FORCE PROTECTION INC
Form S-3/A
July 25, 2007

As filed with the Securities and Exchange Commission on July 25, 2007

Registration No. 333-140074

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2 to the

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FORCE PROTECTION, INC.

(Exact name of registrant as specified in its charter)

Nevada	**84-1383888**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)

9801 Highway 78, Bldg #1

Ladson, South Carolina 29456

(843) 740-7015

(Address, including zip code, and telephone

number including area code of registrant s principal executive offices)

Gordon McGilton

Chief Executive Officer

9801 Highway 78, Bldg #1

Ladson, South Carolina 29456

(843) 740-7015

(Name, address, including zip code and telephone number,

including area code, of agent for service)

Copies of all communications to:

Amy Trombly, Esq.

Trombly Business Law

1320 Centre Street, Suite 202

Newton, Massachusetts 02459

Phone (617) 243-0060

Approximate Date of Commencement of Proposed Sale to the Public: from time to time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to general Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities being registered (1)	**Amount to be registered**	**Proposed maximum offering price per share (2)**	**Proposed maximum aggregate offering price**	**Amount of registration fee**
Common Stock par value $0.001	13,000,000	$ 19.51	$ 253,630,000	$ 27,138.41

(1) Pursuant to Rule 416, there are also being registered such additional number of shares of common stock as may be issuable to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) Estimated for purposes of computing the registration fee pursuant to Rule 457(c) at $19.51 per share based upon the average of the high and low prices of $20.02 and $19.00 on January 11, 2007.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The Selling Security Holders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and the Selling Security Holders are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

FORCE PROTECTION, INC.

OFFERING UP TO 13,000,000 SHARES OF COMMON STOCK

This prospectus relates to the sale of up to 13,000,000 shares of our common stock by our stockholders. We are not selling any securities in this offering and therefore will not receive any proceeds from this offering. All costs associated with this registration will be borne by us.

The shares of common stock are being offered for sale by the selling stockholders at prices established on the NASDAQ Stock Market or in negotiated transactions during the term of this offering. Our common stock is quoted on the NASDAQ Stock Market under the symbol FRPT. On July **24**, 2007, the last reported sale price of our common stock was $**17.15** per share.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK.
YOU SHOULD PURCHASE SECURITIES ONLY IF YOU CAN AFFORD A COMPLETE LOSS.
SEE RISK FACTORS BEGINNING ON PAGE 4.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

SUBJECT TO COMPLETION, THE DATE OF THIS PROSPECTUS IS JULY 25, 2007

TABLE OF CONTENTS

THE COMPANY

We manufacture ballistic- and blast-protected vehicles, which have been used to support armed forces and security personnel in Iraq, Afghanistan, Kosovo and other hot spots around the globe. These specialty vehicles are protected against landmines, hostile fire and Improvised Explosive Devices (IEDs, commonly referred to as roadside bombs). We believe our mine and ballistic protection technology is among the most advanced in the world. We currently have two manufacturing facilities. One located in Ladson, South Carolina, is on a 260 acre campus comprised of three manufacturing buildings with a combined floor area of approximately 452,240 square feet and an additional 90,000 square feet warehouse facility. The second facility is located in Roxboro, North Carolina, and adds an additional 430,000 square feet of manufacturing capabilities. At June 30, 2007, we employed 970 employees.

Our executive offices are located at 9801 Highway 78, Building #1, Ladson, South Carolina 29456 and our telephone number is (843) 740-7015. Our website is www.forceprotection.net. Information contained on our website does not constitute part of this prospectus and our address should not be used as a hyperlink to our website.

THE OFFERING

Common stock outstanding as of July 10, 2007	68,207,649 shares
Common stock to be registered	13,000,000 shares
Common stock to be outstanding after this Offering	68,207,649 shares
Use of Proceeds	We will not receive any proceeds from the sale of common stock by the selling stockholders.
Stock Symbol	FRPT

RISK FACTORS

An investment in the offered shares involves a high degree of risk. Prospective investors should understand that they may lose their investment and should consider carefully the following risk factors in making their investment decision.

IF WE CAN NOT ACCESS SUFFICIENT FUNDS WHEN NEEDED, WE MAY NOT BE ABLE TO MEET OUR CONTRACTUAL OBLIGATIONS TO DELIVER OUR PRODUCTS AND OUR BUSINESS MAY FAIL.

We believe we have sufficient cash resources to continue operations at our current capacity, however in the event of an unanticipated change of circumstances, or if we secure additional orders, we could face liquidity constraints and we could require external financing to fund operations. Until we generate cash flow from operations that will be sufficient to satisfy our cash requirements, we will continue to seek alternative means for financing our operations and capital expenditures and/or postpone or eliminate certain investments or expenditures. Potential alternative means for financing may include leasing capital equipment, lines of credit, or obtaining additional debt or equity financing. When needed, additional financing may not be available, or available on acceptable terms. The inability to obtain additional financing or generate sufficient cash from operations could require us to reduce or eliminate expenditures for capital equipment, research and development, production or marketing of our products, or otherwise curtail or discontinue its operations, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, if we raise funds through the sale of additional equity securities, the common stock currently outstanding will be further diluted.

IF WE FAIL TO MAINTAIN AN EFFECTIVE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING, WE MAY NOT BE ABLE TO ACCURATELY REPORT OUR FINANCIAL RESULTS. AS A RESULT, CURRENT AND POTENTIAL STOCKHOLDERS COULD LOSE CONFIDENCE IN OUR FINANCIAL REPORTING, WHICH COULD HARM OUR BUSINESS AND THE TRADING PRICE OF OUR STOCK.

We restated our Financial Statements in our annual reports on Form 10-K for the fiscal years ended 2003, 2004 and 2005 and we amended our annual report on Form 10-K for the 2006 fiscal year. In response to identifying the need to restate our historical financials we evaluated our internal controls and procedures and took steps to strengthen our controls over financial reporting. Having recognized the need for a strong, skilled financial leader, we hired Michael Durski as Chief Financial Officer in the first quarter of 2007. We also established an active Audit Committee of the Board of Directors in the fourth quarter of 2006. Acting on a recommendation from the Audit Committee, we replaced our independent audit firm with a larger, regional firm of national recognition. Additionally, we implemented a new computer system during the month of June 2007 with the goal of improving our internal controls and we anticipate a complete change in our manner of collection, reporting, and management of accounting data, which we believe will further strengthen the overall reliability of financial data going forward. We cannot be certain that the measures we have taken and are planning to take will sufficiently and satisfactorily improve our financial reporting. We intend to continue to evaluate the effectiveness of our internal control over financial reporting. The evaluation, implementation and testing of these efforts could result in increased cost and could divert management attention away from operating our business.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Over time, controls may become inadequate because changes in conditions or deterioration in the degree of compliance with policies or procedures may occur. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As a result, we may still identify material weaknesses in our internal control over financial reporting in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in significant deficiencies or material weaknesses, cause us to fail to timely meet our periodic reporting obligations, or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of periodic management evaluations and annual auditor attestation reports regarding disclosure controls and the effectiveness of our internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to timely meet our reporting obligations and cause investors to lose confidence in our reported financial information, leading to a decline in our stock price.

WE DEPEND ON OUR SUPPLIERS AND IF WE CAN NOT OBTAIN CERTAIN COMPONENTS FOR OUR PRODUCTS, WE MIGHT HAVE TO DEVELOP ALTERNATIVE DESIGNS THAT COULD INCREASE OUR COSTS.

We depend upon a number of suppliers for components of our products. There is an inherent risk that certain components of our products will be unavailable for prompt delivery or, in some cases, discontinued. We have only limited control over any third-party manufacturer as to quality controls, timeliness of production, deliveries and various other factors. Should the availability of certain components be compromised, it could force us to develop alternative designs using other components, which could add to the cost of goods sold and compromise delivery commitments. If we are unable to obtain components in a timely manner, at an acceptable cost, or at all, we may need to select new suppliers, redesign or reconstruct processes we use to build the hulls and/or the vehicles, which management believes would take a minimum of one year. We may not be able to manufacture any vehicles for a period of time, which could materially adversely affect our business, results from operations, and financial condition.

WE DEPEND ON THE U.S. GOVERNMENT FOR A SUBSTANTIAL AMOUNT OF OUR SALES. IF WE DO NOT FIND ACCEPTANCE OF OUR PRODUCTS WITHIN THE U.S. GOVERNMENT, OUR BUSINESS MAY FAIL.

We serve the defense market and our sales are highly concentrated within the U.S. government. The customer relationship with the U.S. government involves certain risks that are unique such as the ongoing development of high-technology products, price, availability and quality of materials and suppliers.

U.S. defense spending has historically been cyclical. Defense budgets have received their strongest support when perceived threats to national security raise the level of concern over the country s safety. As these threats subside, spending on the military tends to decrease. Accordingly, while Department of Defense funding has grown rapidly over the past few years, there is no assurance that this trend will continue. Rising budget deficits, the cost of the Global War on Terrorism and increasing costs for domestic programs continue to put pressure on all areas of discretionary spending, which could ultimately impact the defense budget. Wartime support for defense spending could wane if the country s troop deployments in support of operations in Iraq and Afghanistan are reduced. A decrease in U.S. government defense spending or changes in spending allocation could result in one or more of our programs being reduced, delayed or terminated. Reductions in our existing programs, unless offset by other programs and opportunities, could adversely affect our ability to sustain and grow our future sales and earnings.

U.S. GOVERNMENT CONTRACTS GENERALLY ARE NOT FULLY FUNDED AT INCEPTION AND ARE SUBJECT TO TERMINATION. IF THE U.S. GOVERNMENT DOES NOT ORDER AS MANY VEHICLES AS WE ANTICIPATE, OUR BUSINESS WILL BE ADVERSELY AFFECTED.

Government contracts and subcontracts typically involve long purchase and payment cycles, competitive bidding, qualification requirements, delays or changes in funding, extensive specification development, price negotiations and milestone requirements. Each government agency also maintains its own rules and regulations with which we must comply and which can vary significantly among agencies. Governmental agencies also often retain some portion of fees payable upon completion of a project and collection of these fees may be delayed for several months or even years, in some instances.

In addition, an increasing number of government contracts are fixed price contracts which may prevent us from recovering costs incurred in excess of our budgeted costs. Fixed price contracts require us to estimate the total project cost based on preliminary projections of the project s requirements. The financial viability of any given project depends in large part on our ability to estimate such costs accurately and complete the project on a timely basis. In the event actual costs exceed the fixed contractual cost, we may not be able to recover the excess costs.

Some government contracts are also subject to termination or renegotiation at the convenience of the government, which could result in a large decline in revenue in any given quarter. Although government contracts have provisions providing for the reimbursement of costs associated with termination, the termination of a material contract at a time when our funded backlog does not permit redeployment of staff could result in a reduction in the number of employees. In addition, the timing of payments from government contracts is also subject to significant fluctuation and potential delay, depending on the government agency involved. Any such delay could result in a temporary shortage in working capital.

SOME OF OUR PRODUCT COMPONENTS ARE MANUFACTURED IN SOUTH AFRICA OR OTHER FOREIGN COUNTRIES AND IF THEY BECOME UNSTABLE OR GOVERNMENT REGULATIONS CHANGE, OUR COSTS MAY INCREASE OR WE MAY BECOME UNABLE TO SOURCE CERTAIN PARTS.

Some of our product components are manufactured in South Africa and supplied from other foreign countries. If import tariffs or taxes increase for any reason, our cost of goods would increase. Our financial performance may be affected by changes in political, social and economic environment. The role of the central and local governments in the economy is significant. Policies toward economic liberalization, and laws and policies affecting foreign companies, foreign investment, currency exchange rates and other matters could change, resulting in greater restrictions on our ability to do business with suppliers based in other countries. The government could impose surcharges, increase tax rates, or revoke, terminate or suspend operating licenses without compensating us. Also, South Africa and other countries, from time to time, experience instances of civil unrest and hostilities. Confrontations have occurred between the military, insurgent forces, and civilians. If for these or any other reason, we lose our ability to sub-contract or manufacture the components to our products, or the cost of doing business increases, our business, financial condition, and results of operations would be materially and adversely affected.

WE MAY BE SUBJECT TO PERSONAL LIABILITY CLAIMS FOR OUR PRODUCTS AND IF OUR INSURANCE IS NOT SUFFICIENT TO COVER SUCH CLAIMS, OUR EXPENSES MAY INCREASE SUBSTANTIALLY.

We may be subject to personal liability claims and our insurance may not be adequate to cover such claims. As a result, a significant lawsuit could adversely affect our business. We may be exposed to liability for personal injury or property damage claims relating to the use of the products. Any future claim against us for personal injury or property damage could materially adversely affect the business, financial condition, and results of operations and result in negative publicity. Even if we are not found liable, the costs of defending a lawsuit can be high. We do not currently maintain insurance for this type of liability. Additionally, even if we do purchase insurance, we may experience legal claims outside of our insurance coverage, or in excess of our insurance coverage, or that insurance will not cover.

WE ARE SUBJECT TO SUBSTANTIAL COMPETITION AND WE MUST CONTINUE RESEARCH AND DEVELOPMENT TO REMAIN COMPETITIVE.

We are subject to significant competition that could harm our ability to win business and increase the price pressure on our products. We face strong competition from a wide variety of firms, including large, multinational vehicle, defense and aerospace firms. Most of our competitors have considerably greater financial, marketing and technological resources than we do which may make it difficult to win new contracts and we may not be able to compete successfully. Certain competitors operate fabrication facilities and have longer operating histories and presence in key markets, greater name recognition, larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources, as a result, these competitors may be able to adapt more quickly to new or emerging technologies and changes in customer requirements. They may also be able to devote greater resources to the promotion and sale of their products. Moreover, we may not have sufficient resources to undertake the continuing research and development necessary to remain competitive.

Competitors may attempt to independently develop similar designs or duplicate our products or designs. We or our competitors may intentionally or unintentionally infringe upon or misappropriate products or proprietary information. In the future, litigation may be necessary to enforce intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly. Currently we have no patents. Any patent or patents sub-licensed to us relating to current or future products may be challenged, invalidated, or circumvented or the rights granted there-under will may not be held valid if subsequently challenged. Our products are based on technological innovation. Consequently, the life cycles of our products can be relatively short. Our success depends significantly on our ability to establish and maintain a competitive position in this field. Our products may not remain competitive in light of technological developments by others. Our competitors may succeed in discovering and developing technology before we do that would render our technology, and hence our products, obsolete and noncompetitive.

WE MUST COMPLY WITH ENVIRONMENTAL REGULATIONS OR WE MAY HAVE TO PAY EXPENSIVE PENALTIES OR CLEAN UP COSTS.

We are subject to federal, state, local and foreign laws, and regulations regarding protection of the environment, including air, water, and soil. Our manufacturing business involves the use, handling, storage, and contracting for recycling or disposal of, hazardous or toxic substances or wastes, including environmentally sensitive materials, such as batteries, solvents, lubricants, degreasing agents, gasoline and resin. We must comply with certain requirements for the use, management, handling, and disposal of these materials. We do not maintain insurance for pollutant cleanup and removal. If we are found responsible for any hazardous contamination, we may have to pay expensive fines or penalties or perform costly clean-up. Even if we are charged, and later found not responsible, for such contamination or clean up, the cost of defending the charges could be high. If we do not comply with government regulations, we may be unable to ship our products or have to pay expensive fines or penalties. We are subject to regulation by county, state and federal governments, governmental agencies, and regulatory authorities from several different countries. If we fail to obtain regulatory approvals or suffer delays in obtaining regulatory approvals, we may not be able to marketing our products and services, and generate product and service revenues. Further, we may not be able to obtain necessary regulatory approvals. Although we do not anticipate problems satisfying any of the regulations involved, we cannot foresee the possibility of new regulations, which could adversely affect our business. Further our products are subject to export limitations and we may be prevented from shipping our products to certain nations or buyers.

WE RELY ON PROPRIETARY DESIGNS AND RIGHTS AND IF WE HAVE TO LITIGATE THOSE RIGHTS, OUR EXPENSES COULD SUBSTANTIALLY INCREASE.

Our success and ability to compete depend, in part, on the protection of our designs and technology. In addition, our technology could infringe on patents or proprietary rights of others. We have not undertaken or conducted any comprehensive patent infringement searches or studies. If any third parties hold any conflicting rights, we may be required to stop making, using or selling our products or to obtain licenses from and pay royalties to others. Further, in such event, we may not be able to obtain or maintain any such licenses on acceptable terms, if at all. We may need to engage in future litigation to enforce intellectual property rights or the rights of customers, to protect trade secrets or to determine the validity and scope of proprietary rights of others, including customers. This litigation could result in substantial costs and diversion of resources and could materially and adversely affect our results of operations.

WE DEPEND ON MANAGEMENT AND OTHER KEY PERSONNEL AND WE MAY NOT BE ABLE TO EXECUTE OUR BUSINESS PLAN WITHOUT THEIR SERVICES.

Our success and our business strategy depend in large part on our ability to attract and retain key management and operating personnel. Such individuals are in high demand and are often subject to competing employment offers. We depend to a large extent on the abilities and continued participation of our executive officers and other key employees. We do not presently maintain key man insurance on any employees. We believe that, as our activities increase and change in character, additional, experienced personnel will be required to implement our business plan. Competition for such personnel is intense and we may not be able to hire them when required, or have the ability to attract and retain them.

WE DO NOT INTEND TO PAY DIVIDENDS IN THE FORESEEABLE FUTURE; THEREFORE, YOU MAY NEVER SEE A RETURN ON YOUR INVESTMENT.

We do not anticipate the payment of cash dividends on our common stock in the foreseeable future. We anticipate that any profits from our operations will be devoted to our future operations. Any decision to pay dividends will depend upon our profitability at the time, cash available and other factors. Therefore, you may never see a return on your investment. Investors who anticipate a need for immediate income from their investment should not purchase our securities.

OUR STOCK PRICE IS VOLITILE AND YOU MAY NOT BE ABLE TO SELL YOUR SHARES FOR MORE THAN WHAT YOU PAID.

Our stock price has been subject to significant volatility, and you may not be able to sell shares of common stock at or above the price you paid for them. The trading price of our common stock has been subject to wide fluctuations in the past. From July 10, 2006 through July 10, 2007, our common stock has traded at prices as low as $5.25 per share and as high as $31.16 per share. The market price of the common stock could continue to fluctuate in the future in response to various factors, including, but not limited to: quarterly variations in operating results; our ability to control costs and improve cash flow; announcements of technological innovations or new products by us or our competitors; changes in investor perceptions; and new products or product enhancements by us or our competitors. The stock market in general has continued to experience volatility which may further affect our stock price. As such, you may not be able to resell your shares of common stock at or above the price you paid for them.

FORWARD LOOKING STATEMENTS

This prospectus contains forward-looking statements, including, without limitation, statements concerning possible or assumed future results of operations and those preceded by, followed by or that include the words believes, could, expects, intends, anticipates, or similar expressions. actual results could differ materially from these anticipated in the forward-looking statements for many reasons including our ability to raise capital when necessary; availability of parts and raw materials for our products; continued customer acceptance of our products; on-going success of our research and development efforts and other risks described elsewhere in this prospectus. Although we believe the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made, and our future results, levels of activity, performance or achievements may not meet these expectations. We do not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in our expectations, except as required by law.

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by certain selling stockholders. We will not receive proceeds from the sale of shares of common stock in this offering.

DETERMINATION OF OFFERING PRICE

The selling stockholders may sell shares from time to time in negotiated transactions, brokers transactions or a combination of such methods at market prices prevailing at the time of the sale or at negotiated prices.

SELLING SECURITY HOLDERS

The following table sets forth the names of the Selling Security Holders, the securities beneficially owned by them, and the number of offered shares which may be offered for sale pursuant to this prospectus by each of the Selling Security Holders.

All information with respect to share ownership has been furnished by the Selling Security Holders. The offered shares may be offered from time to time by the Selling Security Holders named below. However, the Selling Security Holders are not obligated to sell any offered shares immediately under this prospectus. The table assumes that all of the offered shares held by the Selling Security Holders are sold, and that the Selling Security Holders acquire no additional shares of common stock before the completion of this offering.

Beneficial ownership is determined in accordance with the rules of the SEC, and for calculating the shares and percentage beneficially owned by each Selling Security Holder includes any securities which the person has the right to acquire within 60 days of the date of this prospectus through the conversion or exercise of any security or right.

Unless otherwise indicated below, each of the Selling Security Holders acquired the common stock included in this Registration Statement in a private placement that closed on December 20, 2006, at a price of $11.75 per share, resulting in gross proceeds to us of $152,750,000.

Name and Address of Selling Securityholder	**Number of Shares Beneficially Owned Before Offering**	**Number of Shares to be Offered Pursuant to this Prospectus (1)**	**Number of Shares Beneficially Owned after Offering**	**Percentage of Class Owned After Offering (2)**	
Calm Waters Partnership (3) c/o Baraboo Growth, LLC 115 S. 84th St. Suite 200 Milwaukee, WI 53214	3,250,000	750,000	2,500,000	3.67	%
Longview Fund, LP (4) c/o Viking Asset Management 600 Montgomery St., 44th Floor San Francisco, CA 94111	100,000	100,000	0	*	
Midsummer Investment LTD (5) c/o Midsummer Capital 295 Madison Ave., 38th Floor New York, NY 10017	3,778,300	200,000	1,778,300	2.61	%
Harbour Holdings Ltd. (6) c/o Skylands Capital, LLC 1200 N. Mayfair Rd., Suite 250 Milwaukee, WI 53226	657,300	117,300	540,000	*	

8

Skylands Special Investment LLC (7) c/o Skylands Capital, LLC 1200 N. Mayfair Rd., Suite 250 Milwaukee, WI 53226	311,700	56,700	255,000	*
Skylands Special Investment II LLC (8) c/o Skylands Capital, LLC 1200 N. Mayfair Rd., Suite 250 Milwaukee, WI 53226	43,500	8,000	35,500	*
Skylands Quest LLC (9) c/o Skylands Capital, LLC 1200 N. Mayfair Rd., Suite 250 Milwaukee, WI 53226	98,000	18,000	80,000	*
Ardsley Partners Fund II, LP (10) 262 Harbor Drive, 4th Floor Stamford, CT 06902	208,400	208,400	0	*
Ardsley Partners Institutional Fund, LP (11) 262 Harbor Drive, 4th Floor Stamford, CT 06902	127,000	127,000	0	*
Ardsley Offshore Fund, Ltd. (12) 262 Harbor Drive, 4th Floor Stamford, CT 06902	158,500	158,500	0	*
Marion Lynton (13) 262 Harbor Drive, 4th Floor Stamford, CT 06902	6,100	6,100	0	*
DKR Sound Shore Oasis Holding Fund Ltd. (14) c/o DKR Capital Partners LP 1281 E. Main Street Stamford, CT 06902	100,000	100,000	0	*
Alydar Fund LP (15) 222 Berkeley St., 17th Floor Boston, MA 02116	13,176	13,176	0	*
Alydar Fund Limited (16) 222 Berkeley St., 17th Floor Boston, MA 02116	500,485	500,485	0	*
Alydar QP Fund LP (17) 222 Berkeley St., 17th Floor Boston, MA 02116	186,339	186,339	0	*
Atlas Master Fund (18) 135 E. 57th St., 27th Floor New York, NY 10022	940,000	920,000	20,000	*
John Hancock Technology Leaders Fund (nominee: HARE & CO.) (19) 101 Huntington Ave., 6th Floor Boston, MA 02199	3,000	3,000	0	*

9

John Hancock Small Cap Equity Fund (nominee: HARE & CO.) (20) 101 Huntington Ave., 6th Floor Boston, MA 02199	1,554,500	390,000	1,164,500	1.71	%
JHF II Emerging Growth Fund (nominee: CANALSIDE & CO.) (21) 101 Huntington Ave., 6th Floor Boston, MA 02199	338,600	115,000	223,600	*	
JHT Emerging Growth Trust (nominee: BELIE & Co.) (22) 101 Huntington Ave., 6th Floor Boston, MA 02199	55,300	20,000	35,300	*	
John Hancock Technology Fund (nominee: HARE & CO.) (23) 101 Huntington Ave., 6th Floor Boston, MA 02199	222,000	222,000	0	*	
George Weiss Associates, Inc. Profit Sharing Plan (24) c/o George Weiss Associates, Inc. One State Street, 20th Floor Hartford, CT 06103	300,000	300,000	0	*	
IOU Limited Partnership (25) c/o George Weiss Associates, Inc. One State Street, 20th Floor Hartford, CT 06103	350,000	350,000	0	*	
OGI Associates LLC (26) c/o George Weiss Associates, Inc. One State Street, 20th Floor Hartford, CT 06103	97,580	97,580	0	*	
Weiss Multi-Strategy Partners LLC (27) c/o George Weiss Associates, Inc. One State Street, 20th Floor Hartford, CT 06103	2,420	2,420	0	*	
Lagunitas Partners LP (28) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133	1,118,000	100,000	1,018,000	1.49	%
Gruber & McBaine International (29) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133	306,000	20,000	286,000	*	
Trustees of Hamilton College (30) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133	89,000	20,000	69,000	*	

The Wallace Foundation (31) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133	72,500	20,000	52,500	*
Jon D and Linda W Gruber Trust (32) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133	156,250	20,000	136,250	*
J Patterson McBaine (33) c/o Gruber & McBaine Capital Management 50 Osgood Place, Penthouse San Francisco, CA 94133	188,400	20,000	168,400	*
Fidelity Commonwealth Trust: Fidelity Small Cap Retirement Fund (nominee: Bangle and Co) (34) 82 Devonshire St. Boston, MA 02109	200,000	200,000	0	*
Franklin Templeton Small Cap Growth Fund (Metlife Series) (nominee: AUTERMOORING & CO) (35) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403	76,100	76,100	0	*
Minnesota Life General Account Small Cap Growth (nominee: EMSEG & CO) (36) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403	35,300	35,300	0	*
Transamerica Franklin Small Mid Cap Growth Fund (nominee: GERLACH & CO.) (37) c/o Franklin Templeton Investments One Franklin Pkwy San Mateo, CA 94403				