

New Concept Energy, Inc.  
Form DEF 14A  
November 02, 2012

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

SCHEDULE 14A INFORMATION

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

Filed by the Registrant  [ X ]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement.

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

[X] Definitive Proxy Statement.

[ ] Definitive Additional Materials.

[ ] Soliciting Material Pursuant to Section 240.14a-12.

NEW CONCEPT ENERGY, INC.

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

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1)

Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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NEW CONCEPT ENERGY, INC.  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON NOVEMBER 29, 2012

New Concept Energy, Inc. will hold its Annual Meeting of Stockholders on Thursday, November 29, 2012, at 10:00 a.m., local Dallas, Texas time, at 1603 LBJ Freeway, Suite 800, Dallas, Texas 75234. The purpose of the meeting is to consider and act upon:

- Election of a Board of five directors to serve until the next Annual Meeting of Stockholders and until their successors are duly-elected and qualified.
- Ratification of the selection of Swalm & Associates, P.C. as the independent registered public accounting firm.
- Such other matters as may properly be presented at the Annual Meeting.

Only Stockholders of record at the close of business on Monday, October 29, 2012, will be entitled to vote at the meeting.

Your vote is important. Whether or not you plan to attend the meeting, please complete, sign, date and return the enclosed proxy card in the accompanying envelope provided. Your completed proxy will not prevent you from attending the meeting and voting in person should you choose.

Dated: October 30, 2012.

By order of the Board of Directors,

Gene S. Bertcher  
President

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This Proxy Statement is available at [www.newconceptenergy.com](http://www.newconceptenergy.com)

Among other things, the Proxy Statement contains information regarding

- The date, time and location of the meeting
- A list of the matters being submitted to Stockholders
- Information concerning voting in person

NEW CONCEPT ENERGY, INC.

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD NOVEMBER 29, 2012

The Board of Directors of New Concept Energy, Inc. (the “Company” or “we” or “us”) is soliciting proxies to be used at the Annual Meeting of Stockholders following the fiscal year ended December 31, 2011 (the “Annual Meeting”). Distribution of this Proxy Statement and a Proxy Form is scheduled to begin on October 30, 2012. The mailing address of the Company’s principal executive offices is 1603 LBJ Freeway, Suite 300, Dallas, Texas 75234.

About the Meeting

Who Can Vote

Record holders of Common Stock and Series B Preferred Stock of the Company at the close of business on Monday, October 29, 2012 (the “Record Date”) may vote at the Annual Meeting. On that date, 1,946,935 shares of Common Stock and 559 shares of Series B Preferred Stock were outstanding. Each share is entitled to cast one vote.

How Can You Vote

If you return your signed proxy before the Annual Meeting, we will vote your shares as you direct. You can specify whether your shares should be voted for all, some or none of the nominees for director. You can also specify whether you approve, disapprove or abstain from the other proposal to ratify the selection of auditors.

If a proxy is executed and returned but no instructions are given, the shares will be voted according to the recommendations of the Board of Directors. The Board of Directors recommends a vote FOR Proposals 1 and 2.

Revocation of Proxies

You may revoke your proxy at any time before it is exercised by (a) delivering a written notice of revocation to the Corporate Secretary, (b) delivering another proxy that is dated later than the original proxy, or (c) casting your vote in person at the Annual Meeting. Your last vote will be the vote that is counted.

Vote Required

The holders of a majority of the shares entitled to vote who are either present in person or represented by a proxy at the Annual Meeting will constitute a quorum for the transaction of business at the Annual Meeting. As of October 29, 2012, there were 1,946,935 shares of Common Stock and 559 shares of Series B Preferred Stock issued and outstanding. The presence, in person or by proxy, of stockholders entitled to cast at least 973,747 votes constitutes a quorum for adopting the proposals at the Annual Meeting. If you have properly signed and returned your proxy card by mail, you will be considered part of the quorum, and the persons named on the proxy card will vote your shares as you have instructed. If the broker holding your shares in “street” name indicates to us on a proxy card that the broker lacks discretionary authority to vote your shares, we will not consider your shares as present or entitled to vote for any purpose.



A plurality of the votes cast is required for the election of directors. This means that the director nominee with the most votes for a particular slot is elected to that slot. A proxy that has properly withheld authority with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

For the other proposal, the affirmative vote of the holders of a majority of the shares represented in person or by proxy entitled to vote on the proposal will be required for approval. An abstention with respect to such proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

As of the Record Date, one entity and its subsidiary held 800,598 shares of Common Stock representing approximately 41.12% of the shares outstanding. The affiliate has advised the Company that it currently intends to vote all of the shares it holds in favor of the approval of all proposals.

If you received multiple proxy cards, this indicates that your shares are held in more than one account, such as two brokerage accounts, and are registered in different names. You should vote each of the proxy cards to ensure that all your shares are voted.

#### Other Matters to be Acted Upon at the Annual Meeting

We do not know of any other matters to be validly presented or acted upon at the Annual Meeting. Under our Bylaws, no business besides that stated in the Annual Meeting Notice may be transacted at any meeting of stockholders. If any other matter is presented at the Annual Meeting on which a vote may be properly taken, the shares represented by proxies will be voted in accordance with the judgment of the person or persons voting those shares.

#### Expenses of Solicitation

The Company is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. Some of our directors, officers and employees may solicit proxies personally, without any additional compensation, by telephone or mail. Proxy materials will also be furnished without cost to brokers and other nominees to forward to the beneficial owners of shares held in their names.

#### Available Information

Our internet website address is [www.newconceptenergy.com](http://www.newconceptenergy.com). We make available free of charge through our website our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the Securities and Exchange Commission. In addition, we have posted the Charters of our Audit Committee, Compensation Committee, and Governance and Nominating Committee, as well as our Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers, Corporate Governance Guidelines and Corporate Governance Guidelines on Director Independence, all under separate headings. These charters and principles are not incorporated in this instrument by reference. We will also provide a copy of these documents free of charge to stockholders upon written request. The Company issues Annual Reports containing audited financial statements to its common stockholders.

Multiple Stockholders Sharing the Same Address

The Securities and Exchange Commission (the “SEC”) rules allow for the delivery of a single copy of an annual report and proxy statement to any household at which two or more stockholders reside, if it is believed the stockholders are members of the same family. Duplicate account mailings will be eliminated by allowing stockholders to consent to such elimination, or through implied consent if a stockholder does not request continuation of duplicate mailings. Depending upon the practices of your broker, bank or other nominee, you may need to contact them directly to continue duplicate mailings to your household. If you wish to revoke your consent to householding, you must contact your broker, bank or other nominee.

If you hold shares of common stock in your own name as a holder of record, householding will not apply to your shares.

If you wish to request extra copies free of charge of any annual report, proxy statement or information statement, please send your request to New Concept Energy, Inc., Attention: Investor Relations, 1603 LBJ Freeway, Suite 300, Dallas, Texas 75234 or call (800) 400-6407.

Questions

You may call our Investor Relations Department at 800-400-6407 if you have any questions.

PLEASE VOTE - YOUR VOTE IS IMPORTANT

Corporate Governance and Board Matters

The affairs of the Company are managed by the Board of Directors. The Directors are elected at the annual meeting of stockholders each year or appointed by the incumbent Board of Directors and serve until the next annual meeting of stockholders or until a successor has been elected or approved.

Current members of the Board

The members of the Board of Directors on the date of this proxy statement, and the committees of the Board on which they serve, are identified below:

Director	Audit Committee	Compensation Committee	Governance and Nominating Committee
Roz Campisi Beadle		Chair	ü
Gene S. Bertcher			
Dan Locklear	Chair	ü	
James E. Huffstickler	ü	ü	Chair
Victor Lund	ü		ü

Role of the Board’s Committees

The Board of Directors has standing Audit, Compensation and Governance and Nominating Committees.

**Audit Committee.** The functions of the Audit Committee are described below under the heading “Report of the Audit Committee.” The Audit Committee is an “audit committee” for purposes of Section 3(a)(58) of the Securities Exchange Act of 1934, as amended. The charter of the Audit Committee was adopted on December 12, 2003, and is available on the Company’s Investor Relations website ([www.newconceptenergy.com](http://www.newconceptenergy.com)). The Audit Committee was initially formed on December 12, 2003. All of the members of the Audit Committee are independent within the meaning of the SEC regulations, the listing standards of the NYSE MKT (formerly the American Stock Exchange) and the Company’s Corporate Governance Guidelines. Mr. Locklear, a member and Chair of the Committee, is qualified as an “audit committee financial expert” within the meaning of SEC regulations and the Board has determined that he has accounting and related financial management expertise within the meaning of the listing standards of the NYSE MKT. All of the members of the Audit Committee meet the independence and experience requirements of the listing standards of the NYSE MKT. The Audit Committee met two times in 2011.

**Governance and Nominating Committee.** The Governance and Nominating Committee is responsible for developing and implementing policies and practices relating to corporate governance, including reviewing and monitoring



implementation of the Company's Corporate Governance Guidelines. In addition, the Committee develops and reviews background information on candidates for the Board and makes recommendations to the Board regarding such candidates. The Committee also prepares and supervises the Board's annual review of director independence and the Board's performance self-evaluation. The charter of the Governance and Nominating Committee was adopted on October 20, 2004, and is available on the Company's Investor Relations website ([www.newconceptenergy.com](http://www.newconceptenergy.com)). The Governance and Nominating Committee was initially formed on October 20, 2004. All of the members of the Governance and Nominating Committee are independent within the meaning of the listing standards of the NYSE MKT and the Company's Corporate Governance Guidelines. The Governance and Nominating Committee met one time in 2011.

Compensation Committee. The Compensation Committee is responsible for overseeing the policies of the Company relating to compensation to be paid by the Company to the Company's principal executive officer and any other officers designated by the Board and make recommendations to the Board with respect to such policies, produce necessary reports on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations and to monitor the development and implementation of succession plans for the principal executive officer and other key executives and make recommendations to the Board with respect to such plans. The charter of the Compensation Committee was adopted on October 20, 2004, and is available on the Company's Investor Relations website ([www.newconceptenergy.com](http://www.newconceptenergy.com)). The Compensation Committee was initially formed on October 20, 2004. All of the members of the Compensation Committee are independent within the meaning of the listing standards of the NYSE MKT and the Company's Corporate Governance Guidelines. The Compensation Committee is to be comprised of at least three directors who are independent of management and the Company. The Compensation Committee met one time in 2011.

#### Presiding Director

On November 8, 2011, the Board created a new position of Presiding Director, whose primary responsibility is to preside over periodic executive sessions of the Board in which management directors and other members of management do not participate. The Presiding Director also advises the Chairman of the Board and, as appropriate, Committee chairs with respect to agendas and information needs relating to Board and Committee meetings, provides advice with respect to the selection of Committee chairs and perform other duties that the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities. The non-management members of the Board designated Dan Locklear to serve in this position until the Company's annual meeting of stockholders to be held following the fiscal year ended December 31, 2011.

#### Selection of Nominees for the Board

The Governance and Nominating Committee will consider candidates for Board membership suggested by its members and other Board members, as well as management and stockholders. The Committee may also retain a third-party executive search firm to identify candidates upon request of the Committee from time to time. A stockholder who wishes to recommend a prospective nominee for the Board should notify the Company's Corporate Secretary or any member of the Governance and Nominating Committee in writing with whatever supporting material the stockholder considers appropriate. The Governance and Nominating Committee will also consider whether to nominate any person nominated by a stockholder pursuant to the provisions of the Company's bylaws relating to stockholder nominations.

Once the Governance and Nominating Committee has identified a prospective nominee, the Committee will make an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination will be based on whatever information is provided to the Committee with the recommendation of the prospective candidate, as well as the Committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination will be based primarily on the need for additional Board members to fill vacancies or expand the size of the Board and the likelihood that the prospective nominee can satisfy the evaluation factors described below. If the Committee determines, in consultation with the Chairman of the Board and other Board members as appropriate, that additional consideration is warranted, it may request the third-party search firm to gather additional information about the prospective nominee's background and experience and to report its findings to the Committee. The Committee will then evaluate the prospective nominee against the standards and qualifications set out in the Company's Corporate Governance Guidelines, including:

- the ability of the prospective nominee to represent the interests of the stockholders of the Company;
- the prospective nominee's standards of integrity, commitment and independence of thought and judgment;
- the prospective nominee's ability to dedicate sufficient time, energy and, attention to the diligent performance of his or her duties, including the prospective nominee's service on other public company boards, as specifically set out in the Company's Corporate Governance Guidelines;
- the extent to which the prospective nominee contributes to the range of talent, skill and expertise appropriate for the Board;
- the extent to which the prospective nominee helps the Board reflect the diversity of the Company's stockholders, employees, customers, guests and communities; and
  - the willingness of the prospective nominee to meet any minimum equity interest holding guideline.

The Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. In connection with this evaluation, the Committee determines whether to interview the prospective nominee, and if warranted, one or more members of the Committee, and others as appropriate, interview prospective nominees in person or by telephone. After completing this evaluation and interview, the Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Committee.

The Bylaws of the Company provide that any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if one hundred twenty (120) days prior written notice of such stockholders' intention to make such nomination has been delivered personally to, or has been mailed to and received by the Board of Directors at the principal office of the Company with a copy to the President and Secretary of the Company. If a stockholder has a suggestion for candidates for election, the stockholder should follow this procedure. Each notice from a stockholder must set forth (i) the name and address of the stockholder who intends to make the nomination and the name of the person to be nominated, (ii) the class and number of shares of stock held of record, owned beneficially and represented by proxy by such stockholder as of the record date for the meeting and as of the date of such notice, (iii) a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person specified in the notice, (iv) a description of all arrangements or understandings between such stockholder and each nominee and any other person (naming those persons) pursuant to which the nomination is to be made by such stockholder, (v) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules, and (vi) the consent of each nominee to serve as a director of the Company if so elected. The chairman of the Annual Meeting may refuse to acknowledge the nomination of any person not made in compliance with this procedure.

#### Determinations of Director Independence

In October 2004, the Board enhanced its Corporate Governance Guidelines. The Guidelines adopted by the Board meet or exceed the new listing standards adopted during the year by the American Stock Exchange. The full text of the Guidelines can be found in the Investor Relations section of the Company's website ([www.newconceptenergy.com](http://www.newconceptenergy.com)). A copy may also be obtained upon request from the Company's Corporate Secretary.

Pursuant to the Guidelines, the Board undertook its annual review of director independence in November 2011. During this review, the Board considered transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates, including those reported under "Certain Relationships and Related Transactions" below. The Board also examined transactions and relationships between directors or their affiliates and members of the Company's senior management or their affiliates. As provided in the Guidelines, the purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of this review, the Board affirmatively determined of the then directors, Messrs. Huffstickler, Locklear and Lund and Ms. Beadle are each independent of the Company and its management under the standards set forth in the Corporate Governance Guidelines.

#### Board Meetings During Fiscal 2011

The Board met four times during fiscal 2011. Each director attended 75% or more of the meetings of the Board and Committees on which he served. Under the Company's Corporate Governance Guidelines, each Director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending meetings of the stockholders of the Company, the Board and Committees of which he is a member. In addition, the independent directors met in executive session four times during fiscal 2011.

#### Directors' Compensation

Each non-employee director currently receives an annual retainer of \$2,500 plus a meeting fee of \$2,000 plus reimbursement for expenses. The Company also reimburses directors for travel expenses incurred in connection with attending Board, committee and stockholder meetings and for other Company-business related expenses. Directors who are also employees of the Company receive no additional compensation for service as a director.



During 2011, \$42,000 was paid to the non-employee directors in total directors' fees for all services, including the annual fee for service during the period from January 1, 2011 through December 31, 2011. Those fees received by directors were Roz Campisi Beadle (\$10,500), James E. Huffstickler (\$10,500), Dan Locklear (\$10,500) and Victor Lund (\$10,500).

#### Stockholders Communication with the Board

Stockholders and other parties interested in communicating directly with the presiding director or with the non-Management directors as a group may do so by writing to Dan Locklear, Director, P.O. Box 830163, Richardson, Texas 75083-0160. Effective October 20, 2004, the Governance and Nominating Committee of the Board also approved a process for handling letters received by the Company and addressed to members of the Board but received at the Company. Under that process, the Corporate Secretary of the Company reviews all such correspondence and regularly forwards to the Board a summary of all such correspondence and copies of all correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the Board or committees thereof or that he otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and received by the Company and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Chairman of the Audit Committee and handled in accordance with procedures established by the Audit Committee with respect to such matters.

#### Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics, which applies to all directors, officers and employees (including those of the contractual advisor). In addition, on October 20, 2004, the Company adopted a code of ethics entitled "Code of Ethics for Senior Financial Officers" that applies to the principal executive officer, president, principal financial officer, chief financial officer, the principal accounting officer and controller. The text of both documents is available on the Company's Investor Relations website ([www.newconceptenergy.com](http://www.newconceptenergy.com)). The Company intends to post amendments to or waivers from its Code of Ethics for Senior Financial Officers (to the extent applicable to the Company's chief executive officer, principal financial officer or principal accounting officer) at this location on its website.

#### Compliance With Section 16(a) of Reporting Requirements

Section 16(a) under the Securities Exchange Act of 1934 requires the Company's directors, executive officers and any persons holding 10% or more of the Company's shares of Common Stock are required to report their ownership of the Company's shares of Common Stock and any changes in that ownership to the SEC on specified report forms. Specific due dates for these reports have been established, and the Company is required to report any failure to file by these dates during each fiscal year. All of these filing requirements were satisfied by the Company's directors and executive officers and holders of more than 10% of the Company's Common Stock during the fiscal year ended December 31, 2011. In making these statements, the Company has relied upon the written representations of its directors and executive officers and the holders of 10% or more of the Company's Common Stock and copies of the reports that each has filed with the SEC.

Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Beneficial Owners

The following table sets forth the ownership of the Company's Common Stock, both beneficially and of record, both individually and in the aggregate, for those persons or entities known by the Company to be the beneficial owners of more than 5% of its outstanding Common Stock as of the close of business on October 29, 2012.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Approximate Percent of Class**
Arcadian Energy, Inc. (1) 2010 Valley View Lane, Suite 250 Dallas, Texas 75234	800,598	41.12%
Go Green Fuel N.A., LP (2)	100,000	5.16%
HKS Investment Corporation (3) 10916 Sutter Hills Avenue Las Vegas, Nevada 89144	108,994	5.63%
URC Energy LLC (1) 2010 Valley View Lane, Suite 250 Dallas, Texas 75234	672,630	34.55%

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(1) Arcadian Energy, Inc. ("Arcadian") owns 127,968 shares direct and is the sole member of URC Energy LLC which owns 672,630 shares direct. Another entity, Tacco Financial, Inc. ("TFI") owns 500 shares and is a "Reporting Person" along with Arcadian Energy, Inc. and URC Energy, LLC on a Schedule 13D and amendments thereto. Arcadian is the sole member of URC Energy, LLC, Arcadian is deemed to be the beneficial owner of such 672,630 shares.

(2) According to an original statement on Schedule 13D dated December 31, 2009, Go Green Fuel N.A., LP acquired 100,000 shares of Common Stock from West Go Green, LLC, a Nevada limited liability company at a price of \$6.90 per share and Go Green Fuel N.A., LP granted to West Go Green, LLC a "Repurchase Option" for a period of three calendar years from December 31, 2009 to repurchase all or any portion of the 100,000 shares purchased at the original purchase price of \$6.90 per share, which Repurchase Option may be exercised by West Go Green, LLC or its assignee by written notice to Go Green Fuel N.A., LP at least two calendar days prior to the date of exercise of the Repurchase Option. GGF North American LLC, a Texas limited liability company is the sole general partner of Go Green Fuel N.A., LP.

(3) According to an original statement on Schedule 13D dated January 9, 2006, the entity consists of David Hensel, John Kellar and Marshal Stag, each of whom are deemed to be the beneficial owner of all 108,994 shares. Hensel is stated to be a shareholder, director and President of the entity; Kellar is a shareholder, director and Vice President and Treasurer; and Stag is a shareholder, director and Secretary.





## Security Ownership of Management

The following table sets forth the ownership of the Company's Common Stock, both beneficially and of record, both individually and in the aggregate for the directors and executive officers of the Company, as of the close of business on October 29, 2012:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Approximate Percent of Class**
Gene S. Bertcher	40,811	2.10%
Roz Campisi Beadle	100	***
James E. Huffstickler	-	0%
Dan Locklear	-	0%
Victor L. Lund	-	0%
All directors and executive officers as a group (5 people)	40,911	2.10%

\* "Beneficial Ownership" means the sole or shared power to vote, or to direct the voting of, a security or investment power with respect to a security, or any combination thereof.

\*\* Percentages are based upon 1,946,935 shares of Common Stock outstanding at October 29, 2012.

\*\*\* Less than 1%.

## PROPOSAL 1

## ELECTION OF DIRECTORS

Five directors are to be elected at the Annual Meeting. Each director elected will hold office until the Annual Meeting following the fiscal year ending December 31, 2012. All of the nominees for director are now serving as directors. Each of the nominees has consented to being named in this proxy statement as a nominee and has agreed to serve as a director if elected. The persons named on the proxy card will vote for all of the nominees for director listed unless you withhold authority to vote for one or more of the nominees. The nominees receiving a plurality of votes cast at the Annual Meeting will be elected as directors. Abstentions and broker non-votes will not be treated as a vote for or against any particular nominee and will not affect the outcome of the election of directors. Cumulative voting for the election of directors is not permitted. If any director is unable to stand for re-election, the Board will designate a substitute. If a substitute nominee is named, the persons named on the proxy card will vote for the election of the substitute director.



The nominees for directors are listed below, together with their ages, terms of service, all positions and offices with the Company, other principal occupations, business experience and directorships with other companies during the last five years or more. No family relationship exists among any of the directors or executive officers of the Company. The designation “affiliated” when used below with respect to a director means that the director is an officer, director or employee of the Company.

Roz Campisi Beadle, age 55, (Independent) Director since December 2003

Ms. Beadle is Executive Vice President of Unified Housing Foundation and a licensed realtor. She has a background in public relations and marketing. Ms. Beadle is also extremely active in various civic and community services.

Gene S. Bertcher, age 63, (Affiliated) Director since November 1989 to September 1996 and since June 1999

Mr. Bertcher was elected President and Chief Financial Officer effective November 1, 2004. He was elected Chairman and Chief Executive Officer in December 2006. He relinquished the position of President in September 2008 and was re-elected President in April 2009. From January 3, 2003 until that date he was also Chief Executive Officer. Mr. Bertcher has been Executive Vice President, Chief Financial Officer and Treasurer of the Company (November 1989 to November 2004). He has been a certified public accountant since 1973. Mr. Bertcher is also Executive Vice president (since February 2008) and Chief Financial Officer (since November 2, 2009) of American Realty Investors, Inc., a Nevada corporation (“ARL”) which has its common stock listed and traded on the New York Stock Exchange (“NYSE”), Transcontinental Realty Investors, Inc., a Nevada corporation (“TCI”) which also has its common stock listed and traded on the NYSE and Income Opportunity Realty Investors, Inc., a Nevada corporation (“IOT”) which has its common stock listed and traded on the NYSE MKT. All of ARL, TCI and IOT are Dallas, Texas based real estate entities; prior to May 2008 and from February 2008 to April 2008, he was also Interim Chief Financial Officer of ARL, TCI and IOT. Until November 1989, Mr. Bertcher was a partner in Grant Thornton, LLP having served as Chairman of its National Real Estate and Construction Committee.

James E. Huffstickler, age 70, (Independent) Director since December 2003

Mr. Huffstickler has been Chief Financial Officer of Sunchase America, Ltd., a multi-state property management company, for more than five years. He is a graduate of the University of South Carolina and was formerly employed by Southmark Management, Inc., a nationwide real estate management company. Mr. Huffstickler has been a certified public accountant since 1976.

Dan Locklear, age 60, (Independent) Director since December 2003

Mr. Locklear has been Chief Financial Officer fo Sunridge Management Group, a real estate management company, for more than five years. Mr. Locklear was formerly employed by Johnstown Management Company, Inc. and Trammel Crow Company. Mr. Locklear has been a certified public accountant since 1981 and a licensed real estate broker in the State of Texas since 1978.

Victor L. Lund, age 84, (Independent) Director since March 1996

Mr. Lund founded Wedgwood Retirement Inns, Inc. in 1977, became a wholly owned subsidiary of the Company in 1996. For most of Wedgwood's existence, Mr. Lund was Chairman of the Board, President and Chief Executive Officer, positions he held until Wedgwood was acquired by the Company. Mr. Lund is President and Chief Executive Officer of Wedgwood Services, Inc., a construction-services company not affiliated with the Company.

The Board of Directors unanimously recommends a vote FOR  
the election of all of the Nominees named above.

## PROPOSAL 2

### RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Swalm & Associates, P.C. as the independent registered public accounting firm for Income Opportunity Realty Investors, Inc. for the 2012 fiscal year and to conduct quarterly reviews through September 30, 2012. The Company's Bylaws do not require that stockholders ratify the appointment of Swalm & Associates, P.C. as the Company's independent registered public accounting firm. Swalm & Associates, P.C. has served as the Company's independent registered public accounting firm for each of the fiscal years ended December 31, 2008, 2009, 2010 and 2011. The Audit Committee will consider the outcome of this vote in its decision to appoint an independent registered public accounting firm next year, however, it is not bound by the stockholders' decision. Even if the selection is ratified, the Audit Committee, in its sole discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interest of the Company and its stockholders.

A representative of Swalm & Associates, P.C. will attend the Annual Meeting. The representative will have an opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions from the stockholders.

The Board of Directors recommends a vote FOR the ratification of the  
appointment of Swalm & Associates, P.C. as the Company's  
independent registered public accounting firm.

### Fiscal Years 2011 and 2010 Audit Firm Fee Summary

The following table sets forth the aggregate fees for professional services rendered to the Company for the years 2011 and 2010 by the Company's principal accounting firm, Swalm & Associates, P.C.:

Type of Fees	2010	2011
Audit Fees	\$ 45,000	\$ 47,000
Audit-Related Fees	10,214	-
Tax Fees	8,500	8,325
All Other Fees	-	-
Total Fees:	\$ 63,714	\$ 55,325

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All services rendered by the principal auditors are permissible under applicable laws and regulations and were pre-approved by either the Board of Directors or the Audit Committee, as required by law. The fees paid the principal auditors for services as described in the above table fall under the categories listed below:

**Audit Fees.** These are fees for professional services performed by the principal auditor for the audit of the Company's annual financial statements and review of financial statements included in the Company's 10-Q filings and services that are normally provided in connection with statutory and regulatory filing or engagements.

**Audit-Related Fees.** These are fees for assurance and related services performed by the principal auditor that are reasonably related to the performance of the audit or review of the Company's financial statements. These services include attestations by the principal auditor that are not required by statute or regulation and consulting on financial accounting/reporting standards.

**Tax Fees.** These are fees for professional services performed by the principal auditor with respect to tax compliance, tax planning, tax consultation, returns preparation and review of returns. The review of tax returns includes the Company and its consolidated subsidiaries.

**All Other Fees.** These are fees for other permissible work performed by the principal auditor that do not meet the above category descriptions.

These services are actively monitored (as to both spending level and work content) by the Audit Committee to maintain the appropriate objectivity and independence in the principal auditor's core work, which is the audit of the Company's consolidated financial statements.

Swalm & Associates PC did not render professional services to the Company in 2011 involving any financial information systems design and implementation.

Report of the Audit Committee  
Of the Board of Directors

The Audit Committee of the Board of Directors is composed of three directors, each of whom satisfies the requirements of independence, experience and financial literacy under the requirements of the NYSE MKT and the SEC. The Audit Committee has directed the preparation of this report and has approved its content and submission to the stockholders.

The Audit Committee is responsible for, among other things:

• retaining and overseeing the independent registered public accounting firm that serves as our independent auditor and evaluating their performance and independence;

- reviewing the annual audit plan with management and the independent registered public accounting firm;
- pre-approving any permitted non-audit services provided by our independent registered public accounting firm;
  - approving the fees to be paid to our independent registered public accounting firm;

• reviewing the adequacy and effectiveness of our internal controls with management, internal auditors and the independent registered public accounting firm;

• reviewing and discussing the annual audited financial statements and the interim unaudited financial statements with management and the registered public accounting firm; and

- approving our internal audit plan and reviewing reports of our internal auditors.

The Audit Committee operates under a written charter adopted by the Board of Directors. The Committee's responsibilities are set forth in this charter which is available on our website at [www.newconceptenergy.com](http://www.newconceptenergy.com).

The Audit Committee assists the Board in fulfilling its responsibilities for general oversight of the integrity of the Company's financial statements, the adequacy of the Company's system of internal controls, the Company's risk management, the Company's compliance with legal and regulatory requirements, the independent auditors' qualifications and independence, and the performance of the Company's independent auditors. The Committee has sole authority over the selection of the Company's independent auditors and manages the Company's relationship with its independent auditors. The Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as the Committee deems necessary to carry out its duties and receive appropriate funding, as determined by the Committee, from the Company for such advice and assistance.

The Committee met two times during 2011. The Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. The Committee's meetings include private sessions with the Company's independent auditors without the presence of the Company's management, as well as executive sessions consisting of only Committee members. The Committee also meets senior management from time to time.

Management has the primary responsibility for the Company's financial reporting process, including its system of internal control over financial reporting and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The Company's independent auditors are responsible for auditing those financial statements in accordance with professional standards and expressing an opinion as to their material conformity with U.S. generally accepted accounting principles and for auditing management's assessment of, and the effective operation of, internal control over financial reporting. The Committee's responsibility is to monitor and review the Company's financial reporting process and discuss management's report on the Company's internal control over financial reporting. It is not the Committee's duty or responsibility to conduct audits or accounting reviews or procedures. The Committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and on the opinion of the independent registered public accountants included in their report on the Committee's financial statements.

As part of its oversight of the Company's financial statements, the Committee reviews and discusses with both management and the Company's independent registered public accountants all annual and quarterly financial statements prior to their issuance. During 2010, management advised the Committee that each set of financial statements reviewed had been prepared in accordance with accounting principles generally accepted in the United States of America, and reviewed significant accounting and disclosure issues with the Committee. These reviews include discussions with the independent accountants of the matters required to be discussed pursuant to Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards), including the quality (not merely the acceptability) of the Company's accounting principles, the reasonableness of significant judgments, the clarity of disclosures in the financial statements and disclosures related to critical accounting practices. The Committee has also discussed with Swalm & Associates, P.C. matters relating to its independence, including a review of audit and non-audit fees, and written disclosures from Swalm & Associates, P.C. to the Company pursuant to Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). The Committee also considered whether non-audit services, provided by the independent accountants are compatible with the independent accountant's independence. The Company also received regular updates on the amount of fees and scope of audit, audit-related and tax services provided.

In addition, the Committee reviewed key initiatives and programs aimed at strengthening the effectiveness of the Company's internal and disclosure control structure. As part of this process, the Committee continued to monitor the scope and adequacy of the Company's internal controls, reviewed staffing levels and steps taken to implement recommended improvements in any internal procedures and controls.

Based on the Committee's discussion with management and the independent accountants and the Committee's review of the representation of management and the report of the independent accountants to the Board of Directors, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC. The Audit Committee and the Board of Directors have also selected Swalm & Associates, P.C. as the Company's independent registered public accountants and auditors for the fiscal year ending December 31, 2012.

AUDIT COMMITTEE

James E. Huffstickler

Dan Locklear

Victor Lund

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#### Pre-Approval Policy for Audit and Non-Audit Services

Under the Sarbanes-Oxley Act of 2002 (the "SO Act"), and the rules of the SEC, the Audit Committee of the Board of Directors is responsible for the appointment, compensation and oversight of the work of the independent auditor. The purpose of the provisions of the SO Act and the SEC rules for the Audit Committee role in retaining the independent auditor is two-fold. First, the authority and responsibility for the appointment, compensation and oversight of the auditors should be with directors who are independent of management. Second, any non-audit work performed by the auditors should be reviewed and approved by these same independent directors to ensure that any non-audit services performed by the auditor do not impair the independence of the independent auditor. To implement the provisions of the SO Act, the SEC issued rules specifying the types of services that an independent auditor may not provide to its audit client, and governing the Audit Committee's administration of the engagement of the independent auditor. As part of this responsibility, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that they do not impair the auditor's independence. Accordingly, the Audit Committee adopted on March 22, 2004 a written pre-approval policy of audit and non-audit services (the "Policy"), which sets forth the procedures and conditions pursuant to which services to be performed by the independent auditor are to be pre-approved. Consistent with the SEC rules establishing two different approaches to approving non-prohibited services, the policy of the Audit Committee covers pre-approval of audit services, audit-related services, international administration tax services, non-U.S. income tax compliance services, pension and benefit plan consulting and compliance services, and U.S. tax compliance and planning. At the beginning of each fiscal year, the Audit Committee will evaluate other known potential engagements of the independent auditor, including the scope of work proposed to be performed and the proposed fees, and approve or reject each service, taking into account whether services are permissible under applicable law and the possible impact of each non-audit service on the independent auditor's independence from management. Typically, in addition to the generally pre-approved services, other services would include due diligence for an acquisition that may or may not have been known at the beginning of the year. The Audit Committee has also delegated to any member of the Audit Committee designated by the Board or the financial expert member of the Audit Committee responsibilities to pre-approve services to be performed by the independent auditor not exceeding \$25,000 in value or cost per engagement of audit and non-audit services, and such authority may only be exercised when the Audit Committee is not in session.

#### Executive Compensation

The Company has few employees, and no payroll or benefit plans and pays compensation to only one executive officer. The following tables set forth the compensation in all categories paid by the Company for services rendered during the fiscal years ended December 31, 2011, 2010 and 2009 by the Principal Executive Officer of the Company and to the other executive officers and Directors of the Company whose total annual salary in 2011 exceeded \$100,000, the number of options granted to any of such persons during 2011 and the value of the unexercised options held by any of such persons on December 31, 2011.

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Gene S. Bertcher	2011	\$197,000							\$197,000
(1)	2010	\$197,000							\$197,000
Chairman, President & Chief Financial Officer	2009	\$197,000							\$197,000

(1) In February 2008 began providing assistance to a related company which reimburses the Company for 50% of Mr. Bertcher's total compensation. The salary in the above table represents total compensation before reimbursement.

## GRANTS OF PLAN-BASED AWARDS

None

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

None

## OPTION EXERCISES AND STOCK VESTED

An option to purchase 10,000 shares was exercised in December 2008. An option to purchase 40,000 shares expired December 2008.

## PENSION BENEFITS

None

## NONQUALIFIED DEFERRED COMPENSATION

None

## DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Roz Campisi	\$10,500						\$10,500
Beadle	\$—						\$—
Gene S. Bertcher	\$10,500						\$10,500
James E.	\$10,500						\$10,500
Huffstickler	\$10,500						\$10,500
Dan Locklear							
Victor L. Lund							

## MANAGEMENT AND CERTAIN SECURITY HOLDERS

None

## Compensation Committee Report

The Compensation Committee of the Board of Directors is comprised of at least two directors who are independent of management and the Company. Each member of the Compensation Committee must be determined to be independent by the Board under the Corporate Governance Guidelines on Director Independence adopted by the Board and under the NYSE MKT standards for non-employee directors and Rule 16b-3(b)(3)(i) of the rules and regulations promulgated under the Securities Exchange Act of 1934 and the requirements for “outside directors” set forth in Treasury Regulations, Section 27(e)(3). Each member of the Committee is to be free of any relationship that in the judgment of the Board from time to time may interfere with the exercise of his or her independent judgment. Each Committee member is appointed annually subject to removal at any time by the Board and serves until his or her Committee appointment is terminated by the Board. The Compensation Committee is composed of three directors, each of whom meets the standards described above.

The purposes of the Compensation Committee are to oversee the policies of the Company relating to compensation to be paid by the Company to the Company’s principal executive officer (“CEO”) and any other officers designated by the Board and make recommendations to the Board with respect to such policies, produce necessary reports and executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations, and monitor the development and implementation of succession plans for the CEO and other key executives and make recommendations to the Board with respect to such plans.

The Board of Directors determined that the primary forms of executive compensation should be the incentive system discussed above. The Company’s performance is a key consideration (to the extent that such performance can be fairly attributed or related to an executive’s performance) and each executive’s responsibilities and capabilities are key considerations. The independent directors strive to keep executive compensation competitive for comparable positions in other corporations where possible. In addition, the Compensation Committee believes in equity compensation wherein executives will be additionally rewarded based on increasing the Company’s stockholder

value. Base salaries are predicated on a number of factors, including:

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- recommendation of the CEO;
- knowledge of similarly situated executives at other companies;
- the executive's position and responsibilities within the Company;
- the Board of Directors' subjective evaluation of the executive's contribution to the Company's performance;
- the executive's experience; and
- the term of the executive's tenure with the Company.

The charter of the Compensation Committee was adopted on October 2, 2004, and the members of the Compensation Committee, all of whom are independent within the meaning of the listing standards of the NYSE MKT and the Company's Corporate Governance Guidelines, are listed below. Since its formation, the Compensation Committee has annually reviewed its existing charter and regularly performed the tasks described above.

#### COMPENSATION COMMITTEE

Roz Campisi Beadle

James E. Huffstickler

Dan Locklear

#### Compensation Committee Interlocks and Insider Participation

The Company's Compensation Committee is made up of non-employee directors who have never served as officers of, or been employed by the Company. None of the Company's executive officers serve on a board of directors of any entity that has a director or officer serving on this Committee.

#### Executive Officers

The only executive officer of the Company is Gene S. Bertcher, Chairman of the Board, President, Chief Executive and Financial Officer. His age, term of service and all positions and offices with the Company and other information is described above under "PROPOSAL 1 - ELECTION OF DIRECTORS."

#### Certain Relationships and Related Transactions

Historically, the Company has engaged in and may continue to engage in business transactions, including real estate partnerships, with related parties. Management believes that all of the related party transactions represented the best investments available at the time and were at least as advantageous to the Company as could have been obtained from unrelated third parties.

On November 20, 2007, the Company made a \$630,000 loan to Prime Income Asset Management, Inc. ("PIAMI"). In 2008, the Company made additional net advances on the loan totaling approximately \$6.3 million. The initial loan and the additional advances have been combined into a new loan with interest at the prime rate plus two percent. On May 21, 2009, PIAMI acquired two notes receivable issued by Eurenergy Resources, Inc. ("Eurenergy") at face value plus accrued interest totaling \$3,970,897. Also effective May 21, 2009, the Company and PIAMI entered into a new consolidated note which combined all three loans to PIAMI and Eurenergy into one note issued by PIAMI which combined obligation requires interest at the prime rate plus two percent with principal and interest payable within thirty days after demand, or if no demand is made prior thereto, on January 31, 2013. At December 31, 2010, the balance due including accrued interest on the consolidated note receivable from PIAMI was \$10.4 million.



During the first three quarters of 2011, the Company accrued interest of \$360,000 and received \$715,000 in payments from PIAMI. However, during the fourth quarter of 2011, the Company determined that the financial condition of PIAMI had deteriorated and there could be no assurance that the amount owed would or could be collectable. The Company recorded a reserve of \$10,000,000 which resulted in holding the consolidated note receivable at a net zero value.

In November 2007, the Company entered into an agreement with Eurenergy to provide accounting and administrative services at \$15,000 per month. As of December 31, 2011, Eurenergy owes the Company \$156,900 for such services. In June 2009, the agreement with Eurenergy expired. As of December 31, 2011, the amount receivable from Eurenergy has been fully reserved. The Company entered into a similar agreement with Energy Advisors, LLC in July 2009. Energy Advisors, LLC paid all amounts due during 2010 and the arrangement was terminated.

The Company has payables to related parties of \$691,000 and \$953,000 for December 31, 2011 and 2010 respectively, balances which include amounts due for various accounting services such as payroll, insurance, supplies and other operational matters which the Company obtained through related parties. By purchasing these services through certain large entities, the Company believes it can get lower costs and better service.

It is the policy of the Company that all transactions between the Company and any officer or director, or any of their affiliates, must be approved by non-management members of the Board of Directors of the Company. All of the transactions described above were so approved.

#### OTHER MATTERS

The Board of Directors knows of no other matters that may be properly or should be brought before the Annual Meeting. However, if any other matters are properly brought before the Annual Meeting, the persons named in the enclosed proxy or their substitutes will vote in accordance with their best judgment on such matters.

#### FINANCIAL STATEMENTS

The audited financial statements of the Company, in comparative form for the years ended December 31, 2010 and 2011 are contained in the 2011 Annual Report to Stockholders, which was mailed to stockholders in April 2012. Such report and the financial statements contained therein are not to be considered part of this solicitation.

#### SOLICITATION OF PROXIES

THIS PROXY STATEMENT IS FURNISHED TO STOCKHOLDERS TO SOLICIT PROXIES ON BEHALF OF THE BOARD OF DIRECTORS OF NEW CONCEPT ENERGY, INC. The cost of soliciting proxies will be born by the Company. Directors and officers of the Company may, without additional compensation, solicit by mail, in person or by telecommunication.

FUTURE PROPOSALS OF STOCKHOLDERS

Stockholder proposals for our Annual Meeting to be held in 2013 must be received by us by December 31, 2012, and must otherwise comply with the rules promulgated by the Securities and Exchange Commission to be considered for inclusion in our proxy statement for that year. Any stockholder proposal, whether or not to be included in our proxy materials, must be sent to our Corporate Secretary at 1603 LBJ Freeway, Suite 300, Dallas, Texas 75234.

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COPIES OF NEW CONCEPT ENERGY, INC.'S ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011 TO THE SECURITIES AND EXCHANGE COMMISSION ON FORM 10-K AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (WITHOUT EXHIBITS) ARE AVAILABLE TO STOCKHOLDERS WITHOUT CHARGE THROUGH OUR WEBSITE AT WWW.NEWCONCEPTENERGY.COM OR UPON WRITTEN REQUEST TO NEW CONCEPT ENERGY, INC., 1603 LBJ FREEWAY, SUITE 300, DALLAS, TEXAS 75234, ATTN: DIRECTOR OF INVESTOR RELATIONS.

Dated: October 30, 2012.

By order of the Board of Directors,

Gene S. Bertcher  
President



New Concept Energy, Inc.

NOTICE OF INTERNET AVAILABILITY IF PROXY MATERIAL

The Notice of Meeting, Proxy Statement and Proxy Card  
are available at [www.newconceptenergy.com](http://www.newconceptenergy.com)

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned acknowledges receipt of the notice of annual meeting of stockholders of New Concept Energy, Inc. (the "Company"), to be held at 1603 LBJ Freeway, Suite 800, Dallas, Texas 75234, on November 29, 2012, beginning at 10:00 AM, Dallas Time, and the proxy statement in connection therewith and appoints Gene S. Bertcher the undersigned's proxy with full power of substitution for and in the name, place and stead of the undersigned, to vote upon and act with respect to all of the shares of Common Stock and Series B Preferred Stock of the Company standing in the name of the undersigned, or with respect to which the undersigned is entitled to vote and act, at the meeting and at any adjournment thereof.

The undersigned directs that the undersigned's proxy be voted as follows:

1. ELECTION OF DIRECTORS  For all nominees (except as marked to the contrary below)

Withhold authority to vote for all nominees listed below

Nominees: Roz Campisi Beadle, Gene S. Bertcher, James E. Huffstickler, Dan Locklear, Victor L. Lund

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(Instruction: To withhold authority to vote any individual nominee, write that nominee's name on the line provided above.)

2. RATIFICATION OF THE SELECTION OF SWALM AND ASSOCIATES AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2012 AND ANY INTERIM PERIOD.

FOR  AGAINST  ABSTAIN

3. IN THE DISCRETION OF THE PROXIES, ON ANY OTHER MATTER WHICH MAY PROPERLY COME BEFORE THE MEETING.

FOR  AGAINST  ABSTAIN

This proxy will be voted as specified above. If no specification is made, this proxy will be voted for the election of the director nominees in 1 above.

The undersigned hereby revokes any proxy heretofore given to vote or act with respect to the Common Stock or Series B Preferred Stock of the Company and hereby ratifies and confirms all that the proxies, their substitutes, or any of them may lawfully do by virtue hereof.

If more than one of the proxies named shall be present in person or by substitute at the meeting or at any adjournment thereof, the majority of the proxies so present and voting, either in person or by substitute, shall exercise all of the powers hereby given.

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Please date, sign and mail this proxy in the enclosed envelope. No postage is required.

Date \_\_\_\_\_, 2012

\_\_\_\_\_  
Signature of Stockholder

\_\_\_\_\_  
Signature of Stockholder

Please date this proxy and sign your name exactly as it appears hereon. Where there is more than one owner, each should sign. When signing as an attorney, administrator, executor, guardian or trustee, please add your title as such. If executed by a corporation, the proxy should be signed by a duly authorized officer.

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