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PAR TECHNOLOGY CORP  
Form DEF 14A  
April 25, 2002

SCHEDULE 14A INFORMATION

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

Filed by 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 ss. 240.14a-11(c) or ss. 240.14a-12

\_\_\_\_\_  
PAR Technology Corporation  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

[ x ] No fee required.

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

\_\_\_\_\_.

2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed  
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1) Amount Previously Paid: \_\_\_\_\_.

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2) Form, Schedule or Registration Statement No.: \_\_\_\_\_.

3) Filing Party: \_\_\_\_\_.

4) Date Filed: \_\_\_\_\_.

Dr. John W. Sammon, Jr.  
Chairman, President & Chief Executive Officer

PAR Technology Corporation  
8383 Seneca Turnpike  
New Hartford, NY 13413

[GRAPHIC OMITTED]

April 23, 2002

Dear Stockholders:

It is my pleasure to invite you to PAR Technology Corporation's 2002 Annual Meeting of Stockholders. We will hold the meeting on Thursday, May 23, 2002 at 10:00 a.m. at the Wyndham Boston Hotel, 89 Broad Street, Boston, MA 02210. During the Annual Meeting, we will discuss each item of business described in the Notice of Annual Meeting and Proxy Statement and give a report on the Company's business operations. There will also be time for questions.

This booklet includes the Notice of Annual Meeting and Proxy Statement. The Proxy Statement provides information about PAR in addition to describing the business we will conduct at the meeting.

We hope you will be able to attend the Annual Meeting. Whether or not you expect to attend, please vote your shares by signing, dating and returning the proxy card in the prepaid envelope; or vote in person at the meeting.

Sincerely,

/s/John W. Sammon, Jr.

[GRAPHIC OMITTED]

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PAR Technology Corporation  
8383 Seneca Turnpike, New Hartford, NY 13413-4991

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, MAY 23, 2002

Dear PAR Technology Shareholder:

The Annual Meeting of Shareholders of PAR Technology Corporation (the "Company") is scheduled to be held at the Wyndham Boston Hotel, 89 Broad Street, Boston, Massachusetts 02210 (see map on reverse of this page) on, Thursday, May 23, 2002, at 10:00 AM, local time, for the following purposes:

1. To elect one Director of the Company for a term of office to expire at the third succeeding Annual Meeting of Shareholders;
2. To ratify the selection of PricewaterhouseCoopers LLP as the independent accountants for the Company for the year 2002; and
3. Such other business as may properly come before the Meeting.

Only holders of record of the Company's common stock at the close of business on April 5, 2002 will be entitled to vote at the Meeting.

Every Shareholder's vote is important. Whether or not you plan to attend the Meeting, we request you complete, sign, date and return the enclosed proxy card promptly so your shares will be represented. Any person giving a proxy has the power to revoke it at any time before it is exercised and Shareholders of record who are present at the Meeting may withdraw their proxies and vote in person.

BY ORDER OF THE BOARD OF DIRECTORS

/s/Gregory T. Cortese  
Secretary

New Hartford, New York  
April 23, 2002

PLEASE COMPLETE, DATE, SIGN AND RETURN PROMPTLY THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES

Directions to the Wyndham Boston  
89 Broad Street  
Boston, Massachusetts 02110  
Phone: 617-556-0006 Fax: 617-556-0053

From Logan International Airport

Follow the signs to Boston via the Sumner Tunnel (toll \$2.00) At end of Tunnel

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follow signs onto I-93 South Take High Street exit #23 Follow Exit # 23 onto Oliver Street and proceed 3 blocks to Milk Street Turn right onto Milk Street and follow 2 blocks to Broad Street Turn right onto Broad Street The Wyndham Boston will be on your right

From Points North via I-93 South

Follow I-93 South into Boston  
Take High Street exit #23  
Follow Exit # 23 onto Oliver Street and proceed 3 blocks to Milk Street Turn right onto Milk Street and follow 2 blocks to Broad Street Turn right onto Broad Street The Wyndham Boston will be on your right

From Points South via I-93 North

Follow I-93 North into Boston Take Atlantic Avenue/Northern Avenue exit #22 Stay left off exit and follow Atlantic Avenue After one block follow Atlantic Avenue to the right At the second traffic light, turn left onto India Street Follow India Street 2 blocks and turn left onto Custom House Street Turn left onto Broad Street. The Wyndham Boston will be on your right

From Points West via I-90 East (Massachusetts Turnpike)

Follow I-90 (Mass Pike) East to the end and merge onto I-93 North Take Atlantic Avenue/Northern Avenue exit #22 Stay left off exit and follow Atlantic Avenue After one block follow Atlantic Avenue to the right At the second traffic light, turn left onto India Street Follow India Street 2 blocks and turn left onto Custom House Street Turn left onto Broad Street. The Wyndham Boston will be on your right

[GRAPHIC OMITTED]

PAR Technology Corporation  
8383 Seneca Turnpike, New Hartford, NY 13413-4991

April 23, 2002

### PROXY STATEMENT

Annual Meeting of Shareholders  
Thursday, May 23, 2002

The enclosed proxy is solicited by the Board of Directors of PAR Technology Corporation (the "Company") for use at the Annual Meeting of Shareholders to be held at 10:00 AM, local time, on May 23, 2002, and at any adjournment thereof.

Please complete, sign, date and return the enclosed proxy. When proxies in the form enclosed are returned properly executed, the shares represented thereby will be voted in accordance with the directions of the Shareholder. When no direction has been given by the Shareholder, the proxy will be voted FOR the election of the Director named below and FOR the ratification of PricewaterhouseCoopers LLP as independent accountants for 2002. The proxy solicited hereby may be revoked at any time prior to its exercise by executing and returning a proxy bearing a later date, by giving written notice of revocation to the Secretary of the Company at the address set forth above, or by attending the Meeting and voting in person.

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The cost of preparing and mailing this Notice and Proxy Statement and the enclosed proxy will be borne by the Company. In addition to the use of the mails, some of the officers, Directors and regular employees of the Company may solicit proxies in person, by telephone or other electronic means and may solicit brokers and other persons holding shares beneficially owned by others to procure from the beneficial owners consents to the execution of proxies. The Company will reimburse such brokers and other persons their reasonable fees and expenses for sending solicitation material to principals and obtaining their instructions.

The Company's Annual Report to its Shareholders for the year ended December 31, 2001, including audited financial statements, accompanies this Proxy Statement. That report is not incorporated in this Proxy Statement by reference. The approximate date on which this Proxy Statement and the accompanying form of proxy are first being sent or given to security holders is April 23, 2002.

### Record Date, Outstanding Common Stock, Voting Rights

Only Shareholders of record at the close of business on April 5, 2002, will be entitled to vote at the Annual Meeting or any adjournments thereof. As of that date, there were 7,880,760 shares of the Company's common stock outstanding and entitled to vote. The holders of shares representing 3,940,381 votes, represented in person or by proxy, shall constitute a quorum to conduct business.

Each share of common stock entitles the holder thereof to one vote on all matters to come before the Meeting including the election of the Directors.

A Shareholder may, with respect to the election of the Director: (i) vote for the nominee named herein, or (ii) withhold authority to vote for such nominee. The election of the Director requires a plurality of the votes cast. Accordingly, withholding authority to vote for the Director nominee will not prevent him from being elected.

A Shareholder may, with respect to the ratification of the selection of PricewaterhouseCoopers LLP as independent accountants: (i) vote "FOR", (ii) vote "AGAINST" or (iii) "ABSTAIN" from voting. A majority of the votes cast by the holders of shares of capital stock present or represented by proxy and entitled to vote thereon (a quorum being present) is required to ratify the selection of independent accountants. A vote to abstain from voting on this proposal has the legal effect of a vote against the matter.

A proxy may indicate that all or a portion of the shares represented by such proxy are not being voted with respect to a particular matter. This could occur, for example, when a broker or bank is not permitted to vote stock held in street name on certain matters in the absence of instructions from the beneficial owner of the stock. These "non-voted shares" will be considered shares not present and entitled to vote on such matters, although such shares may be considered present and entitled to vote for other purposes and will count for purposes of determining the presence of a quorum. Non-voted shares will not affect the determination of the outcome of the vote on any proposal to be decided at the meeting.

### Proposal 1: Election of Director

Under the Company's Certificate of Incorporation, the members of the Board are divided into three classes with approximately one-third of the Directors standing for election at each Annual Meeting of Shareholders. The Directors are elected for a three-year term of office, and will hold office until their respective successors have been duly elected and qualified. The class of

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Directors which was elected to hold office until the 2002 Annual Meeting of Shareholders consists of one Director. Therefore, at this meeting, one Director will be elected for a three-year term expiring at the Annual Meeting held in 2005. Unless a contrary direction is indicated, shares represented by valid proxies in the accompanying form will be voted FOR the election of the nominee named below. The nominee for Director named below is currently a member of the Board.

The Board of Directors has no reason to believe that the nominee will be unable or unwilling to serve if elected. In the event that the nominee named below shall become unable or unwilling to accept nomination or election as a Director, it is intended that such shares will be voted, by the persons named in the enclosed proxy, for the election of a substitute nominee selected by the Board, unless the Board should determine to reduce the number of Directors pursuant to the By-Laws of the Company.

The names of the nominee and each of the Directors, their ages as of April 23, 2002, the year each first became a Director, their principal occupations during at least the past five years, other Directorships held by each as of the date hereof and certain other biographical information are as set forth below by class, in order of the next class to stand for election.

### Nominee for Election to the Board of Directors

#### Term Expiring at the 2005 Annual Meeting of Shareholders

MR. JAMES A. SIMMS

Mr. Simms, age 42, is a Managing Director of the investment bank Adams, Harkness & Hill, Inc. He has directed that firm's Merger's & Acquisitions Group since 1997. Mr. Simms has been a Director of the Company since October 2001.

#### Members of the Board of Directors Continuing in Office

#### Term Expiring at the 2003 Annual Meeting of Shareholders

MR. SANGWOO AHN

Partner  
Morgan Lewis Githens & Ahn, LP  
Investment Bankers

Mr. Ahn, age 63, is one of the founders of the investment banking firm Morgan Lewis Githens & Ahn, LP. He has held the above position since 1982. Mr. Ahn is Chairman of the Board of Directors of Quaker Fabric Corporation. He is also a member of the Board of Directors of Kaneb Services, Inc., Kaneb Pipeline Partners, LP and Xanser Corp. Mr. Ahn has been a Director of the Company since March 1986.

MR. J. WHITNEY HANEY

Director

Mr. Haney, age 67, is a former President of ParTech, Inc., serving in that capacity from 1988 to 1997. Mr. Haney retired as an employee of ParTech, Inc. in January, 1998. Mr. Haney has been a Director of the Company since April 1988.

#### Term Expiring at the 2004 Annual Meeting of Shareholders

DR. JOHN W. SAMMON, JR.

Chairman of the Board and President

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Dr. Sammon, age 63, is the founder of the Company and has been the President and a Director since its incorporation in 1968. He was elected Chairman of the Board in 1983. Dr. Sammon is also a former President of ParTech, Inc. serving in that capacity from December 1997 through June 2000 and also currently holds various positions with other subsidiaries of the Company.

MR. CHARLES A. CONSTANTINO

Executive Vice President

Mr. Constantino, age 62, has been a Director of the Company since 1970 and has been Executive Vice President since 1974. He also holds various positions with one or more subsidiaries of the Company.

### Board of Directors and Committees

The business of the Company is under the general direction of the Board as provided by the By-Laws of the Company and the laws of Delaware, the state of incorporation. The Board met six times during the fiscal year ending December 31, 2001. All members of the Board attended more than 75% of the total number of meetings of the Board and Board committees on which they served. The Board has four standing committees: Executive, Audit, Compensation and Stock Option.

The Executive Committee. The Executive Committee is composed of three Directors: Dr. Sammon (Chairman), Mr. Constantino and Mr. Ahn. The Executive Committee met one time in 2001. The Executive Committee meets when required on short notice during intervals between meetings of the Board and has authority to exercise all of the powers of the Board in the management and direction of the business and affairs of the Corporation in all cases in which specific directions shall not have been given by the Board and subject to the limitations of the General Corporation Law of the State of Delaware.

The Audit Committee. The Audit Committee consists of three Directors: Mr. Ahn (Chairman), Mr. Haney and Mr. Simms. The Audit Committee met five times in 2001. The functions of the Audit Committee are included in the Report of the Audit Committee set forth below. The Board of Directors has adopted the Charter of the Audit Committee which is attached to this Proxy Statement as Appendix I. The members of the Audit Committee are "independent" as this term is defined by the New York Stock Exchange in its listing standards.

The Compensation Committee. The Compensation Committee is composed of three Directors: Mr. Ahn (Chairman), Dr. Sammon and Mr. Constantino. The Compensation Committee met three times in 2001. The Committee, which meets as required, reviews and establishes the compensation of the executive officers and other principal officers of the Company and its subsidiaries. The salaries and other compensation of any executive officers who are members of the Compensation Committee are subject to approval by the Board. The Committee also reviews and recommends to the Board compensation for outside Directors for service on the Board and committees of the Board, makes recommendations to the Stock Option Committee for stock option awards and recommends to the Board changes in the Company's incentive plans. The Report of the Compensation Committee set forth below describes the responsibilities of this committee, and discloses the basis for the compensation of the Chief Executive Officer, including the factors and criteria upon which that compensation was based; compensation policies applicable to the Company's executive officers; and the specific relationship of corporate performance to executive compensation for 2001.

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Stock Option Committee. The Stock Option Committee is composed of two Directors: Dr. Sammon (Chairman) and Mr. Constantino, both of whom are "disinterested persons" within the meaning of Rule 16b-3 as promulgated under the Security Exchange Act of 1934, as amended, and in compliance with the Company's 1995 Stock Option Plan. The Stock Option Committee met three times in 2001. The Committee, which meets as required, reviews recommendations of the Compensation Committee for stock option awards and otherwise serves as the administrative body for the Stock Option Plan.

### Director Compensation

Directors who are employees of the Company are not separately compensated for serving on the Board. In 2001, outside Directors received annual retainers of \$12,000 for membership on the Board and an attendance fee of \$1,500 per day for attendance at Board meetings (\$200 if attendance is via telephone) and any Committee meetings held on the same day and \$500 per day, prorated accordingly, for Committee meetings held on days other than Board meeting days. All Directors are also reimbursed for all reasonable expenses incurred in attending meetings. In addition, for serving on the Board, at the time of initial election or re-election, each non-employee Director receives a Nonqualified Stock Option to purchase 7,500 shares of the Company's common stock at the fair market value of the stock on the date of grant, vesting 2,500 per year over three years. From time to time, at the Board's discretion, such non-employee Directors may be granted additional Nonqualified Stock Options under the then existing stock option plan(s).

### CERTAIN TRANSACTIONS AND RELATIONSHIPS

During 1999, Mr. Charles A. Constantino, a Director and an Executive Officer of the Company, was granted loans from the Company's subsidiary, Rome Research Corporation, with annual interest rates of 8%. The largest aggregate amount outstanding (principal and interest) under such loans throughout 2001 was \$500,000. The principal and interest of such loans are due on demand from the Company. As of March 31, 2002, the total principal and interest outstanding on such loans was \$500,000.

John W. Sammon, III and Karen E. Sammon, members of the immediate family of Dr. John W. Sammon, Jr., the Company's Chairman of the Board and President, are principals in Sammon and Sammon, LLC, doing business as Paragon Racquet Club. Paragon Racquet Club is currently leasing a portion of the Company's facilities at a monthly base rate of \$9,775.

### REPORT OF THE AUDIT COMMITTEE

The Audit Committee reports and acts on behalf of the Board of Directors by providing oversight of the financial management, independent auditors and financial reporting process of the Company. The Company's Management has the primary responsibility for the financial statements and the reporting process including the Company's system of internal controls. The independent auditors, PricewaterhouseCoopers LLP, are responsible for auditing the Company's financial statements and expressing an opinion on the conformity of those audited financial statements with the generally accepted accounting principles. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee has reviewed and discussed with the independent auditors



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their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 61 (Communication with Audit Committee), as amended. In addition, the Audit Committee has received from PricewaterhouseCoopers LLP the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed the auditors' independence from management and the Company including the matters in the written disclosures. The Audit Committee fully considered the non-audit services provided by the independent auditors and the fees and costs billed and expected to be billed by the independent auditors for those services (shown below). In addition, the Audit Committee discussed with the Company's management the procedures for selection of consultants and the related competitive bidding practices and considered whether those non-audit services provided by the independent auditors are compatible with maintaining auditor independence. In reliance on the reviews and discussions with the Company's management and the independent auditors referred to above, the Committee believes that PricewaterhouseCoopers LLP's provision of non-audit services is compatible with and did not impair the independence of PricewaterhouseCoopers LLP.

The Audit Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with the internal and independent auditors to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. Such meetings are held with and without the presence of management. Access to the Audit Committee by internal and independent auditors is unrestricted.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) the inclusion of the audited consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2001 for filing with the Securities and Exchange Commission. The Audit Committee also recommended, and the Board approved, subject to Shareholder ratification, the selection of PricewaterhouseCoopers LLP as the Company's independent auditors.

Management has advised the Audit Committee that for the year ended December 31, 2001, the Company paid fees to PricewaterhouseCoopers LLP for services in the following categories:

Audit Fees:.....	\$ 106,000
Financial Information Systems Design and Implementation Fees:....	\$ 0
All Other Fees:.....	\$ 91,000

Audit Committee: Mr. Sangwoo Ahn (Chairman), Mr. J. Whitney Haney, Mr. James A. Simms

SECTION 16(a) BENEFICIAL OWNERSHIP  
Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and Directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities Exchange Commission, the New York Stock Exchange and the Company. Based solely on its review of the copies of such reports received by the Company and written representations from certain reporting persons that they were not required to file Form 5's, the Company believes that during 2001 all filing requirements were timely filed except that: one report was filed late by Mr. Charles A. Constantino, Member of

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the Executive Committee, to reflect a gift made on behalf of Mr. Constantino's wife (Elaine Constantino), which Mr. Constantino disclaims beneficial ownership of such shares; one report was filed late by Albert Lane, Jr., an Executive Officer, to reflect the grant of employee stock options in October 2001; one report was filed late by Ronald J. Casciano; an Executive Officer, to reflect the grant of employee stock options on January 2001 and October 2001; one report was filed late by James A. Simms, a member of the Board, to reflect his initial ownership of the Company's securities upon becoming a Director.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of the Company's common stock as of March 31, 2002, by each Director, by each of the Executive Officers named in the Summary Compensation Table below and by all Directors and Executive Officers as a group. The table also sets forth information regarding the ownership of the Company's common stock by Dimensional Fund Advisors, Inc. based on the Schedule 13G filed by Dimensional Fund Advisors, Inc. on January 30, 2002 with the Securities and Exchange.

Name of Beneficial Owner or Group	Amount and Nature of Beneficial Ownership (1)	Percent of Class (10)
Dr. John W. Sammon, Jr.....	3,883,300 (2)	49.28%
Charles A. Constantino.....	389,728 (3)	4.95%
Gregory T. Cortese .....	220,790 (4)	2.73%
J. Whitney Haney.....	164,755 (5)	2.09%
Sangwoo Ahn.....	67,500 (6)	*
Ronald J. Casciano.....	58,800 (7)	*
Albert Lane, Jr. ....	56,400 (8)	*
James A. Simms.....	0	*
All Directors and Executive Officers as a Group (8 persons).....	4,841,273	58.79%

#### Other Principal Beneficial Owners

Dimensional Fund Advisors, Inc.	647,200 (9)	8.38%
---------------------------------	-------------	-------

\* Represents less than 1%

The address for Dr. John W. Sammon, Jr. is c/o PAR Technology Corporation; PAR Technology Park; 8383 Seneca Turnpike; New Hartford, NY 13413-4991. The address for Dimensional Fund Advisors, Inc. is 1299 Ocean Avenue, 11th Floor, Santa Monica, CA 90401.

### EXECUTIVE COMPENSATION

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The following table sets forth information concerning compensation for each of the last three fiscal years awarded to, earned by, or paid to the Chief Executive Officer and the four most highly compensated Executive Officers of the Company other than the Chief Executive Officer.

Summary Compensation Table

Name and Principal Position -----	Year	Annual Compensation		Long Term Compen- sation	Awards
		Salary	Bonus (1)	Securities Underlying Options/ SAR's (#)	
				(2)	
Dr. John W. Sammon, Jr. Chairman of the Board and Chief Executive Officer	2001	\$ 76,837 (4)	\$ 16,200	0	\$
	2000	\$ 287,651	\$ 0	0	\$
	1999	\$ 279,282	\$ 47,000	0	\$
Charles A. Constantino Executive Vice President and Director	2001	\$ 238,703	\$ 66,806	0	\$
	2000	\$ 235,351	\$ 0	0	\$
	1999	\$ 228,504	\$ 32,900	0	\$
Gregory T. Cortese CEO & President, ParTech, Inc.	2001	\$ 225,000	\$ 40,500	0	\$
	2000	\$ 216,476	\$ 0	269,000	\$
Albert Lane, Jr. President, Rome Research Corporation and PAR Government Systems Corporation	2001	\$ 203,635	\$ 143,200	100,000	\$
	2000	\$ 173,480	\$ 78,262	0	\$
	1999	\$ 167,570	\$ 90,500	0	\$
Ronald J. Casciano Vice President, C.F.O. & Treasurer -----	2001	\$ 150,000	\$ 22,500	65,400	\$
	2000	\$ 144,736	\$ 0	15,000	\$
	1999	\$ 137,103	\$ 16,900	15,000	\$

### Options/SAR's Granted in Last Fiscal Year

The following table shows all grants of stock options to the Executive Officers named in the Summary Compensation Table during 2001. There were no stock appreciation rights ("SAR's") granted in 2001.

Name	Number of Securities Underlying Options/ SAR's Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Share)	Expiration Date (1)	Potential Reali
					Value at Assumed Rates of Stock Appreciation for Op
					5%(2)

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Ronald J. Casciano	20,400 (3)	5%	\$1.8750	01-09-11	\$ 24,055	\$ 6
	45,000 (4)	11%	\$2.6250	10-01-06	\$ 32,636	\$ 7
Albert Lane	100,000 (5)	25%	\$2.6250	10-01-06	\$ 72,524	\$16

Aggregated Option Exercises in 2001 and Year-End Option Values

The table which follows sets forth information concerning exercises of stock options during 2001 by each of the Executive Officers named in the Summary Compensation Table and the value of his unexercised Options as of December 31, 2001 based on a fair market value of \$2.64 per share of the Company's common stock on such date:

Name	Acquired on Exercise	Value (1) Realized	Number of Unexercised Options at 12/31/01	
			Exercisable	Unexercisable
Dr. John W. Sammon, Jr.	-----	-----	-----	-----
Charles A. Constantino	-----	-----	-----	-----
Gregory T. Cortese	-----	-----	197,750	146,250
Albert Lane, Jr.	-----	-----	24,000	108,000
Ronald J. Casciano	-----	-----	32,140	78,260
J. Whitney Haney	-----	-----	10,000	0

Compensation Committee Report

The Compensation Committee of the Board of Directors (the "Committee") performs annual reviews of the performance and contribution of the Company's executive officers against annual and long term commitments and objectives to determine the nature and extent of executive compensation actions. Decisions of the Committee relative to the compensation of employee Compensation Committee members (Dr. Sammon and Mr. Constantino) are subject to review and approval by a majority of the disinterested members of the Board.

General Compensation Policy

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The Company seeks to attract, motivate, retain and reward the management talent essential to achieving its business objectives and maintaining its leadership position in the industry. Compensation for the Company's executive officers in 2001 was consistent the fundamental principles of the executive compensation program:

- o Executive compensation must be tied to the Company's general performance and achievement of financial and strategic goals;
- o Executive compensation opportunities should be competitive with those provided by other leading high technology companies of comparable size; and
- o Executive compensation should provide incentives that align the long-term financial interests of the Company's executives with those of its Shareholders.

### Elements of Executive Compensation

To meet its policy objectives for executive compensation, the Company's executive compensation program consists of Base Salary and Stock Options.

**Base Salary.** The Compensation Committee reviewed and established the annual base salary of the executive officers for the fiscal year 2001. In setting annual base salaries, the Compensation Committee considered the salaries of relative executives in similar positions in the industry from its most recent contracted survey, the level and scope of responsibility, experience and performance of the executive, financial performance of the Company and overall general economic factors. The Compensation Committee believes that the companies with whom the Company competes for compensation purposes are not necessarily the same companies with which Shareholder cumulative returns are compared. The peer groups used in the Performance Graph below include the Standard & Poor's 500 Stock Index and those companies deemed most comparable to the Company's businesses for measuring stock performance. An objective of the Compensation Committee is to administer the salary for each executive management position within a range with a midpoint near the average midpoint for comparable positions at companies of similar size, geographic area and lines of business. In implementing its compensation policies, the Compensation Committee also considers the individual experience and performance of the executive, the performance of the organization over which the executive has responsibility, the performance of the Company and general economic conditions. The Compensation Committee gives such weight to each factor as it deems appropriate.

**Stock Options.** In furtherance of the objective of providing long-term financial incentives that relate to improvement in long-term Shareholder value, the Company awards stock options to its key employees (including executive officers) under the Company's 1995 Stock Option Plan ("Option Plan"). Stock options ("Options") granted under the Option Plan may be either Incentive Stock Options as defined by the Internal Revenue Code ("Incentive Stock Options") or Options which are not Incentive Stock Options ("Nonqualified Stock Options"). Upon review of recommendations from the Compensation Committee, the Stock Option Committee determines the key employees of the Company and its subsidiaries who shall be granted Options, the type of Options to be granted, the terms of the grant and the number of shares to be subject thereto. Option grants become exercisable no less than six months after the grant and typically expire ten years after the date of the grant. Option grants are discretionary and are reflective of the value of the recipient's position as well as the current

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performance and continuing contribution of that individual to the Company.

### CEO Compensation for Fiscal 2001

The Compensation Committee based the 2001 compensation of the Chief Executive Officer on the policies and practices described above. While the Compensation Committee established the 2001 salary compensation for Dr. Sammon at \$291,748, an increase of 1.4% over his 2000 salary, Dr. Sammon refused to accept payment of salary greater than \$76,837. Dr. Sammon, the Company's founder, became a Shareholder before the Company became publicly-owned and has not, to date, been granted options under the Option Plan or any of the Company's previous stock option plans in view of his already existing substantial interest in maximizing the value of the Company's common stock. In addition, Dr. Sammon is currently Chairman of the Stock Option Committee as a "disinterested person" and is not eligible to receive stock option grants under the current Option Plan.

#### Compensation Committee

Sangwoo Ahn, Chairman  
Dr. John W. Sammon, Jr.  
Charles A. Constantino

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate by reference this Proxy Statement, in whole or in part, the Report of the Audit Committee found earlier in this Proxy Statement, the above Compensation Committee Report and the Performance Graph set forth below shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 (the "1933 Act") or the Securities Exchange Act of 1934 (the "1934 Act"), except to the extent the Company specifically incorporates them by reference into a filing under the 1933 Act or the 1934 Act nor shall such Compensation Committee Report or Performance Graph be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the 1934 Act or to the liabilities of Section 18 of the 1934 Act, except to the extent that the Company specifically incorporates them by reference into a filing under the 1933 Act or the 1934 Act. As of the date of this Proxy Statement, the Company has made no such incorporation by reference or request.

#### Compensation Committee Interlocks and Insider Participation

Dr. John W. Sammon, Jr., Chairman of the Board and President of the Company and Mr. Charles A. Constantino, Executive Vice President of the Company serve as members of the Compensation Committee and the Stock Option Committee.

#### PERFORMANCE GRAPH

The following performance graph compares the cumulative total shareholder return on the Company's common stock with the Standard & Poor's 500 Index and the common stock of a self constructed peer group, whose returns are weighted according to their respective market capitalizations. The graph is constructed on the assumption that \$100 was invested in each of the Company's common stock, the S&P 500 Stock Index, and the peer group on December 31, 1996. The year-end values of each investment are based on share price appreciation and the reinvestment of dividends.

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	Cumulative Total Return					
	12/96	12/97	12/98	12/99	12/00	12/01
	-----	-----	-----	-----	-----	-----
PAR Technology Corporation..	100	65	43	34	14	19
S&P 500.....	100	133	171	208	189	166
Peer Group.....	100	111	90	218	91	77

The following companies are included in the Company's self constructed Peer Group: Aspeon, Inc. (formerly known as Javelin Systems, Inc.), Micros Systems, Inc., PAR Technology Corporation, Radiant Systems, Inc., Tridex Corporation.

Proposal 2: Ratification of the Selection of Independent Accountants

On the recommendation of the Audit Committee, the Board of Directors has selected PricewaterhouseCoopers LLP as the independent accountants to examine the financial statements of the Company and its subsidiaries for the year 2002. PricewaterhouseCoopers LLP has been employed to perform this function for the Company since fiscal 1980.

One or more representatives of PricewaterhouseCoopers LLP will be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Although this appointment is not required to be submitted to a vote of the Shareholders, the Board believes it is appropriate as a matter of policy to request that the Shareholders ratify the appointment. If the Shareholders do not ratify the appointment, the Audit Committee will investigate the reasons for Shareholder rejection and the Board will reconsider the appointment.

The Board of Directors recommends a vote FOR the proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent accountants for the 2002 fiscal year.

OTHER MATTERS

Other than the foregoing, the Board of Directors knows of no matters which will be presented at the Annual Meeting for action by Shareholders. However, if any other matters properly come before the Meeting, or any adjournment thereof, the persons acting by authorization of the proxies will vote thereon in accordance with their judgment.

SHAREHOLDER PROPOSALS FOR 2003 ANNUAL MEETING

Shareholders may submit proposals on matters appropriate for Shareholder action

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at the Company's annual meetings consistent with the regulations adopted by the SEC and the By-Laws of the Company. To be considered for inclusion in next year's Proxy Statement and form of proxy relating to the 2003 Annual Meeting, such proposals must be received at the Company's general offices no later than the close of business December 24, 2002. If a matter of business is received by March 9, 2003, the Company may include it in the Proxy Statement and form of proxy and, if it does, it may use its discretionary authority to vote on the matter. For matters that are not received by March 9, 2003, the Company may use its discretionary voting authority when the matter is raised at the Annual Meeting, without inclusion of the matter in its Proxy Statement. Proposals should be addressed to Gregory T. Cortese, Secretary, PAR Technology Corporation, PAR Technology Park, 8383 Seneca Turnpike, New Hartford, New York 13413-4991. The Company recommends all such submissions be by Certified Mail - Return Receipt Requested.

BY ORDER OF THE BOARD OF DIRECTORS

Gregory T. Cortese  
Secretary

April 23, 2002