the applicable anniversary date. The agreement provides for an initial annual base salary of \$250,000 and contains other customary employment terms including base salaries, bonuses and other incentive compensation and other benefits. Mr. Ray's employment agreement provides for an initial target annual performance bonus amount of \$375,000, subject to adjustment at the discretion of

the Board based on achievement of performance goals.

Mr. Ray's employment agreement also provides for, among other things, severance payments and the continuation of certain benefits following certain terminations of employment by us or the termination of employment for "Good Reason" by Mr. Ray. Under these provisions, if Mr. Ray's employment is terminated by us without "Cause," or in connection with our non-renewal of the agreement, or Mr. Ray resigns for Good Reason, Mr. Ray will have the right to receive continued payment of his base salary and the continuation of health benefits at our expense for a period of 18 months following termination. In addition, Mr. Ray would receive a pro-rated lump sum payment upon termination in respect of his performance bonus amount for the year of termination. Mr. Ray also would be entitled to accelerated vesting of any outstanding unvested equity awards that would have vested based on the passage of time had he remained employed for 18 months after termination, and

Table of Contents

any of Mr. Ray's stock options would remain exercisable for at least a year following termination. Mr. Ray's employment agreement provides that if he is terminated by us without Cause, or in connection with our non-renewal of the agreement, or he resigns for Good Reason, in each case within 60 days prior to or 12 months following a change in control of our company, then in addition to the payments and benefits described above, he would also receive an additional payment equal to his target performance bonus amount for the year of termination. In addition, the salary continuation amount described above would be paid in a lump sum and Mr. Ray would receive accelerated vesting of all of his outstanding unvested equity awards. In addition, Mr. Ray's employment agreement provides that if his employment is terminated due to his death or disability, he will receive a pro-rated lump sum payment in respect of his target bonus amount for the year of termination and accelerated vesting of any of his outstanding unvested equity awards that would have vested based on the passage of time if he had remained employed with us for 12 months following his termination.

Mr. Ray's employment agreement also contains certain confidentiality covenants prohibiting Mr. Ray from, among other things, disclosing confidential information relating to us. The employment agreement also contains non-competition and non-solicitation restrictions, pursuant to which Mr. Ray will not be permitted to compete with us in certain circumstances for a period of 12 months following his termination of employment for any reason.

Jeffrey S. Finnin On January 24, 2011, Mr. Finnin became our Chief Financial Officer and he entered into an executive employment agreement with us, with an initial one-year term, subject to automatic annual renewal, unless either party provides 90 days' notice of non-renewal. Mr. Finnin's employment agreement provides for an initial annual base salary of \$350,000, an initial target annual performance bonus amount of \$210,000 and contains other customary employment terms and benefits.

Mr. Finnin's employment agreement also provides for severance payments and certain benefits following certain terminations of employment. If Mr. Finnin is terminated by us without "Cause," or in connection with our non-renewal of his employment agreement, or if he resigns for "Good Reason," he will have the right to receive continued payment of base salary and health benefits at our expense for 12 months after termination. In addition, Mr. Finnin would receive a pro-rated lump sum payment based on his performance bonus amount for the year of termination and accelerated vesting of his unvested equity awards that would have vested in the 12 months after such termination, and his stock options would remain exercisable for at least one year following termination. If such a termination occurs within 60 days prior to, or 12 months following, a change in control of our company, Mr. Finnin would receive a cash payment equal to 125% of his annual base salary on the termination date (subject to certain conditions), a payment equal to his target performance bonus amount for the year, a pro-rated lump sum payment based on his performance bonus amount for the year of termination, continued payment of health benefits at our expense for 12 months after termination and acceleration of all of outstanding unvested equity awards. In addition, Mr. Finnin's employment agreement provides that if his employment is terminated due to his death or disability, he will receive a pro-rated lump sum payment with respect to his target bonus amount for the year of termination and accelerated vesting of any of his outstanding unvested equity awards that would have vested based on the passage of time if he had remained employed with us for 12 months following his termination. In addition, Mr. Finnin's employment agreement contains confidentiality, non-competition and non-solicitation covenants similar to those described above for Mr. Ray.

Derek S. McCandless On March 11, 2011, Mr. McCandless became our Senior Vice President, Legal, General Counsel and Secretary, and he entered into an executive employment agreement with us, with an initial one-year term, subject to automatic annual renewal, unless either party provides 90 days' notice of non-renewal. Mr. McCandless's employment agreement provides for an initial annual base salary of \$250,000, an initial target annual performance bonus amount of \$160,000 and contains other customary employment terms and benefits. Mr. McCandless's employment agreement also includes provisions for severance payments, the continuation of certain benefits, the accelerated vesting

Table of Contents

of equity awards and extended stock option exercise periods following certain terminations of employment that are substantially identical to those provided in Mr. Finnin's employment agreement. In addition, Mr. McCandless's employment agreement contains confidentiality, non-competition and non-solicitation covenants similar to those described above for Mr. Ray.

Jarrett Appleby On May 7, 2012, Mr. Appleby became our Chief Operating Officer, and he entered into an executive employment agreement with us, with an initial one-year term, subject to automatic annual renewal, unless either party provides 90 days' notice of non-renewal. Mr. Appleby's employment agreement provides for an initial annual base salary of \$350,000, an initial target annual performance bonus amount of \$262,500 and contains other customary employment terms and benefits. Mr. Appleby's employment agreement also includes provisions for severance payments, the continuation of certain benefits, the accelerated vesting of equity awards and extended stock option exercise periods following certain terminations of employment that are substantially identical to those provided in Mr. Finnin's employment agreement. In addition, Mr. Appleby's employment agreement contains confidentiality, non-competition and non-solicitation covenants similar to those described above for Mr. Ray. Mr. Appleby's employment with us ended effective January 24, 2014, and in connection with his separation, Mr. Appleby received the termination benefits as set forth in his employment agreement for a termination without cause, which included (i) continued base salary and health benefits for 12 months, (ii) \$146,777 for his cash bonus under the 2013 Bonus Plan, (iii) \$10,378 for his pro-rated bonus under our 2014 cash incentive program, (iv) accelerated vesting of unvested stock and options awards that would have vested in the 12 months after his termination, and (v) an extended stock option exercise period. In connection with the receipt of these benefits, Mr. Appleby executed a release in favor of our company and its affiliates, and agreed to confidentiality, non-competition and non-solicitation covenants referred to above.

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Table of Contents

2013 Outstanding Equity Awards at Fiscal Year-End Table

The following table presents information regarding the outstanding equity awards held by each of our named executive officers at December 31, 2013.

Name	Grant Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)
Thomas M. Ray	9/22/2010	84,375	28,125(2)	16.00	9/22/2020		
	9/28/2010					7,500(2)	241,425
	3/11/2011	54,176	54,176(2)	15.23	3/11/2021		
	3/11/2011					23,637(2)	760,875
	4/5/2012	18,750	56,250(2)	23.99	4/5/2022		
	4/5/2012					27,433(2)	883,068
	2/28/2013		60,181(2)	32.40	2/28/2023		
2/28/2013					27,778(2)	894,174	
Jeffrey S. Finnin	1/24/2011	17,398	8,697(3)	14.37	1/24/2021		
	1/24/2011					19,717(3)	634,690
	3/11/2011	18,060	18,057(2)	15.23	3/11/2021		
	3/11/2011					7,878(2)	253,593
	4/5/2012	5,949	17,846(2)	23.99	4/5/2022		
	4/5/2012					8,703(2)	280,150
	2/28/2013		22,066(2)	32.40	2/28/2023		
2/28/2013					10,185(2)	327,855	
Jarrett Appleby	5/7/2012					87,006(3)	2,800,723
	2/28/2013		40,120(2)	32.40	2/28/2023		
	2/28/2013					18,519(2)	596,127
Derek S. McCandless	3/11/2011	3,284	1,640(3)	15.23	3/11/2021		
	3/11/2011					3,720(3)	119,747
	3/11/2011	9,030	9,029(2)	15.23	3/11/2021		
	3/11/2011					3,939(2)	126,796
	4/5/2012	4,129	12,384(2)	23.99	4/5/2022		
	4/5/2012					6,039(2)	194,395
	2/28/2013		19,258(2)	32.40	2/28/2023		
2/28/2013					8,889(2)	286,137	
Dominic M. Tobin	9/22/2010	14,064	4,686(2)	16.00	9/22/2020		
	9/28/2010					1,250(2)	40,238
	3/11/2011	8,128	8,125(2)	15.23	3/11/2021		
	3/11/2011					3,545(2)	114,114
	4/5/2012	2,744	8,230(2)	23.99	4/5/2022		
	4/5/2012					4,014(2)	129,211
	2/28/2013		10,030(2)	32.40	2/28/2023		
2/28/2013					4,630(2)	149,040	

(1) Based on a price of \$32.19 per share, which was the closing price of our common stock on the New York Stock Exchange on December 31, 2013.

(2) The award vests in four equal annual installments beginning on the first anniversary of the grant date, provided that the award recipient remains in continuous service with us as of each vesting date.

- (3) The award vests in three equal annual installments beginning on the first anniversary of the grant date, provided that the award recipient remains in continuous service with us as of each vesting date..

Table of Contents**2013 Option Exercises and Stock Vested Table**

The following table presents information regarding the vesting of stock awards for each of our named executive officers during 2013. None of our named executive officers exercised any stock options in 2013.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Thomas M. Ray	39,008	1,343,026
Jeffrey S. Finnin	32,464	1,024,007
Jarrett Appleby	43,503	1,662,250
Derek S. McCandless	12,204	418,569
Dominic M. Tobin	9,008(1)	310,646

- (1) Includes 993 Operating Partnership units that vested on September 28, 2013, and are redeemable for cash, or at our option, on a one-to-one basis for shares of our common stock.

Potential Payments upon Termination or Change in Control

In September 2010, we adopted the Senior Management Severance and Change in Control Program (the "Severance Plan"), in which members of our senior membership team participate, other than Messrs. Ray, Finnin, Appleby and McCandless. The Severance Plan provides that if a participant is terminated by us at any time without "Cause" or resigns for "Good Reason" (each as defined in the Severance Plan), the participant will be entitled to receive the following severance payments and benefits: (i) continued payment of his or her base salary for a period of time equal to three months, plus one additional month for each year of service with us (subject to a maximum of 12 months); (ii) continued payment of health insurance premiums for a similar period of time; and (iii) accelerated vesting of any unvested equity awards that would have vested solely based on the passage of time had the participant remained employed with us for 12 months following termination. If such a termination occurs within 60 days prior to or nine months following a change in control of our company, participants will receive (i) a lump sum payment on termination of one year of the participant's base salary, (ii) a lump sum payment on termination of the participant's target bonus amount for the year of termination, (iii) an additional lump sum payment amount equal to the participant's pro-rated bonus for the year of termination, (iv) continued payment of health insurance premiums for up to 12 months, subject to certain conditions, and (v) accelerated vesting of all outstanding and unvested equity awards held by the participant. Each of the foregoing benefits is conditioned on the participant executing a release of claims in favor of us following termination. The Severance Plan also contains certain confidentiality, non-solicitation and non-competition covenants. The non-competition and non-solicitation covenants take effect following termination for the period in which the participant would have received severance payments, based on an assumed termination (not in connection with a change in control) of the participant's employment by us without Cause on the date the participant's actual termination of employment occurs, and applies regardless of whether severance payments are actually received under the plan.

Messrs. Ray, Finnin, Appleby and McCandless are entitled to severance payments pursuant to the terms of their employment agreements, as set forth under "Employment Agreements" above. The definitions of "Cause" and "Good Reason" in the Severance Plan, as applicable, are substantially similar to the definitions of those terms in Messrs. Ray's, Finnin's, Appleby's and McCandless's employment agreements, other than changes related to differences in reporting relationships.

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Table of Contents

The following table sets forth an estimate of the payments to be made to our named executive officers in the event any of the terminations described above or a change in control occurs, assuming that the triggering event took place on December 31, 2013, and based on the closing market price of our common stock on December 31, 2013.

	Death or Disability (\$)	Without Cause or for Good Reason (without Change in Control) (\$)	Without Cause or for Good Reason (with Change in Control) (\$)
Thomas M. Ray			
Salary		697,500	697,500
Bonus	465,000	465,000	930,000
Acceleration of Stock and Option Awards	2,208,322	3,719,811	4,614,961
Health Insurance		20,424	20,424
Total	2,673,322	4,902,735	6,262,885
Jeffrey S. Finnin			
Salary		365,000	456,250
Bonus	219,000	219,000	438,000
Acceleration of Stock and Option Awards	1,293,788	1,293,788	2,103,727
Health Insurance		13,616	13,616
Total	1,512,788	1,891,404	3,011,593
Jarrett Appleby(1)			
Salary		357,000	446,250
Bonus	267,750	267,750	535,500
Acceleration of Stock and Option Awards	1,549,401	1,549,401	3,396,850
Health Insurance		13,616	13,616
Total	1,817,151	2,187,767	4,392,216
Derek S. McCandless			
Salary		267,800	334,750
Bonus	171,392	171,392	342,784
Acceleration of Stock and Option Awards	457,724	457,724	1,009,571
Health Insurance		5,348	5,348
Total	629,116	902,264	1,692,453
Dominic M. Tobin			
Salary		119,583	205,000
Bonus			205,000
Acceleration of Stock and Option Awards		344,932	713,754
Health Insurance		7,943	13,616
Total		472,458	1,137,370

(1) Mr. Appleby's employment with us ended effective January 24, 2014. In connection with his separation, Mr. Appleby received the post-termination benefits outlined in his employment agreement for a termination without cause, which included (i) continued base salary and health benefits for 12 months, (ii) \$146,777 for his cash bonus under the 2013 Bonus Plan, (iii) \$10,378 for his pro-rated bonus under our 2014 cash incentive program, (iv) accelerated vesting of unvested stock and options awards that would have vested in the 12 months after his termination, and (v) an extended stock option exercise period.

Table of Contents**Pension Benefits**

The named executive officers do not participate in any pension plans and received no pension benefits during the year ended December 31, 2013, other than with respect to our defined contribution 401(k) plan.

Nonqualified Deferred Compensation

The named executive officers do not participate in any nonqualified deferred compensation plans and received no nonqualified deferred compensation during the year ended December 31, 2013.

Equity Compensation Plan Information

The following table sets forth certain information, as of December 31, 2013, concerning shares of our common stock authorized for issuance under our equity compensation plans, which consists only of our 2010 Equity Incentive Award Plan (As Amended and Restated).

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by stockholders	1,133,915	\$ 19.89	3,686,242
Equity compensation plans not approved by stockholders			
Total equity compensation plans	1,133,915(1)	\$ 19.89	3,686,242(1)

(1)

As of March 31, 2014, 3,492,590 shares of common stock remained available for future grants of awards under the 2010 Plan and 1,671,705 shares of our common stock were subject to outstanding awards under the 2010 Plan.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information as of March 31, 2014 with respect to the beneficial ownership of our common stock by (i) each person who beneficially holds more than 5% of the outstanding shares of our common stock based solely on our review of SEC filings; (ii) each director or director nominee; (iii) each named executive officer listed in the table titled "2013 Summary Compensation Table" above; and (iv) all directors and executive officers as a group.

The number of shares beneficially owned by each stockholder is determined under SEC rules and generally includes shares for which the holder has voting or investment power. The information does not necessarily indicate beneficial ownership for any other purpose. The percentage of beneficial ownership shown in the following table is based on 21,629,362 outstanding shares of common stock as of March 31, 2014. For purposes of calculating each person's or group's percentage ownership, shares of common stock issuable pursuant to the terms of stock options, Operating Partnership units or restricted stock units exercisable or vesting within 60 days after March 31, 2014 are included as outstanding and beneficially owned for that person or group, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or group.

Unless otherwise indicated, the address for all persons named below is c/o CoreSite Realty Corporation, 1001 17th Street, Suite 500, Denver, Colorado 80202.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Outstanding Common Stock
<i>Beneficial holders of 5% or more of our common stock:</i>		
The Carlyle Group L.P.	25,275,390(1)	53.8%
FMR LLC	2,986,116(2)	13.8%
The Vanguard Group Inc.	2,375,216(3)	11.0%
BlackRock, Inc.	1,933,712(4)	8.9%
Columbia Wagner Asset Management, LLC	1,754,000(5)	8.1%
<i>Named Executive Officers, Directors and Director Nominees:</i>		
James A. Attwood, Jr.		
Michael Koehler	17,048(6)	*
Thomas M. Ray	494,662(7)	2.3%
Robert G. Stuckey		
Paul E. Szurek	15,798(6)	*
J. David Thompson	11,298(6)	*
David A. Wilson	15,798(6)	*
Jeffrey S. Fynn	170,642(8)	*
Dominic M. Tobin	77,173(9)	*
Derek S. McCandless	94,341(10)	*
Jarrett Appleby	82,480(11)	*
All current executive officers and directors as a group (13 persons)	1,084,141(12)	4.9%

*
Less than one percent (1%).

(1) Based solely on a Schedule 13G filed with the SEC on February 14, 2013. Amounts shown represent 25,275,390 Operating Partnership units beneficially owned by The Carlyle Group L.P. Pursuant to the limited partnership agreement of Coresite, L.P., the Operating Partnership units are redeemable for cash, or at our discretion, into shares of our common stock on a one-for-one basis. The table above assumes the conversion of all Operating Partnership units into shares of our common stock on a one-for-one basis. The shares are beneficially owned by The Carlyle Group L.P. and its subsidiaries and affiliates, consisting of Carlyle Group Management L.L.C.,

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Table of Contents

Carlyle Holdings I GP Inc., Carlyle Holdings I GP Sub L.L.C., Carlyle Holdings I L.P., TC Group, L.L.C., TC Group Sub L.P., Carlyle Realty V GP, L.L.C., Carlyle Realty V, L.P., CoreSite CRP V Holdings, LLC, Carlyle Realty III, GP, L.L.C., Carlyle Realty III, L.P., CoreSite CRP III Holdings, LLC, Carlyle Realty IV GP, L.L.C., Carlyle Realty IV, L.P., CoreSite CRP IV Holdings, LLC, CRP IV AIV GP, L.L.C., CRP IV AIV GP, L.P., CRQP IV AIV, L.P., CRP IV-A AIV, L.P., CoreSite CRP IV Holdings (VCOC II), LLC, CoreSite CRP IV Holdings (VCOC I), LLC, CRP III AIV GP, L.L.C., CRP III AIV GP, L.P., CRQP III AIV, L.P. and CoreSite CRP III Holdings (VCOC), LLC. The address of The Carlyle Group L.P. and each of the other entities listed above is c/o The Carlyle Group, 1001 Pennsylvania Ave NW, Suite 220 South, Washington, DC 20004.

- (2) Based solely on a Schedule 13G/A filed with the SEC on February 14, 2014. The address of FMR LLC is 245 Summer Street, Boston, MA 02210.
- (3) Based solely on a Schedule 13G/A filed with the SEC on February 12, 2014. The address of The Vanguard Group Inc. is 100 Vanguard Blvd., Malvern, PA 19355. Includes 1,448,006 shares reported as beneficially owned by the Vanguard Specialized Funds Vanguard REIT Index Fund as set forth on a Schedule 13G/A filed with the SEC on February 4, 2014.
- (4) Based solely on a Schedule 13G filed with the SEC on January 28, 2014. The shares are beneficially owned by BlackRock, Inc. and its subsidiaries and affiliates, consisting of BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management (UK) Ltd, BlackRock Investment Management, LLC and BlackRock Japan Co Ltd. The address of BlackRock, Inc. and each of the other entities listed above is 40 East 52nd Street, New York, NY 10022.
- (5) Based solely on a Schedule 13G filed with the SEC on February 6, 2014. Columbia Wagner Asset Management, LLC beneficially owns the shares as investment advisor for Columbia Acorn Fund and various other investment companies and managed accounts. The address of Columbia Wagner Asset Management, LLC and Columbia Acorn Fund is 227 West Monroe Street, Suite 3000, Chicago, IL 60606.
- (6) Includes (i) 2,500 shares issuable upon the exercise of options that may be exercised within 60 days of March 31, 2014 and (ii) restricted stock units representing the right to receive 8,298 shares payable upon termination of service as a director.
- (7) Includes (i) 218,185 shares issuable upon the exercise of options that may be exercised within 60 days of March 31, 2014, (ii) 2,000 shares held by a family trust of which Mr. Ray is a co-trustee and (iii) 41,601 PSAs that are subject to forfeiture based on the achievement of certain company performance metrics.
- (8) Includes 70,601 shares issuable upon the exercise of options that may be exercised within 60 days of March 31, 2014 and 11,346 PSAs that are subject to forfeiture based on the achievement of certain company performance metrics.
- (9) Includes (i) 34,253 shares issuable upon the exercise of options that may be exercised within 60 days of March 31, 2014, (ii) 6,591 Operating Partnership units redeemable for cash, or at our discretion, into shares of our common stock on a one-for-one basis and (iii) 5,106 PSAs that are subject to forfeiture based on the achievement of certain company performance metrics. The table above assumes the conversion of all Operating Partnership units into shares of our common stock on a one-for-one basis.

Table of Contents

- (10) Includes 31,543 shares issuable upon the exercise of options that may be exercised within 60 days of March 31, 2014 and 9,455 PSAs that are subject to forfeiture based on the achievement of certain company performance metrics.
- (11) Includes 10,030 shares issuable upon the exercise of options that are fully vested and exercisable.
- (12) Includes (i) 434,531 shares issuable upon the exercise of options that may be exercised within 60 days of March 31, 2014, (ii) restricted stock units representing the right to receive 33,192 shares, (iii) 25,620 Operating Partnership units redeemable for cash, or at our discretion, into shares of our common stock on a one-for-one basis and (iv) 83,771 PSAs that are subject to forfeiture based on the achievement of certain company performance metrics. The table above assumes the conversion of all Operating Partnership units into shares of our common stock on a one-for-one basis.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of securities ownership and changes in such ownership with the SEC. Executive officers, directors and greater than ten percent stockholders also are required by rules promulgated by the SEC to furnish us with copies of all Section 16(a) forms they file.

Based solely upon a review of Forms 3 and 4 and amendments thereto and written representations furnished to us during the most recent fiscal year, no person who at any time during the fiscal year was a director, officer, or beneficial owner of more than 10% of any class of our equity securities failed to file on a timely basis, as disclosed in the above forms, reports required by Section 16(a) of the Exchange Act during the most recent fiscal year.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Restructuring Transactions

Immediately prior to the completion of our initial public offering ("IPO"), we entered into a series of transactions with the Funds to create our current organizational structure (the "Restructuring Transactions"). In connection with this restructuring, all of the property and non-cash assets that were then used in the operation of our company's business were contributed by the Funds to our Operating Partnership. In the Restructuring Transactions, the Funds contributed 100% of their ownership interests in the entities that, directly or indirectly, owned or leased all of the properties that comprised our portfolio and all the other non-cash assets used in our business at that time. The aggregate undepreciated book value plus construction in progress of the contributed properties was \$586.2 million as of June 30, 2010. In exchange for this contribution, our Operating Partnership issued to the Funds 34,600,000 Operating Partnership units in the aggregate having a total value of \$553.6 million, based upon a price of \$16.00 per unit. Of these Operating Partnership units, approximately 19.5%, or \$108.1 million in value, 11.4%, or \$63.2 million in value, and 15.6%, or \$86.2 million in value, respectively, were issued to the Funds contributing One Wilshire Holdings, LLC, 900 N. Alameda Holdings, LLC and 12100 Sunrise Valley Drive Holdings, LLC, each of which now holds Operating Partnership units exchangeable into five percent or more of our common stock. All of the Operating Partnership units held by each of these three entities are beneficially held by DBD Investors V, L.L.C. See "Security Ownership of Certain Beneficial Owners and Management."

In connection with the Restructuring Transactions, we entered into an agreement with certain of the Funds granting them certain rights to receive information about us and to consult with and advise us on significant matters so long as they continue to own any Operating Partnership units or shares of our common stock and the number of Operating Partnership units and shares of common stock held collectively by the Funds is equal to or greater than 5% of the total number of shares of outstanding common stock (assuming all Operating Partnership units are exchanged for common stock). This agreement also provides that for so long as the Funds have the right to nominate directors for election to our Board, such rights will be assigned to two of these Funds. The Funds have agreed to maintain the confidentiality of any material non-public information they receive in connection with the foregoing and the Funds will not receive any compensation or expense reimbursement pursuant to this agreement.

Registration Rights Agreement

In connection with our IPO, we granted the Funds which received Operating Partnership units in the Restructuring Transactions certain registration rights with respect to any shares of our common stock that may be acquired by them in connection with the exchange of units tendered for redemption. An aggregate of 25,275,390 shares of our common stock issuable upon exchange of units issued in the Restructuring Transactions remain subject to a registration rights agreement. The holders of such units are entitled to require us to seek to register all such shares of common stock underlying the units for public sale, subject to certain exceptions, limitations and conditions precedent. We will bear expenses incident to our registration requirements under the registration rights agreement, except that such expenses shall not include any underwriting fees, discounts or commissions, brokerage or sales commissions, or out-of-pocket expenses of the persons exercising the redemption rights or transfer taxes, if any, relating to the sale of such shares. In 2013, we did not incur any costs in connection with the registration of our common stock under the registration rights agreement.

Tax Protection Agreement

We have agreed with each of the Funds that have directly or indirectly contributed their interests in properties in our portfolio to our Operating Partnership that if we directly or indirectly sell, convey,

Table of Contents

transfer or otherwise dispose of all or any portion of these interests in a taxable transaction, we will make an interest-free loan to the contributors in an amount equal to the contributor's tax liabilities, based on an assumed tax rate. Any such loan would be repayable out of the after-tax proceeds (based on an assumed tax rate) of any distribution from the Operating Partnership to, or any sale of Operating Partnership units (or common stock issued by us in exchange for such units) by, the recipient of such loan, and would be non-recourse to the borrower other than with respect to such proceeds. These tax protection provisions apply for a period expiring on the earlier of (i) September 28, 2017 and (ii) the date on which these contributors (or certain transferees) dispose in certain taxable transactions of 90% of the Operating Partnership units that were issued to them in connection with the contribution of these properties.

Syniverse Agreement

On September 19, 2012, we licensed space at our LA1 property (Los Angeles, California) to Syniverse Technologies, LLC, a provider of business and technology services for the mobile telecommunications industry and a company that is wholly owned by an affiliate of Carlyle. The license agreement, which the Board and our management believe was entered into upon market terms, provides for a three-year term with a total contract value of approximately \$0.4 million. Total revenue was \$0.1 million for the year ended December 31, 2013.

Beats Music Agreement

In 2013, we began licensing space at our NY1 property (New York, New York) to Beats Music, LLC, a provider of streaming music services and a company that is an affiliate of Carlyle. The license agreement, which the Board and our management believe was entered into upon market terms, provides for a three-year term with a total contract value of approximately \$2.0 million. Total revenue was \$0.3 million for the year ended December 31, 2013.

Carlyle Agreement

We lease 1,520 net rentable square feet of space at our VA1 property (Reston, Virginia) to affiliates of Carlyle. Total revenue was approximately \$0.3 million for the year ended December 31, 2013. The Board and our management believe the lease was entered into upon market terms.

Statement of Policy Regarding Transactions with Related Parties

Our Code of Business Conduct and Ethics, which applies to all our directors, officers, employees and agents, includes a process for identifying and resolving potential conflicts of interest, including conflicts arising from transactions with related parties. Specifically, our Code of Business Conduct and Ethics requires that any conflict of interest of our directors, executive officers or other principal officer may only be waived by our Board. All transactions disclosed above were reviewed and approved in accordance with our Code of Business Conduct and Ethics and applicable law.

Table of Contents

MISCELLANEOUS

Stockholder Proposals and Nominations

Any proposal of a stockholder intended to be included in our proxy statement for the 2015 Annual Meeting of Stockholders pursuant to SEC Rule 14a-8, must be received by us no later than December 10, 2014, unless the date of our 2015 Annual Meeting of Stockholders is more than 30 days before or after May 29, 2015, in which case the proposal must be received a reasonable time before we begin to print and mail our proxy materials. All proposals should be directed to our Corporate Secretary, at 1001 17th Street, Suite 500, Denver, Colorado 80202.

A stockholder nomination of a person for election to our Board or a proposal for consideration at our 2015 Annual Meeting of Stockholders not intended to be included in our proxy statement pursuant to SEC Rule 14a-8 must be submitted in accordance with the advance notice procedures and other requirements set forth in Section 11 of Article II of our current bylaws. Pursuant to Section 11 of Article II of our current bylaws, we must receive timely notice of the nomination or other proposal in writing by not later than 5:00 p.m., Eastern Time, on December 10, 2014 nor earlier than November 10, 2014. However, in the event that the 2015 Annual Meeting of Stockholders is advanced or delayed by more than 30 days from the first anniversary of the date of the 2014 Annual Meeting of Stockholders, notice by the stockholder to be timely must be received no earlier than the 150th day prior to the date of the meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of the meeting or the 10th day following the date of the first public announcement of the meeting. A copy of our bylaws can be obtained from our Corporate Secretary, who can be reached at 1001 17th Street, Suite 500, Denver, Colorado 80202.

The Nominating/Corporate Governance Committee will consider all recommended director candidates submitted to it in accordance with the established procedures, though it will only recommend to the Board as potential nominees those candidates it believes are most qualified. However, the Nominating/Corporate Governance Committee will not consider any director candidate if the candidate's candidacy or, if elected, Board membership, would violate controlling state or federal law.

Householding

Any stockholder, including both stockholders of record and beneficial holders who own their shares through a broker, bank or other nominee, who share an address with another holder of our common stock are only being sent one Notice of Internet Availability of Proxy Materials or set of proxy materials, unless such holders have provided contrary instructions. We will deliver promptly upon written or oral request a separate copy of these materials to any holder at a shared address to which a single copy of the proxy materials were delivered. If you wish to receive a separate copy of these materials in the future or if you are receiving multiple copies and would like to receive a single copy, please contact our Corporate Secretary in writing, at 1001 17th Street, Suite 500, Denver, Colorado 80202, or by telephone at (866) 777-2673.

Table of Contents

Other Matters

We do not intend to bring before the Annual Meeting any matters other than the proposals specifically described above, and we know of no matters other than those to come before the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote such proxy in accordance with the recommendation of the our management on such matters, including any matters dealing with the conduct of the Annual Meeting.

By Order of the Board of Directors

DEREK S. MCCANDLESS
Secretary

Denver, Colorado
April 9, 2014

