

SAFEGUARD SCIENTIFICS INC  
 Form 3  
 July 28, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

|   |         |                                      |  |  |
|---|---------|--------------------------------------|--|--|
| 1. Name and Address of Reporting Person * |         | 2. Date of Event Requiring Statement | 3. Issuer Name <b>and</b> Ticker or Trading Symbol |  |
| MCCLELLAND GEORGE D                       |         | (Month/Day/Year)                     | SAFEGUARD SCIENTIFICS INC [SFE]                    |  |
| (Last)                                    | (First) | (Middle)                             | 07/26/2006   |  |
| 435 DEVON PARK DRIVE,<br>BUILDING 800     |         |                                      | 4. Relationship of Reporting Person(s) to Issuer   | 5. If Amendment, Date Original Filed(Month/Day/Year)                   |
| (Street)                                  |         |                                      | (Check all applicable)                             |  |
| WAYNE, PA 19087-1945                      |         |                                      | <input checked="" type="checkbox"/> Director       | 6. Individual or Joint/Group Filing(Check Applicable Line)             |
| (City)                                    | (State) | (Zip)                                | <input type="checkbox"/> 10% Owner                 | <input checked="" type="checkbox"/> Form filed by One Reporting Person |
|   |         |                                      | <input type="checkbox"/> Officer                   | <input type="checkbox"/> Form filed by More than One Reporting Person  |
|   |         |                                      | (give title below)                                 | (specify below)  |

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security<br>(Instr. 4) | 2. Amount of Securities Beneficially Owned<br>(Instr. 4) | 3. Ownership Form:<br>Direct (D)<br>or Indirect (I)<br>(Instr. 5) | 4. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|------------------------------------|--|---|--|
| Common Stock                       | 10,000   | D   |  |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security<br>(Instr. 4) | 2. Date Exercisable and Expiration Date<br>(Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security<br>(Instr. 4)<br>Title | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security:<br>Direct (D) | 6. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|---|---|---|--|---|--|
|---|---|---|--|---|--|

|                     |                    |                                  |                                  |
|---------------------|--------------------|----------------------------------|----------------------------------|
| Date<br>Exercisable | Expiration<br>Date | Amount or<br>Number of<br>Shares | or Indirect<br>(I)<br>(Instr. 5) |
|---------------------|--------------------|----------------------------------|----------------------------------|

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| MCCLELLAND GEORGE D<br>435 DEVON PARK DRIVE, BUILDING 800<br>WAYNE, PA 19087-1945 | X             | ^         | ^       | ^     |

## Signatures

George D. McClelland                      07/26/2006

\*\*Signature of Reporting Person                      Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 5(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.
- ence of Paragraph 4, Stock Subject to the Plan, is amended to reflect that the aggregate number of shares of Common Stock available for grant under the Plan is 300,000, subject to adjustment pursuant to Section 12.
2. The first sentence of Paragraph 8, Term/Amendment, is amended to reflect that this Plan shall expire on June 13, 2013 (except as to Options outstanding on that date).
3. The first sentence of the second paragraph of Paragraph 11, Effective Date and Conditions Subsequent to Effective Date, is amended to reflect that no grant or award shall be made under the Plan after June 13, 2013; provided, however, that the Plan, and all Options granted under the Plan prior to such date shall remain in effect, and subject to adjustment and amendment as herein provided, until they have been exercised or terminated in accordance with the terms of the respective grants or awards and the related instruments.

Unless specifically addressed above, the Plan shall otherwise remain unchanged. This Second Amendment shall be effective as of the date that it is approved and ratified by the Company's stockholders.

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THIRD AMENDMENT TO  
MONARCH CASINO & RESORT, INC.  
1993 EMPLOYEE STOCK OPTION PLAN

This third amendment ( Third Amendment ) to the 1993 Employee Stock Option Plan (the Plan ) of Monarch Casino & Resort Inc., a Nevada corporation (the Company ), was adopted by the Board of Directors of the Company on March 31, 2005, and was approved by the Company s stockholders at the Company s annual meeting on May 26, 2005.

AMENDMENTS

Authorized Shares. The total number of shares of the Company s common stock that may be granted as stock options pursuant to the Plan shall be increased from 300,000 shares to 1,000,000 shares through a restatement of Paragraph 4 of the Plan to reflect the following:

4. Stock Subject to the Plan.

The stock which is subject to Options granted pursuant to the Plan shall be shares of Common Stock. The aggregate number of shares of Common Stock available for grant under the Plan is 1,000,000, subject to adjustment pursuant to Section 12. Shares of Common Stock issued pursuant to the Plan may be either authorized but unissued shares or shares now or hereafter held in the treasury of the Company. If an Option expires, is surrendered or canceled, or is otherwise terminated prior to its exercise, the shares of Common Stock covered by such an Option immediately prior to such expiration, surrender, cancellation or other termination shall continue to be available for grant under the Plan.

CONFLICT BETWEEN THE THIRD AMENDMENT AND THE PLAN

If there is a conflict between any of the provisions of this Third Amendment and any of the provisions of the Plan, the provisions of this Third Amendment shall control.

NO OTHER AMENDMENTS OR CHANGES

Except as expressly amended or modified by this Third Amendment, all of the terms and conditions of the Plan shall remain unchanged and in full force and effect.

GOVERNING LAW

This Third Amendment shall be governed by and construed in accordance with Nevada law.

FOURTH AMENDMENT TO  
MONARCH CASINO & RESORT, INC.  
1993 EMPLOYEE STOCK OPTION PLAN

This fourth amendment ( Fourth Amendment ) to the 1993 Employee Stock Option Plan (the Plan ) of Monarch Casino & Resort Inc., a Nevada corporation (the Company ), was adopted by the Board of Directors of the Company on March 20, 2007.

AMENDMENTS

The following paragraph 7 shall be added to the Plan:

7. Change of Control

Notwithstanding the provisions of Section 6, in the event of a change of control, all vesting on all unexercised stock options will accelerate to the change of control date. For purposes of this Plan, a Change of Control of the

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Corporation shall be deemed to have occurred at such time as (a) any person (as the term is used in Section 13 (d) and 14 (d) of the Securities Exchange Act of 1934 ( Exchange Act )) becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25 0% or more of the combined voting power of the Corporation s outstanding securities ordinarily having the right to vote at the election of directors; or (b) individuals who constitute the Board of Directors on the date hereof (the Incumbent Board ) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election was approved by at least a majority of the directors comprising the Incumbent Board, or whose nomination for election was approved by a majority of the Board of Directors of the Corporation serving under an Incumbent Board, shall be, for purposes of this clause (b), considered as he or she were a member of the Incumbent Board; or (c) merger, consolidation or sale of all or substantially all the assets of the Corporation occurs, unless such merger or consolidation shall have been affirmatively recommended to the Corporation s stockholders by a majority of the Incumbent Board; or (d) a proxy statement soliciting proxies from stockholders of the Corporation by someone other than the current management of the Corporation seeking stockholder approval of a plan or reorganization, merger or consolidation of the Corporation with one or more corporations as a result of which the outstanding shares of the Corporation s securities are actually exchanged for or converted into cash or property or securities not issued by the Corporation unless the reorganization, merger or consolidation shall have been affirmatively recommended to the Corporation s stockholders by a majority of the Incumbent Board.

The existing paragraphs 7 through 24 of the Plan shall be renumbered and identified as paragraphs 8 through 25, respectively.

CONFLICT BETWEEN THE FOURTH AMENDMENT AND THE PLAN

If there is a conflict between any of the provisions of this Fourth Amendment and any of the provisions of the Plan, the provisions of this Fourth Amendment shall control.

NO OTHER AMENDMENTS OR CHANGES

Except as expressly amended or modified by this Fourth Amendment, all of the terms and conditions of the Plan shall remain unchanged and in full force and effect.

GOVERNING LAW

This Fourth Amendment shall be governed by and construed in accordance with Nevada law.

FIFTH AMENDMENT TO  
MONARCH CASINO & RESORT, INC.  
1993 EMPLOYEE STOCK OPTION PLAN

This fifth amendment ( Fifth Amendment ) to the 1993 Employee Stock Option Plan (the Plan ) of Monarch Casino & Resort Inc., a Nevada corporation (the Company ), was adopted by the Board of Directors of the Company on March 20, 2007, and was approved by the Company s stockholders at the Company s annual meeting on May 22, 2007.

#### AMENDMENTS

Authorized Shares. The total number of shares of the Company s common stock that may be granted as stock options pursuant to the Plan shall be increased from 1,000,000 shares to 1,500,000 shares through a restatement of Paragraph 4 of the Plan to reflect the following:

4. Stock Subject to the Plan.

The stock which is subject to Options granted pursuant to the Plan shall be shares of Common Stock. The aggregate number of shares of Common Stock available for grant under the Plan is 1,500,000, subject to adjustment pursuant

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to Section 13. Shares of Common Stock issued pursuant to the Plan may be either authorized but unissued shares or shares now or hereafter held in the treasury of the Company. If an Option expires, is surrendered or canceled, or is otherwise terminated prior to its exercise, the shares of Common Stock covered by such an Option immediately prior to such expiration, surrender, cancellation or other termination shall continue to be available for grant under the Plan.

CONFLICT BETWEEN THE FIFTH AMENDMENT AND THE PLAN

If there is a conflict between any of the provisions of this Fifth Amendment and any of the provisions of the Plan, the provisions of this Fifth Amendment shall control.

NO OTHER AMENDMENTS OR CHANGES

Except as expressly amended or modified by this Fifth Amendment, all of the terms and conditions of the Plan shall remain unchanged and in full force and effect.

GOVERNING LAW

This Fifth Amendment shall be governed by and construed in accordance with Nevada law.

SIXTH AMENDMENT TO  
MONARCH CASINO & RESORT, INC.  
1993 EMPLOYEE STOCK OPTION PLAN

This sixth amendment ( Sixth Amendment ) to the 1993 Employee Stock Option Plan (the Plan ) of Monarch Casino & Resort Inc., a Nevada corporation (the Company ), was adopted by the board of directors of the Company on March 16, 2011, and was approved by the Company s stockholders at the Company s annual meeting on May 6, 2011.

AMENDMENTS

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Authorized Shares. The total number of shares of the Company's common stock that may be granted as stock options pursuant to the Plan shall be increased from 1,500,000 shares to 1,900,000 shares through a restatement of Paragraph 4 of the Plan to reflect the following:

#### 4. Stock Subject to the Plan.

The stock which is subject to Options granted pursuant to the Plan shall be shares of Common Stock. The aggregate number of shares of Common Stock available for grant under the Plan is 1,900,000, subject to adjustment pursuant to Section 13. Shares of Common Stock issued pursuant to the Plan may be either authorized but unissued shares or shares now or hereafter held in the treasury of the Company. If an Option expires, is surrendered or canceled, or is otherwise terminated prior to its exercise, the shares of Common Stock covered by such an Option immediately prior to such expiration, surrender, cancellation or other termination shall continue to be available for grant under the Plan.

#### CONFLICT BETWEEN THE SIXTH AMENDMENT AND THE PLAN

If there is a conflict between any of the provisions of this Sixth Amendment and any of the provisions of the Plan, the provisions of this Sixth Amendment shall control.

#### NO OTHER AMENDMENTS OR CHANGES

Except as expressly amended or modified by this Sixth Amendment, all of the terms and conditions of the Plan shall remain unchanged and in full force and effect.



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GOVERNING LAW

This Sixth Amendment shall be governed by and construed in accordance with Nevada law.

SEVENTH AMENDMENT TO  
MONARCH CASINO & RESORT, INC.  
1993 EMPLOYEE STOCK OPTION PLAN

This Seventh amendment ( Seventh Amendment ) to the 1993 Employee Stock Option Plan, as amended (the Plan ) of Monarch Casino & Resort Inc., a Nevada corporation (the Company ), was adopted by the board of directors of the Company on March 22, 2013, [and was approved by the Company s stockholders at the Company s annual meeting on May , 2013.]

AMENDMENTS

The first sentence of Paragraph 8, Term/Amendment, is amended to reflect that [t]his Plan shall expire on the earlier to occur of June 13, 2014 or the date of the Annual Meeting of Stockholders in 2014 (except as to Options outstanding on that date).

CONFLICT BETWEEN THE SEVENTH AMENDMENT AND THE PLAN

If there is a conflict between any of the provisions of this Seventh Amendment and any of the provisions of the Plan, the provisions of this Seventh Amendment shall control.

NO OTHER AMENDMENTS OR CHANGES

Except as expressly amended or modified by this Seventh Amendment, all of the terms and conditions of the Plan shall remain unchanged and in full force and effect.

GOVERNING LAW

Explanation of Responses:

This Seventh Amendment shall be governed by and construed in accordance with Nevada law.

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APPENDIX B.

Amended and Restated

MONARCH CASINO & RESORT, INC.

1993 EXECUTIVE LONG TERM INCENTIVE PLAN

First Amended by the Board of Directors May 14, 1997

1. Purpose

The 1993 Executive Long Term Incentive Plan (the Plan ) is intended to promote the interest of Monarch Casino & Resort, Inc. and its subsidiaries (collectively the Corporation ) by offering those executive officers and key employees of the Corporation who are primarily responsible for the management, growth and success of the business of the Corporation the opportunity to participate in a long-term incentive plan designed to reward them for their services and to encourage them to continue in the employ of the Corporation.

2. Definitions

For all purposes of this Plan, the following terms shall have the following meanings:

Common Stock means Monarch Casino & Resort common stock, \$.01 par value.

ISO means incentive stock options qualified under Section 422A of the Internal Revenue Code of 1954, as amended.

Monarch means Monarch Casino & Resort, Inc.

Non-qualified Options means stock options not qualified under Section 422A of the Internal Revenue Code of 1986, as amended.

Restricted Shares means shares of Common Stock which have not been registered under federal securities law.

Subsidiary means any company of which Monarch Casino & Resort, Inc. owns, directly or indirectly, the majority of the combined voting power of all classes of stock.

3. Administration

The Plan shall be administered by a Committee (the Committee ) of not less than two directors of Monarch selected by, and serving at the pleasure of, Monarch's Board of Directors ( Monarch Board ). Except for Directors who are ineligible to participate under this Plan, directors who are also employees of Monarch or any Subsidiary, or who have been such employees within one year, may not serve on the Committee.

Initially, the Subsidiary will recommend to the Committee persons to whom awards may be granted. The Committee then shall have the authority, subject to the terms of the Plan, to determine, based upon recommendations from the Subsidiaries, the persons to whom awards shall be granted ( Participants ), the number of shares covered by each award, the time or times at which awards shall be granted, the timing of when awards shall vest, and the terms and provisions of the instruments by which awards shall be evidenced; and to interpret the Plan and make all determinations necessary or advisable for its administration. The Committee shall notify the Monarch Board of all decisions concerning awards granted to Participants under the Plan, the interpretation thereof, and determinations concerning its administration.

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4. Eligibility

Awards shall be granted only to employees who (a) serve as executives or other key employees of the Corporation and (b) do not, at the time of grant, own (within the meaning of Section 425(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of Monarch or of any Subsidiary.

5. Stock Subject to the Plan

The stock from which awards may be granted shall be shares of Common Stock. When Restricted Shares are vested or when options are exercised, Monarch may either issue authorized but unissued Common Stock or Monarch, or the Subsidiary which employs the Participant, may transfer issued Common Stock held in its treasury. Each of the respective Boards of the Corporation will fund the Plan to the extent so required to provide Common Stock for the benefit of Participants employed by Monarch or the Subsidiary, respectively. The total number of shares of Common Stock which may be granted as Restricted Shares or stock options shall not exceed, in the aggregate, 250,000 shares in total. Any Restricted Shares awarded and later forfeited are again subject to award under the Plan. If an option expires, or is otherwise terminated prior to its exercise, the shares of Common Stock covered by such an option immediately prior to such expiration or other termination shall continue to be available for grant under the Plan.

6. Granting of Options

The date of grant of options to Participants under the Plan will be the date on which the options are awarded by the Committee. The grant of any option to any Participant shall neither entitle nor disqualify such Participant from participating in any subsequent grant of options.

7. Terms and Conditions of Options

Options shall be designated Non-qualified Options or Incentive Stock Options qualified under Section 422A of the Internal Revenue Code of 1986, as amended (the Code), and shall be evidenced by written instruments approved by the Committee. Such instruments shall conform to the following terms and conditions:

7.1 Option Price

The option price per share for Incentive Stock Options shall be the fair market value of the Common Stock under option on the day the option is granted, which shall be an amount equal to the last reported sale price of the Common Stock on such date on the NASDAQ National Market System, or such other stock exchange on which the Common Stock may be listed from time to time. The price for Non-qualified Options shall be an amount equal to the price of the Common Stock under option as determined above. The option price shall be paid (i) in cash or (ii) in

Common Stock having a fair market value equal to such option price or (iii) in a combination of cash and Common Stock. The fair market value of Common Stock delivered to the Corporation pursuant to the immediately preceding sentence shall be determined on the basis of the last reported sale price of the Common Stock on the NASDAQ National Market System on the day of exercise or, if there was no such sale price on the day of exercise, on the day next preceding the day of exercise on which there was such a sale.

7.2 Term and Exercise of Options

Unless the Committee specifies otherwise, and except as otherwise provided in this Plan, each option shall expire on the tenth anniversary of the date of its grant and shall be exercisable according to a vesting schedule to be determined by the Committee. However the Committee may include in any option instrument, initially or by amendment at any time, a provision making any installment or installments exercisable at such earlier date, if the Committee deems such provision to be in the interests of the Corporation or necessary to realize the reasonable expectation of the optionee.

After becoming exercisable, each installment shall remain exercisable until expiration or termination of the option. After becoming exercisable an option may be exercised by the optionee from time to time, in whole or part,

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up to the total number of shares with respect to which it is then exercisable. The Committee may provide that payment of the option exercise price may be made following delivery of the certificate for the exercised shares.

Upon the exercise of a stock option, the purchase price will be payable in full in cash or its equivalent in property acceptable to Monarch or the Subsidiary which employs the Participant. In the discretion of the Subsidiary which employs the Participant grantee, the purchase price may be paid by the assignment and delivery to Monarch or Subsidiary who employs the Participant of shares of Common Stock or a combination of cash and such shares equal in value to the purchase price. Any shares of Common Stock so assigned and delivered to Monarch or the Subsidiary, as applicable, in payment or partial payment of the purchase price will be valued at Fair Market Value on the exercise date. Upon the exercise of a Non-qualified Option, Monarch or the employing Subsidiary shall withhold from the shares of Common Stock to be issued to the Participant the number of shares necessary to satisfy Monarch's or the Subsidiary's, as applicable, obligation to withhold Federal taxes, such determination to be based on the shares Fair Market Value on the date of exercise.

7.3 Termination of Employment

In the event the employment of an optionee terminates, for whatever reason, prior to the date upon which options become exercisable, then such options shall terminate and lapse on the date upon which the employment of such optionee terminates.

If the employment of an optionee terminates for a reason other than for cause, retirement (as defined and determined under any of the Company's pension plans), disability (as defined and determined by the Committee) or death, then all options granted to the optionee and exercisable on the date of such termination shall expire on the earlier of the tenth anniversary of the date of grant or the first anniversary of the day of such optionee's termination of employment due to such reasons; provided, however, such options, to the extent unexercised, expire on the date that such optionee (i) uses for profit or discloses to unauthorized persons, confidential information or trade secrets of the Company, or (ii) breaches any contract with or violates any fiduciary obligation to the Company, or (iii) engages in unlawful trading in the Company's securities or the securities of another Company based on information gained as a result of that optionee's employment with the Company, or (iv) violates (as determined by the Committee) any covenant not to compete in effect between the Company and the optionee.

In the event that an optionee is or has been terminated for cause, such cause including, but not limited to, (i) use for profit or disclosure to unauthorized persons of confidential information or trade secrets of the Company, or (ii) breach of any contract with or violation of any fiduciary obligation to the Company, or (iii) unlawful trading in the Company's securities or the securities of another Company based on information gained as a result of that optionee's employment with the Company, or (iv) violation (as determined by the Committee) of any covenant not to compete in effect between the Company and the optionee, then that optionee shall forfeit all rights to any unexercised options granted under the Plan and all of that optionee's outstanding options shall automatically terminate and lapse, unless the Committee shall determine otherwise.

If an optionee retires, all options granted to such optionee, and exercisable on the date of such optionee's retirement shall expire on the earlier of (i) the tenth anniversary after the date of grant or (ii) the second anniversary of the day of such optionee's retirement. Any installment not exercisable on the date of such termination or retirement shall expire and be thenceforth unexercisable. Whether authorized leave of absence or absence in military or governmental service may constitute employment for the purposes of the Plan shall be conclusively determined by the Committee. The Committee can increase or reduce the amount of options that are exercisable up to but not exceeding the tenth anniversary of the date of grant, in the event of optionee termination for other than death or retirement.

7.4 Exercise upon Death of Optionee

If an optionee dies, the option may be exercised, to the extent of the number of shares that the optionee could have exercised on the date of such death, by the optionee's estate, personal representative or beneficiary who acquires the option by will or by the laws of descent and distribution. Such exercise may be made at any time prior to the earlier of (i) the tenth anniversary after the date of grant or (ii) the second anniversary of such optionee's



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death. On the earlier of such dates, the option shall terminate. The Committee may approve all cash payments to the estate of an optionee if circumstances warrant such a decision.

7.5 Assignability

No option shall be assignable or transferable by the optionee except by will or by the laws of descent and distribution and during the lifetime of the optionee the option shall be exercisable only by such optionee.

7.6 Limitation on Incentive Stock Options

During a calendar year, the aggregate fair market value of the option stock (determined at the time of the ISO grant) for which ISOs are exercisable for the first time under the Plan, cannot exceed \$100,000.

8. Restricted Share Awards

8.1 Grant of Restricted Share Awards

The Committee will determine for each Participant the time or times when Restricted Shares shall be awarded and the number of shares of Common Stock to be covered by each Restricted Share Award.

8.2 Restrictions

Shares of Common Stock issued to a Participant as a Restricted Share Award will be subject to the following restrictions ( Share Restrictions ):

(a) Except as set forth in Sections 8.4 and 8.5, all of the Restricted Shares subject to a Restricted Award will be forfeited and returned to Monarch or, in the event such Restricted Shares were provided to the Participant from shares of Common Stock purchased by the Subsidiary, then the Restricted Shares will be returned to the Subsidiary. In either case, all rights of the Participant to such Restricted Shares will terminate without any payment of consideration by Monarch or the employing Subsidiary unless the Participant remains in the continuous employment (employment may include consulting agreements) of Monarch or a Subsidiary for a period of time determined by the Committee.

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(b) During the Restriction Period relating to a Restricted Share Award, none of the Restricted Shares subject to such award may be sold, assigned, bequeathed, transferred, pledged, hypothecated or otherwise disposed of in any way by the Participant.

(c) The Committee may require the Participant to enter into an escrow agreement providing that the certificates representing Restricted Shares sold or granted pursuant to the Plan will remain in the physical custody of Monarch or the employing Subsidiary or an escrow holder during the Restriction Period.

(d) Each certificate representing a Restricted Share sold or granted pursuant to the Plan will bear a legend making appropriate reference to the restrictions imposed on the Restricted Share.

(e) The Committee may impose other restrictions on any Restricted Shares sold pursuant to the Plan as it may deem advisable, including without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any stock exchange upon which such share or shares of the same class are then listed and under any state securities laws or other securities laws applicable to such shares.

### 8.3 Rights as a Stockholder

Except as set forth in Section 8.2(b), the recipient of a Restricted Share Award will have all of the rights of a stockholder of Monarch with respect to the Restricted Shares, including the right to vote the Restricted Shares and to receive all dividends or other distributions made with respect to the Restricted Shares.

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8.4 Lapse of Restrictions at Termination of Employment

In the event of the termination of employment of a Participant during the Restriction Period by reason of death, total and permanent disability, retirement as determined under any of the Corporation's pension plans, or discharge from employment other than a discharge for cause, the Committee may, at its discretion, remove Share Restrictions on Restricted Shares subject to a Restricted Share Award.

Restricted Shares to which the Share Restrictions have not so lapsed will be forfeited and returned to the Corporation as provided in Section 8.2(a).

8.5 Lapse of Restrictions at Discretion of the Committee

The Committee may shorten the Restriction Period or remove any or all Share Restrictions if, in the exercise of its absolute discretion, it determines that such action is in the best interests of the Corporation and equitable to the Participant.

8.6 Listing and Registration of Shares

Monarch may, in its discretion, postpone the issuance and/or delivery of Restricted Shares until completion of stock exchange listing, or registration, or other qualification of such Restricted Shares under any law, rule or regulation.

8.7 Designation of Beneficiary

A Participant may, with the consent of the Committee, designate a person or persons to receive, in the event of death, any Restricted Shares to which such Participant would then be entitled. Such designation will be made upon forms supplied by and delivered to the Committee and may be revoked in writing by the Participant. If a Participant fails effectively to designate a beneficiary, then such Participant's estate will be deemed to be the beneficiary.

8.8 Withholding of Taxes for Restricted Shares

When the Participant, as holder of the Restricted Shares, recognizes income, either on the Date of Grant or the date the restrictions lapse, Monarch or the Subsidiary, as applicable, shall withhold from the shares of Common Stock, the number of shares necessary to satisfy Monarch's or the Subsidiary's, as applicable, obligation to withhold Federal taxes, such determination to be based on the shares' Fair Market Value as of the date income is recognized.

9. Capital Adjustments

The number and price of Common Stock covered by each award of options and/or Restricted Shares and the total number of shares that may be granted or sold under the Plan shall be proportionally adjusted to reflect, as deemed equitable and appropriate by the Committee and subject to any required action by stockholders, any stock dividend or split, recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares or other similar corporate change.

10. Change of Control

Notwithstanding the provisions of Section 9, in the event of a change of control, all share restrictions on all Restricted Shares will lapse and vesting on all unexercised stock options will accelerate to the change of control date. For purposes of this plan, a Change of Control of Monarch shall be deemed to have occurred at such time as (a) any person (as that term is used in Section 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Monarch representing 25.0% or more of the combined voting power of Monarch's outstanding securities ordinarily having the right to vote at the election of directors; or (b) individuals who constitute the Board of Directors of Monarch on the date hereof (the Incumbent Board) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election was approved by at least a majority of the directors comprising the Incumbent Board, or whose nomination or election was approved by a majority of the

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Board of Directors of Monarch serving under an Incumbent Board, shall be, for purposes of this clause (b), considered as if he or she were a member of the Incumbent Board; or (c) merger, consolidation or sale of all or substantially all the assets of Monarch occurs, unless such merger or consolidation shall have been affirmatively recommended to Monarch's stockholders by a majority of the Incumbent Board; or (d) a proxy statement soliciting proxies from stockholders of Monarch, by someone other than the current management of Monarch seeking stockholder approval of a plan or reorganization, merger or consolidation of Monarch with one or more corporations as a result of which the outstanding shares of Monarch's securities are actually exchanged for or converted into cash or property or securities not issued by Monarch unless the reorganization, merger or consolidation shall have been affirmatively recommended to Monarch's stockholders by a majority of the Incumbent Board.

11. Approvals

The issuance of shares pursuant to this Plan is expressly conditioned upon obtaining all necessary approvals from the Nevada Gaming Commission and upon obtaining stockholder approval of the Plan.

12. Effective Date of Plan

The effective date of the Plan is June 14, 1993.

13. Term: Amendment of Plan

This Plan shall expire on June 13, 2003 (except to options outstanding on that date). Monarch's Board may terminate or amend the Plan in any respect at any time, except that, without the approval of the holders of a majority of the outstanding Common Stock: the total number of shares that may be sold, issued or transferred under the Plan may not be increased (except by adjustment pursuant to Section 9); the provisions of Section 4 regarding eligibility may not be modified; the purchase price at which shares may be offered pursuant to options may not be reduced (except by adjustment pursuant to Section 9); and the expiration date of the Plan may not be extended and no change may be made which would cause the Plan not to comply with Rule 16(b)3 of the Securities Exchange Act of 1934, as amended from time to time. No action of the Monarch Board or Monarch's stockholders, however, may, without the consent of an optionee, alter or impair such optionee's rights under any option previously granted.

14. No Right of Employment

Neither the action of the Corporation in establishing this Plan, nor any action taken by any Board of Monarch or any Subsidiary or the Committee under the Plan, nor any provision of the Plan itself, shall be construed to limit in any way the right of the Corporation to terminate a Participant's employment at any time; nor shall it be evidence of any agreement or understanding, expressed or implied, that the Corporation will employ an employee in any particular position nor ensure participation in any future compensation or stock purchase program.

15. Withholding Taxes

Monarch or the Subsidiary, as applicable, shall have the right to deduct withholding taxes from any payments made pursuant to the Plan or to make such other provisions as it deems necessary or appropriate to satisfy its obligations to withhold Federal, state or local income or other taxes incurred by reason of payments or the issuance of Common Stock under the Plan. Whenever under the Plan, Common Stock is to be delivered upon vesting of Restricted Shares or exercise of an option, the Committee shall be entitled to require as a condition of delivery that the Participant remit an amount sufficient to satisfy all Federal, state and other government withholding tax requirements related thereto.

16. Plan Not a Trust

Nothing contained in the Plan and no action taken pursuant to the Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Corporation and any Participant, the executor, administrator or other personal representative, or designated beneficiary of such Participant, or any other persons. Any reserves that may be established by the Corporation in connection with the Plan shall continue to be part of the general funds of the Corporation and no individual or entity other than the Corporation shall have any interest in

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such funds until paid to a Participant. If and to the extent that any Participant or such Participant's executor, administrator or other personal representative, as the case may be, acquires a right to receive any payment from the Corporation pursuant to the Plan, such right shall be no greater than the right of an unsecured general creditor of the Corporation.

17. Notices

Each Participant shall be responsible for furnishing the Committee with the current and proper address for the mailing of notices and delivery of agreements, Common Stock and cash pursuant to the Plan. Any notices required or permitted to be given shall be deemed given if directed to the person to whom addressed at such address and mailed by regular United States mail, first-class and prepaid. If any item mailed to such address is returned as undeliverable to the addressee, mailing will be suspended until the Participant furnishes the proper address. This provision shall not be construed as requiring the mailing of any notice or notification if such notice is not required under the terms of the Plan or any applicable law.

18. Separability of Provisions

If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

19. Payment to Minors, etc.

Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Corporation and other parties with respect thereto.

20. Headings and Captions

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

21. Controlling Law

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This Plan shall be construed and enforced according to the laws of the State of Nevada to the extent not preempted by Federal law, which shall otherwise control.

SECOND AMENDMENT TO  
MONARCH CASINO & RESORT, INC.  
1993 EXECUTIVE LONG TERM INCENTIVE PLAN

The 1993 Executive Long Term Incentive Plan (as first amended May 14, 1997) shall be amended as follows:

1. The language set forth under the Paragraph 1 heading, Purpose, is omitted and replaced with the following language: The 1993 Executive Long Term Incentive Plan (the Plan ) is intended to promote the interests of Monarch Casino & Resort, Inc. and its subsidiaries (collectively the Corporation ) by offering the executive officers identified in Paragraph 4, below, the opportunity to participate in a long-term incentive plan designed to reward them for their services and to encourage them to continue in the employ of the Corporation.
2. The language set forth under the Paragraph 4 heading, Eligibility, is omitted and replaced with the following language: Awards shall be granted only to employees who serve in the positions of Chief Executive Officer, Chief Financial Officer, Corporate President, Corporate Secretary and Corporate Treasurer.



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3. The fourth sentence of Paragraph 5, Stock Subject to the Plan, is amended to reflect that [t]he total number of shares of Common Stock which may be granted as Restricted Shares or stock options may not exceed, in the aggregate, 350,000 shares in total.

4. The language set forth under the Paragraph 7.1 heading, Option Price, is omitted and replaced with the following language: The price for Non-qualified Options shall be the fair market value of the Common Stock under option on the day the option is granted, which shall be an amount equal to the last reported sale price of the Common Stock on such date on the NASDAQ National Market System, or such other stock exchange on which the price of the Common Stock may be listed from time to time. The option price per share for ISOs shall be an amount equal to the price of the Common Stock under option, as determined above, unless the proposed option recipient, at the time of grant, owns (within the meaning of Section 422(b)(6) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of Monarch or any subsidiary of Monarch. In such case, the purchase price of the shares covered by such ISO shall not be less than 110% of the fair market value per share of the Common Stock on the ISO is granted. The price shall be paid (i) in cash or (ii) in Common Stock having a fair market value equal to such option price or (iii) in a combination of cash and Common Stock. The fair market value of Common Stock delivered to the Corporation pursuant to the immediately preceding sentence shall be determined on the basis of the last reported sale price of the Common Stock on the NASDAQ National Market System on the day of exercise or, if there was no such sale price on the day of exercise, on the day next preceding the day of exercise on which there was such a sale.

5. The first sentence of Paragraph 13, Term: Amendment of Plan, is amended to reflect that [t]his Plan shall expire on June 13, 2013 (except as to options outstanding on that date).

THIRD AMENDMENT TO

MONARCH CASINO & RESORT, INC.

1993 EXECUTIVE LONG TERM INCENTIVE PLAN

This Third Amendment (this Third Amendment ) to the 1993 Executive Long Term Incentive Plan (the Plan ) of Monarch Casino & Resort Inc., a Nevada corporation (the Company ), was adopted by the Board of Directors of the Company and was approved by the Company s stockholders at the Company s annual meeting of stockholders on May 26, 2005.

AMENDMENTS

Authorized Shares. The total number of shares of the Company s common stock that may be granted as stock options pursuant to the Plan shall be increased from 350,000 shares to 1,000,000 shares through a restatement of Paragraph 5 of the Plan to reflect the following:

5. Stock Subject to the Plan

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The stock from which awards may be granted shall be shares of Common Stock. When Restricted Shares are vested or when options are exercised, Monarch may either issue authorized but unissued Common Stock or Monarch, or the Subsidiary which employs the Participant, may transfer issued Common Stock held in its treasury. Each of the respective Boards of the Corporation will fund the Plan to the extent so required to provide Common Stock for the benefit of Participants employed by Monarch or the Subsidiary, respectively. The total number of shares of Common Stock which may be granted as Restricted Shares or stock options shall not exceed, in the aggregate, 1,000,000 shares in total. Any Restricted Shares awarded and later forfeited are again subject to award under the Plan. If an option expires, or is otherwise terminated prior to its exercise, the shares of Common Stock covered by such an option immediately prior to such expiration or other termination shall continue to be available for grant under the Plan.

### CONFLICT BETWEEN THE THIRD AMENDMENT AND THE PLAN

If there is a conflict between any of the provisions of this Third Amendment and any of the provisions of the Plan, the provisions of this Third Amendment shall control.

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NO OTHER AMENDMENTS OR CHANGES

Except as expressly amended or modified by this Third Amendment, all of the terms and conditions of the Plan shall remain unchanged and in full force and effect.

GOVERNING LAW

This Third Amendment shall be governed by and construed in accordance with Nevada law.

FOURTH AMENDMENT TO  
MONARCH CASINO & RESORT, INC.  
1993 EXECUTIVE LONG TERM INCENTIVE PLAN

This Fourth Amendment (this Fourth Amendment ) to the 1993 Executive Long Term Incentive Plan (the Plan ) of Monarch Casino & Resort Inc., a Nevada corporation (the Company ), was adopted by the Board of Directors of the Company on March 20, 2007 and was approved by the Company's stockholders at the Company's annual meeting of stockholders on May 22, 2007.

AMENDMENTS

Authorized Shares. The total number of shares of the Company's common stock that may be granted as stock options pursuant to the Plan shall be increased from 1,000,000 shares to 1,500,000 shares through a restatement of Paragraph 5 of the Plan to reflect the following:

5. Stock Subject to the Plan

The stock from which awards may be granted shall be shares of Common Stock. When Restricted Shares are vested or when options are exercised, Monarch may either issue authorized but unissued Common Stock or Monarch, or the Subsidiary which employs the Participant, may transfer issued Common Stock held in its treasury. Each of the respective Boards of the Corporation will fund the Plan to the extent so required to provide Common Stock for the benefit of Participants employed by Monarch or the Subsidiary, respectively. The total number of shares of Common Stock which may be granted as Restricted Shares or stock options shall not exceed, in the aggregate, 1,500,000 shares in total. Any Restricted Shares awarded and later forfeited are again subject to award under the Plan. If an option expires, or is otherwise terminated prior to its exercise, the shares of Common Stock covered by such an option immediately prior to such expiration or other termination shall continue to be available for grant under the Plan.

CONFLICT BETWEEN THE FOURTH AMENDMENT AND THE PLAN

If there is a conflict between any of the provisions of this Fourth Amendment and any of the provisions of the Plan, the provisions of this Fourth Amendment shall control.

NO OTHER AMENDMENTS OR CHANGES

Except as expressly amended or modified by this Fourth Amendment, all of the terms and conditions of the Plan shall remain unchanged and in full force and effect.

GOVERNING LAW

This Fourth Amendment shall be governed by and construed in accordance with Nevada law.

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FIFTH AMENDMENT TO  
MONARCH CASINO & RESORT, INC.  
1993 EXECUTIVE LONG TERM INCENTIVE PLAN

This Fifth Amendment (this Fifth Amendment ) to the 1993 Executive Long Term Incentive Plan (the Plan ) of Monarch Casino & Resort Inc., a Nevada corporation (the Company ), was adopted by the board of directors of the Company on March 16, 2011 and was approved by the Company s stockholders at the Company s annual meeting of stockholders on May 6, 2011.

AMENDMENTS

Authorized Shares. The total number of shares of the Company s common stock that may be granted as stock options pursuant to the Plan shall be increased from 1,500,000 shares to 1,800,000 shares through a restatement of Paragraph 5 of the Plan to reflect the following:

5. Stock Subject to the Plan

The stock from which awards may be granted shall be shares of Common Stock. When Restricted Shares are vested or when options are exercised, Monarch may either issue authorized but unissued Common Stock of Monarch, or the Subsidiary which employs the Participant, may transfer issued Common Stock held in its treasury. Each of the respective Boards of the Corporation will fund the Plan to the extent so required to provide Common Stock for the benefit of Participants employed by Monarch or the Subsidiary, respectively. The total number of shares of Common Stock which may be granted as Restricted Shares or stock options shall not exceed, in the aggregate, 1,800,000 shares in total. Any Restricted Shares awarded and later forfeited are again subject to award under the Plan. If an option expires, or is otherwise terminated prior to its exercise, the shares of Common Stock covered by such an option immediately prior to such expiration or other termination shall continue to be available for grant under the Plan.

CONFLICT BETWEEN THE FIFTH AMENDMENT AND THE PLAN

If there is a conflict between any of the provisions of this Fifth Amendment and any of the provisions of the Plan, the provisions of this Fifth Amendment shall control.

NO OTHER AMENDMENTS OR CHANGES

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Except as expressly amended or modified by this Fifth Amendment, all of the terms and conditions of the Plan shall remain unchanged and in full force and effect.

### GOVERNING LAW

This Fifth Amendment shall be governed by and construed in accordance with Nevada law.

SIXTH AMENDMENT TO  
MONARCH CASINO & RESORT, INC.  
1993 EXECUTIVE LONG TERM INCENTIVE PLAN

This Sixth Amendment (this Sixth Amendment ) to the 1993 Executive Long Term Incentive Plan (the Plan ) of Monarch Casino & Resort, Inc., a Nevada corporation (the Company ), was adopted by the board of directors of the Company on March 22, 2013, [and was approved by the Company s stockholders at the Company s annual meeting of stockholders on May , 2013.]

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AMENDMENT

The first sentence of Paragraph 13, Term: Amendment of Plan, is amended to reflect that [t]his Plan shall expire on the earlier to occur of June 13, 2014 or the date of the Annual Meeting of Stockholders in 2014 (except as to Options outstanding on that date).

CONFLICT BETWEEN THE SIXTH AMENDMENT AND THE PLAN

If there is a conflict between any of the provisions of this Sixth Amendment and any of the provisions of the Plan, the provisions of this Sixth Amendment shall control.

NO OTHER AMENDMENTS OR CHANGES

Except as expressly amended or modified by this Sixth Amendment, all of the terms and conditions of the Plan shall remain unchanged and in full force and effect.

GOVERNING LAW

This Sixth Amendment shall be governed by and construed in accordance with Nevada law

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APPENDIX C.





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