

INSIGNIA SOLUTIONS PLC

Form DEF 14A

September 06, 2005

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**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

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Check the appropriate box:

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| <input type="checkbox"/> Preliminary Proxy Statement                                   | <input type="checkbox"/> Confidential, for Use of the<br>Commission |
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**INSIGNIA SOLUTIONS plc**

(Name of Registrant as Specified In Its Charter)

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2) Aggregate number of securities to which transaction applies:

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  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
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September 6, 2005

To Our Shareholders:

You are cordially invited to attend the 2005 Annual General Meeting of Shareholders of Insignia Solutions plc to be held at Apollo House, The Mercury Centre, Wycombe Lane, Wooburn Green, High Wycombe, Buckinghamshire, HP10 0HH, United Kingdom, on September 30, 2005, at 10:00 a.m., local time.

The matters expected to be acted upon at the meeting are described in detail in the following Notice of Annual General Meeting and Proxy Statement. Two of the resolutions to be acted upon are critical to our ability to fund our operations.

The first of these, Resolution no. 7, is a proposal to reduce the capital of the Company from £15,600,000 consisting of 3,000,000 preferred shares of 20p each and 75,000,000 ordinary shares of 20p each to £1,350,000 consisting of 3,000,000 preferred shares of 20p each and 75,000,000 ordinary shares of 1p each. This would allow us to issue ordinary shares, and American Depository Shares ( ADSs ) representing ordinary shares, at a price of less than 20p per share. Without this change, we are unable to raise equity capital if our shares are trading at prices lower than 20p per share. While we would hope that our shares would not trade below this level, the inability to raise capital in the event that they do, could jeopardize our ongoing business.

The second resolution, Resolution no. 8, that is critical to our ability to fund our operations is a proposal to increase our authorized share capital from £1,350,000 to £1,700,000 by the creation of an additional 35,000,000 ordinary shares. Currently, we are unable to issue new ordinary shares or warrants in financing transactions, as our authorized share capital does not provide for any shares in excess of those outstanding or reserved for issuance under outstanding warrants, our existing share subscription agreement and our employee share benefit plans. This proposal would enable us to issue new ordinary shares, which may be necessary to financing our business and enable us to pursue acquisitions and other business combinations, which could help us to increase our scale and market profile and pursue new revenue opportunities. Resolutions nos. 9 and 10 provide the Directors with the authority and the appropriate flexibility to issue the shares authorized under Resolution no. 8.

It is important that you use this opportunity to take part in the affairs of your company by voting on the business to come before this meeting. **WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED POSTAGE PAID ENVELOPE SO THAT YOUR SHARES MAY BE REPRESENTED AT THE MEETING.**

The proxy card should be returned to the offices of Insignia Solutions plc at Apollo House, The Mercury Centre, Wycombe Lane, Wooburn Green, High Wycombe, Buckinghamshire, HP10 0HH, United Kingdom, not later than 10:00 a.m. on September 28, 2005, being 48 hours prior to the time fixed for the Annual General

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Meeting, or in the case of ADS holders to the Bank of New York by 5:00 pm New York time on September 23, 2005 at PO Box 11209 New York, N.Y. 10203-0209, U.S.A. Returning the proxy card does not deprive you of your right to attend the meeting and to vote your shares in person.

The transfer books of Insignia Solutions plc will not be closed prior to the meeting but, pursuant to appropriate action by the Board of Directors, the record date for determination of holders of ADS entitled to notice of the meeting is August 31, 2005. If you have sold or transferred all of your shares in Insignia Solutions plc, please send this document and the accompanying form of proxy at once to the buyer or transferee or to the stockbroker or other agent who assisted you with the sale or transfer so that these documents can be forwarded to the buyer or transferee.

The Notice, Proxy Statement and Proxy Card enclosed herewith are sent to you by order of the Board of Directors.

Sincerely,

Mark E. McMillan  
Chief Executive Officer

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**INSIGNIA SOLUTIONS PLC**

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Insignia Solutions plc ( Insignia or the Company ) will be held at Apollo House, The Mercury Centre, Wycombe Lane, Wooburn Green, High Wycombe, Buckinghamshire, HP10 0HH, United Kingdom on September 30, 2005 at 10:00 a.m., local time, to transact the following business, items 1 through 6, 9 and 10 being ordinary business and items 7 and 8 being special business:

1. To receive the U.K. statutory accounts of Insignia for the year ended December 31, 2004, together with the Directors and Auditors reports thereon. The shareholders of the Company need not vote on this matter.

2. To receive and approve the Directors remuneration report.

3. To reappoint MacIntyre Hudson as the U.K. statutory auditors and independent accountants of the Company to hold office until the conclusion of the Company s next annual general meeting at which accounts are laid before the Company, and to authorize the Board of Directors of the Company to determine their remuneration.

4. To ratify the appointment of Burr, Pilger & Mayer LLP as the Company s United States independent auditors for the fiscal year ending December 31, 2005.

5. To re-elect as a director Nicholas, Viscount Bearstead.

6. To re-elect as a director David G Frodsham.

7. To consider, and if thought fit, approve the reduction of the nominal value of our ordinary shares through the following Special Resolution:

THAT, subject to the confirmation of the Court, the capital of the Company be reduced from £15,600,000 divided into 3,000,000 preferred shares of 20p each and 75,000,000 ordinary shares of 20p each to £1,350,000 divided into 3,000,000 preferred shares of 20p each and 75,000,000 ordinary shares of 1p each and that such reduction be effected:

(i) by cancelling paid up capital to the extent of 19p on each of the issued ordinary shares of 20p each and reducing the nominal amount of such ordinary shares to 1p; and

(ii) by sub-dividing and redenominating each of the unissued ordinary shares of 20p into 1 ordinary share of 1p and 19 B shares of 1p each; and

(iii) by cancelling all the B shares so created and diminishing the Company s capital accordingly.

8. To increase the number of the Company s authorized shares by creating an additional 35,000,000 ordinary shares of 1p nominal value.

The following Ordinary Resolution will be considered at the meeting in relation to Proposal 8, which will require an affirmative vote of a majority of the votes cast at the meeting to be passed: THAT, conditionally upon (i) the passing of the Resolution numbered 7 above and (ii) such Resolution becoming effective, the Company s authorized share capital be increased from £1,350,000 to £1,700,000 by the creation of an additional 35,000,000 ordinary shares of 1p nominal value, each ranking pari passu in all respects with the existing ordinary shares in the capital of the Company.

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9. To authorize the Board of Directors of the Company to issue up to 51,000,000 ordinary shares and up to 3,000,000 preferred shares (or other securities derived from such ordinary shares and preferred shares, such as options or warrants) of the Company without first gaining shareholder approval, with such authority lasting a period of five years.

The following Ordinary Resolution will be considered at the meeting in relation to Proposal 9, which will require a majority of the shareholder votes cast at the meeting to be passed: THAT, conditionally upon (i) the passing of the Resolution numbered 7 above, (ii) such Resolution becoming effective, and (iii) the passing of the Resolution numbered 8 above, in accordance with Section 80 of the Companies Act 1985 (the Act), the directors be and are hereby generally and unconditionally authorized to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Act) up to an aggregate nominal amount of £1,110,000 provided that this authority (unless previously revoked or renewed) shall expire on September 29, 2010 and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and THAT the authority conferred on the directors by an ordinary resolution passed on June 23, 2004 to allot shares up to an aggregate nominal amount of £9,771,729.40 (to expire on June 22, 2009) shall cease to have effect upon and with effect from the passing of this resolution.

10. In conjunction with the authority proposed to be given in Proposal 9, to authorize the Board of Directors of the Company to issue up to 51,000,000 ordinary shares (or other securities derived from such ordinary shares, such as options or warrants) for cash without giving shareholders the first opportunity to purchase such shares or securities. This authority is to last a period of five years.

The following Special Resolution will be considered at the meeting in relation to Proposal 10, which will require at least 75% of the shareholder votes cast at the meeting to be passed: THAT, conditionally upon (i) the passing of the Resolution numbered 7 above, (ii) such Resolution becoming effective, and (iii) the passing of the Resolutions numbered 8 and 9 above, in accordance with Section 95(1) of the Act, the directors be and are hereby given power, for the period commencing on and with effect from the date of adoption of this Resolution and (unless previously revoked or renewed) expiring on September 22, 2010, to allot equity securities (as defined in Section 94(2) of the Act) pursuant to the authority conferred by the Resolution numbered 9 above as if Section 89(1) of the Act did not apply to such allotment and provided that the Company may before the expiry on September 22, 2010 of the authority conferred by this Resolution numbered 10 make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and THAT the power conferred on the directors by a special resolution passed on June 23, 2004 to allot shares up to an aggregate nominal amount of £9,771,729.40 as if Section 89 of the Act did not apply to such allotment (to expire on June 22, 2009) shall cease to have effect upon and with effect from the passing of this resolution.

11. To transact any other ordinary business of Insignia as may properly come before the meeting or any adjournments or postponements of the meeting.

BY ORDER OF THE BOARD

Mark E. McMillan  
Chief Executive Officer



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September 6, 2005

**Registered Office:**

Apollo House

The Mercury Centre

Wycombe Lane, Wooburn Green

High Wycombe

Buckinghamshire, HP10 0HH

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ACCOMPANYING PROXY IN THE ENCLOSED POSTAGE-PAID ENVELOPE SO THAT YOUR SHARES MAY BE REPRESENTED AT THE MEETING.

THE PROXY SHOULD BE RETURNED TO THE OFFICES OF INSIGNIA AT APOLLO HOUSE, THE MERCURY CENTRE, WYCOMBE LANE, WOOBURN GREEN, HIGH WYCOMBE, BUCKINGHAMSHIRE, HP10 0HH, UNITED KINGDOM, NOT LATER THAN 10:00 A.M. ON SEPTEMBER 28, 2005 BEING 48 HOURS PRIOR TO THE TIME FIXED FOR THE ANNUAL GENERAL MEETING OR IN THE CASE OF ADS HOLDERS TO THE BANK OF NEW YORK BY 5:00 PM NEW YORK TIME ON SEPTEMBER 23, 2005 AT PO BOX 11209 NEW YORK, N.Y. 10203-0209, U.S.A.

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of Insignia. Completion and return of a form of proxy will not prevent a member from attending and voting at the meeting.
  2. There are available for inspection at the registered office of Insignia during usual business hours on any weekday (Saturdays and public holidays excepted), and at the place of the Annual General Meeting from at least fifteen minutes prior to and until the conclusion of the Annual General Meeting:
    - (a) copies of the Directors' service agreements with Insignia or any of its subsidiaries other than those agreements expiring or determinable by the employing company without payment of compensation within one year; and
    - (b) the Register of Directors' Interests.
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**INSIGNIA SOLUTIONS PLC  
Apollo House  
The Mercury Centre  
Wycombe Lane, Wooburn Green  
High Wycombe  
Buckinghamshire, HP10 0HH  
United Kingdom**

**PROXY STATEMENT**

**September 6, 2005**

This Proxy Statement is for holders of ordinary shares of 20p each and holders of American depositary shares ( ADSs ) evidenced by American depositary receipts of Insignia Solutions plc ( Insignia ), a company organized under the laws of England and Wales. This proxy statement is furnished by the Board of Directors of Insignia (the Board ) in connection with the solicitation of specific voting instructions from holders of ADSs and proxies from holders of ordinary shares for voting at the Annual General Meeting of Insignia to be held at Apollo House, The Mercury Centre, Wycombe Lane, Wooburn Green, High Wycombe, Buckinghamshire, HP10 0HH, United Kingdom, on September 30, 2005 at 10:00 a.m. local time. All proxies will be voted in accordance with the instructions contained therein and, if no choice is specified, the person or persons appointed as proxy will vote or abstain from voting, at their discretion.

At August 1, 2005, Insignia had 42,503,025 ordinary shares issued and entitled to vote, of which approximately 93.5% were held in the form of ADSs. Each ADS represents one ordinary share. A minimum of two persons holding together not less than one-third of the ordinary shares in issue will constitute a quorum for the transaction of business at the meeting. This proxy statement and the accompanying form of Proxy were first mailed to shareholders on or about September 6, 2005. Attached, beginning at page F-1 of this proxy statement, is Insignia's U.K. Statutory Directors' Report and Accounts for the year ended December 31, 2004 prepared in compliance with the U.K. Companies Act 1985 (the Act ). In addition, the 2004 Annual Report and Form 10-K is enclosed with this proxy statement.

**VOTING RIGHTS AND SOLICITATION OF PROXIES**

Holders of ordinary shares entitled to attend and vote at the meeting may appoint a proxy to attend and, on a poll of such holders, to vote in their place. A proxy need not be a shareholder of Insignia. Voting will be by a poll on all the resolutions to be considered. Holders of Insignia's ordinary shares are entitled to one vote for each ordinary share held. Shares may not be voted cumulatively.

Proposals 2 through 6, 8 and 9 in the notice are ordinary resolutions. An ordinary resolution requires the affirmative vote of a majority of the votes cast at the meeting. Proposals 7 and 8 in the notice are special resolutions which require the affirmative vote of at least 75% of the votes cast at the meeting. Insignia will tabulate all votes and will separately tabulate, for each proposal, affirmative and negative votes, abstentions and broker non-votes. Abstentions and broker non-votes will not be counted in determining the votes. A form of proxy is enclosed which, to be effective, must be signed, dated and deposited at the Registered Office of Insignia (Apollo House, The Mercury Centre, Wycombe Lane, Wooburn Green, High Wycombe, Buckinghamshire, HP10 0HH) not less than 48 hours before the time of the meeting, together with the power of attorney or other authority (if any) under which it is signed. Holders of ADSs should complete and return the voting instruction form provided to them in accordance with the instructions contained therein, so that it is received on or before September 23, 2005. The close of business on August 31, 2005 has been fixed as the record date for the determination of the holders of ADSs entitled to provide voting instructions to The Bank of New York, as depositary.

Insignia will pay the expenses of soliciting proxies and voting instructions. Following the original mailing of the proxies and other soliciting materials, Insignia and/or its agents may also solicit proxies and voting

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instructions by mail, telephone, telegraph or in person. Following the original mailing of the proxies and other soliciting materials, Insignia will request that brokers, custodians, nominees, The Bank of New York, as depositary, and other record holders of Insignia's ordinary shares or ADSs forward copies of the proxies and other soliciting materials to persons for whom they hold ordinary shares or ADSs and request authority for the exercise of proxies and/or voting instructions. In such cases, Insignia, upon the request of the record holders, will reimburse such holders for their reasonable expenses.

**REVOCABILITY OF PROXIES**

Any person signing a proxy in the form accompanying this proxy statement has the power to revoke it any time prior to one hour before the commencement of the meeting by written instrument delivered to Insignia stating that the proxy is revoked, by attendance at the meeting and voting in person or by duly filing a replacement proxy. Please note, however, that if a person's shares are held of record by a broker, bank or other nominee and that person wishes to vote at the meeting, the person concerned should ensure that the broker, bank or other nominee duly appoints such person as its proxy in order that he or she may do so.

**As described further below, the Board of Directors has approved the matters set forth in Proposals 2 through 9 and believes that they are fair to, and in the best interests of, the Company and its shareholders. The Board of Directors recommends a vote for each of these proposals.**

**PROPOSAL 1: RECEIPT OF U.K. STATUTORY DIRECTORS' REPORT AND ACCOUNTS**

At the meeting, shareholders will receive the U.K. statutory accounts of Insignia in respect of the financial year ended December 31, 2004, together with Directors' and Auditors' reports relating to those accounts. It is a U.K. legal requirement that the accounts and the reports are laid before the shareholders of Insignia in general meeting, following which they will be approved by and signed on behalf of the Board of Directors and delivered to Companies House in the U.K. on or before October 31, 2005. Shareholders are not being asked to vote on this proposal. The U.K. statutory Directors' Report and Accounts are attached hereto beginning on page F-1.

**PROPOSAL 2: DIRECTORS' REMUNERATION REPORT**

At the meeting, shareholders will receive the Directors' remuneration report in respect of the financial year ended December 31, 2004. It is a U.K. legal requirement that the remuneration report is approved by the Board of Directors and laid before the shareholders of Insignia in general meeting. Shareholders will be asked to vote on the resolution approving the remuneration report for the financial year. The report will be delivered to Companies House in the U.K.

***THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 2***

**PROPOSAL 3: RE-APPOINTMENT OF U.K. INDEPENDENT ACCOUNTANTS**

Insignia has selected MacIntyre Hudson as its U.K. statutory auditors and independent accountants to perform the audit of Insignia's financial statements for the year ending December 31, 2005. The shareholders are being asked to reappoint MacIntyre Hudson to hold office until the conclusion of the Company's next annual general meeting at which accounts are laid before the Company and to authorize the Board of Directors of the Company to determine their remuneration. One or more representatives of MacIntyre Hudson are expected to be present at the meeting, will have the opportunity to make a statement at the meeting if they desire to do so and are expected to be available to respond to appropriate questions.

If Proposal 3 is passed by a majority of the shareholder votes cast at the meeting, the following ordinary resolution will be approved: THAT MacIntyre Hudson be reappointed as U.K. statutory auditors of Insignia to hold office until the conclusion of the next general meeting at which accounts are laid before the company and THAT the directors be authorized to fix their remuneration.

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***THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 3***  
**PROPOSAL 4: RATIFICATION OF U.S. INDEPENDENT ACCOUNTANTS**

Insignia has selected Burr, Pilger & Mayer LLP as its U.S. independent accountants to perform the audit of Insignia's financial statements for the fiscal year ending December 31, 2005. The shareholders are being asked to ratify such appointment. One or more representatives of Burr, Pilger & Mayer LLP will be available to attend the meeting telephonically to respond to appropriate questions and will be given the opportunity to make a statement if they desire to do so.

***THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 4***  
**PROPOSALS 5 AND 6: RE-ELECTION OF DIRECTORS**

At the meeting, shareholders will consider the re-election of Nicholas Viscount Bearstead and David G. Frodsham who retired by rotation.

Insignia's Articles of Association stipulate that the minimum number of directors is two, but do not set any maximum number. Directors may be elected by the shareholders, or appointed by the Board, and remain in office until they resign or are removed by the shareholders. In addition, at each Annual General Meeting the third of the directors who have been in office longest since their last election, as well as any directors appointed by the Board during the preceding year, are required to resign and are then considered for re-election, assuming they wish to stand for re-election. Of the current directors, Mark McMillan and Richard Noling will be considered for re-election in 2006, assuming no additional directors are appointed by the Board during the year. In the election of directors, each shareholder is entitled on a poll to one vote for each ordinary share held. Shares may not be voted cumulatively.

**Directors/Nominees**

The names of the nominees and the other directors of Insignia, and other information about them as of August 1, 2005, are set forth below:

Name of Nominee or Director	Age	Principal Occupation	Director Since
<b>Nominees</b>			
Nicholas, Viscount Bearsted(1)(2)	55	Chairman of the Board of Insignia	1988
David G. Frodsham(2)	49	Chief Executive Officer of Argo Interactive Group	1999
<b>Directors</b>			
Mark E. McMillan	42	Chief Executive Officer and President of Insignia	2003
Richard M. Noling	56	Chief Executive Officer of ThinGap Motor Technologies and Former Chief Executive Officer of Insignia	1997
Vincent S. Pino(1)(2)	57	Retired President of Alliance Imaging	1998

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

Mark E. McMillan was named Chief Executive Officer and a director of Insignia in February 2003. Mr. McMillan joined Insignia in November 1999 as Senior Vice President of Worldwide Sales and Marketing, was promoted to Executive Vice President of Worldwide Sales and Marketing in May 2000 and Chief Operating Officer in October 2000. Mr. McMillan was promoted to President in July 2001. Before joining Insignia, Mr. McMillan served as Vice President of Sales, Internet Division, for Phoenix Technologies Ltd. Prior to that, Mr. McMillan served as Phoenix's Vice President and General Manager of North American



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Operations. Before joining Phoenix, he was founder, CEO and general partner of Vision Technologies, LLC, a manufacturer of segment-zero personal computers. Prior to that, Mr. McMillan co-founded and served as President of Softworks Development Corporation, a regional distributor of PC components that he sold in 1991.

Nicholas, Viscount Bearsted has served as Chairman of the Board of Directors of the Company since March 1997 and as a director of the Company since January 1988. He also served as Chairman of the Board from January 1988 to March 1995, and he was the Company's Chief Executive Officer from September 1988 until September 1993. From May 1999 to July 2000 he also served as Chief Executive Officer of Airpad Ltd., a company based in the United Kingdom that developed and manufactured peripheral products for the games console and personal computer market. From January 1996 to May 1996, he served as Chief Executive Officer and a director, and from April 1994 to January 1996, as Deputy Chief Executive Officer and a director, of Hulton Deutsch Collection Ltd., a photographic content provider. He founded Alliance Imaging Inc. in 1984 and served as a senior executive until 1987 and as a director until 1988. Since 1980, he has been a corporate and computer consultant. He received a Bachelors degree in chemistry from Oxford University in 1972. He also serves as a Director of Mayborn Group plc.

David G. Frodsham was appointed a director of the Company in August 1999. He currently serves as Chief Executive Officer of Argo Interactive Group plc, a British software company specializing in device intelligence from the wireless internet. Previously, he was Chief Operating Officer with Phoenix Technologies Ltd from 1998 through 1999. At Phoenix, he was the General Manager Europe from 1994 to 1996, Vice President and General Manager, PC Division during 1997, and Senior Vice President Products Division from 1997 to 1998. Prior to that he founded and was CEO for Distributed Information Processing Research Ltd., involving software design for the handheld/palmtop market. Before that he was International Business Manager with Psion PLC, and also held technical and marketing positions with SEL and Zeneca. He received a B. Sc. from Kings College, London and an MBA from INSEAD in France.

Richard M. Noling has served as a director of the Company since March 1997. He currently serves as Chief Executive Officer of ThinGap Technologies. He was Insignia's Chief Executive Officer from March 1997 to February 2003 and President from March 1997 to July 2001. He also served as Chief Financial Officer, Senior Vice President of Finance and Operations and Company Secretary between April 19, 1996 and October 1, 1997 and Chief Operations Officer between February and March 1997. From August 1995 to February 1996, Mr. Noling was Vice President and Chief Financial Officer at Fast Multimedia, Inc., a German-based computer software and hardware developer. From November 1994 to August 1995, he was Chief Financial Officer for DocuMagix Inc., a personal paper management software company. From June 1991 to October 1994, Mr. Noling served as Senior Vice President and Chief Financial Officer for Gupta Corporation. He received a Bachelor of Arts degree in aerospace and mechanical engineering science from the University of California (San Diego) in 1970. He received an M.A. degree in theology from the Fuller Theological Seminary in 1972, and an M.S. degree in business administration in 1979 from the University of California (Irvine).

Vincent S. Pino was appointed a director of the Company in October 1998. He served as President of Alliance Imaging, Inc. in February 1998, and retired in November 2000. Alliance Imaging is a provider of diagnostic imaging and therapeutic services. Mr. Pino began his association with Alliance in 1988 as Chief Financial Officer. From 1991 through 1993 Mr. Pino held the position of Executive Vice President and Chief Financial Officer. From 1986 to 1988, Mr. Pino was President of Pacific Capital, where he provided financial consulting services to corporations and publicly registered real estate limited partnerships. Prior to joining Pacific Capital, Mr. Pino held executive staff positions with Petrolane Incorporated, a diversified services company. Mr. Pino received an MBA and a B.S. degree in finance from the University of Southern California in 1972 and 1970, respectively.

**Director Nomination**

*Criteria for Board Membership.* In selecting candidates for appointment or re-election to the Board, the Board considers the appropriate balance of experience, skills and characteristics required of the Board of

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Directors, and seeks to insure that at least a majority of the directors are independent under the rules of the Nasdaq Stock Market, that members of the Company's audit committee meet the financial literacy and sophistication requirements under the rules of the Nasdaq Stock Market and at least one of them qualifies as an audit committee financial expert under the rules of the Securities and Exchange Commission. Nominees for director are selected on the basis of their depth and breadth of experience, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties.

*Shareholder Nominees.* The Board of Directors will consider written proposals from shareholders for nominees for director. Any such nominations should be submitted to the Board of Directors c/o the Secretary of the Company and should include the following information: (a) all information relating to such nominee that is required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected); (b) the names and addresses of the shareholders making the nomination and the number of shares of the Company's common stock which are owned beneficially and of record by such shareholders; and (c) appropriate biographical information and a statement as to the qualification of the nominee, and should be submitted in the time frame described under the caption, "Shareholder Proposals for 2005 Annual Meeting" below.

*Process for Identifying and Evaluating Nominees.* The Board of Directors believes the company is well-served by its current directors. In the ordinary course, absent special circumstances or a material change in the criteria for Board membership, the Board of Directors will renominate incumbent directors who continue to be qualified for Board service and are willing to continue as directors. If an incumbent director is not standing for re-election, or if a vacancy on the Board occurs between annual shareholder meetings, the Board of Directors will seek out potential candidates for Board appointment who meet the criteria for selection as a nominee and have the specific qualities or skills being sought. Director candidates will be selected based on input from members of the Board, senior management of the company and, if the Board of Directors deems appropriate, a third-party search firm. The Board of Directors will evaluate each candidate's qualifications and check relevant references; in addition, such candidates will be interviewed by at least one member of the Board of Directors. Candidates meriting serious consideration will meet with all members of the Board. Based on this input, the nominating committee will evaluate which of the prospective candidates is qualified to serve as a director and whether this candidate be appointed to fill a current vacancy on the Board, or presented for the approval of the shareholders, as appropriate.

The Company has never received a proposal from a shareholder to nominate a director. Although the Board of Directors has not adopted a formal policy with respect to shareholder nominees, the Board expects that the evaluation process for a shareholder nominee would be similar to the process outlined above.

*Board Nominees for the 2005 Annual Meeting.* Both of the nominees listed in this Proxy Statement are current directors standing for re-election. Viscount Bearstead was elected by the Board of Directors in 1991. Mr. Frodsham was elected by the Board of Directors in August 1999.

**Board Meetings and Committees**

The Board met 13 times, including telephone conference meetings, during 2004. No director attended fewer than 90% of the aggregate of the total number of meetings of the Board (held during the period for which he was a director) and the total number of meetings held by all committees of the Board on which such director served (during the period that such director served).

The Board has determined that the following directors are independent under current Nasdaq Marketplace Rules: Nicholas, Viscount Bearsted, Vincent Pino and David Frodsham.

Standing committees of the Board include an Audit Committee and a Compensation Committee. The Board does not have a nominating committee or a committee performing similar functions.

Nicholas, Viscount Bearsted, Mr. Frodsham and Mr. Pino are the current members of the Audit Committee, which met five times during 2004. The Audit Committee meets with Insignia's independent

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accountants to review the adequacy of Insignia's internal control systems and financial reporting procedures; reviews the general scope of Insignia's annual audit and the fees charged by the independent accountants; reviews and monitors the performance of non-audit services by Insignia's auditors, reviews the fairness of any proposed transaction between any officer, director or other affiliate of Insignia and Insignia, and after such review, makes recommendations to the full Board; and performs such further functions as may be required by any stock exchange or over-the-counter market upon which Insignia's shares may be listed.

Nicholas, Viscount Bearsted and Mr. Pino are the current members of the Compensation Committee, which met once during 2004. In 2004, the Compensation Committee consisted of John Fogelin and Vincent Pino. Nicholas, Viscount Bearsted was appointed to the Compensation Committee in April 2005, following Mr. Fogelin's resignation in December 2004. The Compensation Committee recommends compensation for officers and employees of Insignia, grants options under Insignia's employee option plans (other than grants to non-officers of options pursuant to guidelines established by the Board, which may be made by Nicholas, Viscount Bearsted, Insignia's Chairman, and Mark E. McMillan, Insignia's Chief Executive Officer) and reviews and recommends adoption of and amendments to share option and employee benefit plans.

### **Director Compensation**

Insignia pays each outside director \$1,000 for every regular meeting attended, \$2,500 per quarter of service on the Board, \$500 per quarter for service on each committee, plus \$500 for each committee meeting attended, and reimburses outside directors for reasonable expenses in attending meetings of the Board. The Chairman of the Board receives an additional \$1,500 per quarter. In addition, each new outside director is granted an option to purchase 25,000 shares and each outside director is granted an option to purchase 10,000 shares annually for so long as he serves as an outside director.

For information concerning the compensation of Mr. McMillan and Mr. Noling, see Executive Compensation.

### **Communications with Directors**

Shareholders or other interested parties may communicate with any director or committee of the Board by writing to them c/o Audit Committee of the Board of Directors, Insignia Solutions plc, 41300 Christy Street, Fremont, CA, USA 94538-3115, or by sending an e-mail to [insgshareholder@insignia.com](mailto:insgshareholder@insignia.com). Comments or questions regarding the Company's accounting, internal controls or auditing matters will be referred to members of the Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to members of the Board of Directors.

The Company has a policy of encouraging all directors to attend the annual shareholder meetings. Two of our directors attended the 2004 annual meeting.

### **Code of Ethics**

The Company has adopted a code of ethics that applies to all officers and employees, including its principal executive officer, principal financial officer and controller. This code of ethics is filed as Exhibit 14.0 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 filed with the Securities and Exchange Commission.

## ***THE BOARD RECOMMENDS A VOTE FOR PROPOSALS 5 AND 6*** **PROPOSAL 7: REDUCTION OF NOMINAL VALUE OF ORDINARY SHARES**

At the meeting, shareholders will be asked to vote on a resolution to reduce the Company's paid up share capital (the reduction). The resolution will have the effect of reducing the nominal value of each ordinary share, both issued and unissued, from 20p to 1p. The reduction will become effective once the order confirming it is registered with the U.K. Registrar of Companies. The application to the Court will be made as soon as possible after the meeting. The Company has arranged a provisional timetable with the Court which



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would allow for the procedure to be finalised in November. This timetable is subject to change according to the Court's schedule.

The Board of Directors of the Company believes that this resolution is necessary to provide the Company with greater flexibility in respect of its share capital. Under English law, the Company is prohibited from issuing shares at a discount to their nominal value. ADSs representing the Company's ordinary shares of 20p have recently been trading on NASDAQ at a price which, when taken together with the recent fluctuations in the exchange rate of the Dollar against Sterling, has caused the Board to become concerned that the NASDAQ-quoted price of an ADS may fall below the Dollar equivalent of the nominal value of the ordinary share it represents, i.e. 20p. In those circumstances, the Company would be prohibited from issuing any shares at their NASDAQ-quoted price, and would therefore be faced with significant difficulties in raising any further equity finance.

Shareholders will be aware that, under the terms of the securities subscription agreement made in February 2005 between the Company and Fusion Capital Fund II, LLC ( Fusion Capital ), Fusion Capital has agreed to subscribe for ADSs, at their NASDAQ-quoted price at the time of subscription, in regular tranches over the coming months up to a maximum aggregate subscription of \$12 million. These equity subscriptions currently represent the Company's principal source of finance. Under the terms of the agreement with Fusion Capital, no ADSs may be issued to Fusion Capital at a time when the subscription price for such ADSs would be less than the Dollar equivalent of 102.5% of the nominal value of the ordinary shares which they represent. A fall in the NASDAQ-quoted price of the Company's ADSs and/or a decline in the value of the Dollar against Sterling may therefore result in the Company's principal source of finance becoming unavailable to it.

Shareholders will also be aware that the Company has certain other outstanding obligations to issue ordinary shares, for example (i) warrants to subscribe for ADSs granted to Fusion Capital in connection with the subscription agreement referred to above, (ii) under its employee benefit plans and (iii) under the terms of a stock purchase agreement entered into in February 2005 pursuant to which the Company indirectly acquired the entire issued share capital of Mi4e Device Management AB ( Mi4e ). The entire consideration payable by the Company for the acquisition of Mi4e is to be satisfied by the issue of ADSs. A fall in the NASDAQ-quoted price of the Company's ADSs and/or a decline in the value of the Dollar against Sterling may therefore prevent the Company from complying with its outstanding obligations under (amongst other things) the warrants, its employee benefit plans and the Mi4e stock purchase agreement.

If the resolution to reduce the Company's share capital is passed at the meeting and subsequently confirmed by the High Court of England, the nominal value of each issued and unissued ordinary share of 20p will be reduced to 1p. Each ADS traded on NASDAQ will then represent one ordinary share of 1p as opposed to one ordinary share of 20p as currently; however the number of ordinary shares, and ADSs representing ordinary shares, will remain the same, and accordingly your directors do not anticipate that the reduction will have any impact on the market price of the ADSs. The Company will subsequently be able to issue ADSs for so long as the NASDAQ-quoted price of its ADSs exceeds the Dollar equivalent of 1p. The Company will therefore have significantly greater flexibility in respect of its share capital than currently. Shareholders should note that the proposed reduction of the Company's share capital will not have any immediate effect on the rights of existing shareholders. The rights and restrictions attaching to the ordinary shares of 1p will be identical to those attaching to the existing ordinary shares of 20p, and all the ordinary shares of 1p will rank pari passu in all respects with one another. In addition, since no new shares will be issued in connection with the reduction, the reduction will not be dilutive to the Company's existing shareholders.

If the resolution to reduce the Company's share capital is passed at the meeting, the Board of Directors would expect the necessary English legal requirements to be dealt with in November and for the reduction subsequently to be confirmed by the High Court of England and become effective. To become effective, the reduction requires both the approval of a special resolution of the Company's shareholders and the confirmation of the High Court and, if the resolution is passed at the meeting, the Board of Directors of the Company proposes immediately to apply to the High Court to seek confirmation of the reduction.

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As of August 1, 2005, the Company had an authorized share capital of £15,600,000 divided into 75,000,000 ordinary shares of 20p each and 3,000,000 preferred shares of 20p each. Pursuant to this Proposal above, shareholders will be asked to vote in favor of a resolution to reduce the capital of the Company, subject to the confirmation of the Court, to £1,350,000 divided into 3,000,000 preferred shares of 20p each and 75,000,000 ordinary shares of 1p each. Subject to that resolution being passed and being confirmed by the Court, each issued and unissued ordinary share of 20p immediately prior to the resolution becoming effective will be equivalent to 1 ordinary share of 1p with effect from the resolution becoming effective.

The following Special Resolution will be considered at the meeting in relation to Proposal 7, which will require at least 75% of the shareholder votes cast at the meeting to be passed: THAT, subject to the confirmation of the Court, the capital of the Company be reduced from £15,600,000 divided into 3,000,000 preferred shares of 20p each and 75,000,000 ordinary shares of 20p each to £1,350,000 divided into 3,000,000 preferred shares of 20p each and 75,000,000 ordinary shares of 1p each and that such reduction be effected: (i) by cancelling paid up capital to the extent of 19p on each of the issued ordinary shares of 20p each and reducing the nominal amount of such ordinary shares to 1p; and (ii) by sub-dividing and redenominating each of the unissued ordinary shares of 20p into 1 ordinary share of 1p and 19 B shares of 1p each; and (iii) by cancelling all the B shares so created and diminishing the Company's capital accordingly.

***THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 7***  
**PROPOSAL 8: INCREASE OF AUTHORIZED SHARE CAPITAL**

Shareholders will also be asked to vote at the forthcoming AGM on a resolution to increase the Company's authorized share capital by the creation of 35,000,000 new ordinary shares of 1p each. Each new ordinary share will rank pari passu in all respects with the existing ordinary shares in the capital of the Company. The Board of Directors of the Company believes that this increase in the number of authorized shares will provide the Company with the flexibility to act in the future with respect to financing programs, acquisitions and other corporate needs.

The Board of Directors of the Company has approved and recommends that the shareholders also approve Proposal 8 to increase the authorized share capital to £1,700,000 by the creation of an additional 35,000,000 ordinary shares of 1p nominal value. Each new ordinary share will rank pari passu in all respects with the existing ordinary shares in the capital of the Company.

As of August 1, 2005, there were 42,503,025 ordinary shares issued and outstanding. This number does not include 10,047,336 shares reserved for issuance under outstanding warrants to purchase ordinary shares, 6,353,700 shares reserved for future issuance under the Company's Employee Shares Purchase Plan, the UK Employee Share Option Scheme 1996 and the 1995 Stock Option Plan for US Employees, 4,762,325 shares reserved for issuance in connection with the private placement by Insignia Solutions Inc. of its preferred shares in June and July 2005, 989,896 shares issuable to the sellers of Mi4e or up to 16,000,000 shares issuable under the Fusion Capital subscription agreement.

The Board of Directors of the Company believes that the proposed increase in the number of authorized shares will provide the Company greater flexibility to act with respect to such corporate purposes as may be considered advisable by the Board of Directors. Such stock could be used, for example, for equity financings, acquisitions, employee benefit plans, stock splits or dividends and other corporate needs. The Board of Directors has no current plans to issue additional ordinary shares except pursuant to outstanding options and warrants, Insignia Solutions Inc. convertible preferred shares and pursuant to the \$12 million securities subscription agreement that we executed with Fusion Capital in February 2005 as described above under Proposal 7 and under Related Party Transactions below. The Board of Directors believes that approval of this Proposal 8 is necessary to provide the Company with the flexibility to pursue the types of opportunities described above without the added delay and expense of a special shareholders' meeting.

The increase in the authorized share capital of the Company will not have any immediate effect on the rights of existing shareholders. To the extent that the additional authorized ordinary shares are issued in the future, however, they will decrease the existing shareholders' percentage equity ownership and, depending



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upon the price at which they are issued as compared to the price paid by the existing shareholders for their shares, could be dilutive to the Company's existing shareholders.

The increase in the number of authorized ordinary shares and the subsequent issuance of additional ordinary shares could have the effect of delaying or preventing a change of control of the Company without further action by the shareholders. Authorized but unissued ordinary shares (or American depositary shares representing ordinary shares) could (within the limits imposed by applicable law) be issued in one or more transactions which would make a change in control of the Company more difficult, and therefore less likely. The availability of authorized but unissued ordinary shares might also discourage or frustrate a merger, a tender offer for the Company's ordinary shares (or American depositary shares representing ordinary shares) or other transactions at a premium over the market price that a shareholder may consider favorable.

In addition, the Company has a class of preferred shares, which may potentially be issued with rights and preferences designed by the Board of Directors to delay or prevent a change of control. The Company believes that the unissued preferred shares, together with the proposed increase of authorized ordinary shares, would be sufficient to implement the Company's anti-takeover measures and to pursue financing or business combination transactions with equity.

The Board of Directors is not aware of any attempt to take control of the Company and has not presented this Proposal 8 with the intention that the increase in the authorized share capital of the Company be used as a type of anti-takeover device. Although there are no current plans, the Company may utilize its increased share capital in transactions with strategic businesses or technologies that are complementary to the Company.

The following Ordinary Resolution will be considered at the meeting in relation to Proposal 8, which will require an affirmative vote of a majority of the votes cast at the meeting to be passed: THAT, conditionally upon (i) the passing of the Resolution numbered 7 above and (ii) such Resolution becoming effective, the Company's authorized share capital be increased from £1,350,000 to £1,700,000 by the creation of an additional 35,000,000 ordinary shares of 1p nominal value, each ranking pari passu in all respects with the existing ordinary shares in the capital of the Company.

***THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 8  
PROPOSALS 9 AND 10: ALLOTMENT OF SECURITIES***

Section 80 of the U.K. Companies Act 1985 prohibits a company from allotting securities without the authority of the shareholders of the company in general meeting. This is supplemented by Section 89 of the Act, which requires (subject to specified exemptions) that a company may not allot new securities for cash unless it has first offered them to existing shareholders.

The Board of Directors is presently authorized to allot shares up to an aggregate nominal value of £9,771,729.40, or 48,858,647 shares, pursuant to an ordinary resolution passed by Insignia on June 23, 2004 and expiring five years from that date, and to do so without first offering the shares to existing shareholders.

If Proposals 7 and 8 are passed, it is now proposed to cancel these authorities, to the extent that they have not already been relied upon and, by the passing of this Proposal 9 as an ordinary resolution, to authorize the Board, for a period of five years, to allot relevant securities having an aggregate nominal value of up to £1,110,000, or 51,000,000 ordinary shares of 1p nominal value and 3,000,000 preferred shares of 20p nominal value, which includes the proposed 35,000,000 share increase of authorized ordinary shares in Proposal 8.

Proposal 10, if passed as a special resolution, will authorize the Board, for a period of five years, to allot equity securities under the authority conferred by Proposal 9 without first offering them to existing shareholders.

Proposal 10 is a special resolution. A special resolution requires the affirmative vote of at least 75% of the votes cast at the meeting in order to pass.

The Company believes it has arranged for sufficient funding to finance its operations. However, the Company may require additional financing in the event its arrangements cannot be made effective and/or the

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Company's results are not as anticipated. Proposals 9 and 10 above authorize the Board to allot shares, as well as other types of securities and options or warrants to purchase securities. The Board believes that this authority will provide Insignia with the flexibility necessary to obtain additional financing, if necessary, because such waiver by the shareholders permits Insignia to issue equity capital without first offering such equity capital to the Company's existing shareholders, as required by Section 89 of the Act. There can be no assurance that Insignia will be able to obtain additional financing when needed, on acceptable terms, or at all. The failure to raise additional funds on a timely basis and on sufficiently favorable terms could have a material adverse effect on the business, operating results and financial condition of Insignia.

The following Ordinary Resolution will be considered at the meeting in relation to Proposal 9, which will require a majority of the shareholder votes cast at the meeting to be passed: THAT, conditionally upon (i) the passing of the Resolution numbered 7 above, (ii) such Resolution becoming effective, and (iii) the passing of the Resolution numbered 8 above, in accordance with Section 80 of the Companies Act 1985 (the Act), the directors be and are hereby generally and unconditionally authorized to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Act) up to an aggregate nominal amount of £1,110,000 provided that this authority (unless previously revoked or renewed) shall expire on September 29, 2010 and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and THAT the authority conferred on the directors by an ordinary resolution passed on June 23, 2004 to allot shares up to an aggregate nominal amount of £9,771,729.40 (to expire on June 22, 2009) shall cease to have effect upon and with effect from the passing of this resolution.

The following Special Resolution will be considered at the meeting in relation to Proposal 10, which will require at least 75% of the shareholder votes cast at the meeting to be passed: THAT, conditionally upon (i) the passing of the Resolution numbered 7 above, (ii) such Resolution becoming effective, and (iii) the passing of the Resolutions numbered 8 and 9 above, in accordance with Section 95(1) of the Act, the directors be and are hereby given power, for the period commencing on and with effect from the date of adoption of this Resolution and (unless previously revoked or renewed) expiring on September 29, 2010, to allot equity securities (as defined in Section 94(2) of the Act) pursuant to the authority conferred by the Resolution numbered 9 above as if Section 89(1) of the Act did not apply to such allotment and provided that the Company may before the expiry on September 29, 2010 of the authority conferred by this Resolution numbered 10 make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and THAT the power conferred on the directors by a special resolution passed on June 23, 2004 to allot shares up to an aggregate nominal amount of £9,771,729.40 as if Section 89 of the Act did not apply to such allotment (to expire on June 22, 2009) shall cease to have effect upon and with effect from the passing of this resolution.

***THE BOARD RECOMMENDS A VOTE FOR PROPOSALS 9 AND 10***

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**AUDIT COMMITTEE REPORT**

The Audit Committee of the Company's Board of Directors (the "Audit Committee") consists of three (3) non-employee directors, Nicholas, Viscount Bearsted, Vincent Pino and David Frodsham. Each of the members of the Audit Committee is independent as defined by the Nasdaq Marketplace Rules and each of them is able to read and understand fundamental financial statements. The Board has determined that Vincent Pino qualifies as an "audit committee financial expert" as defined by the rules of the Securities and Exchange Commission.

The Audit Committee operates under a written charter adopted by the Board in 2001. Among its other functions, the Audit Committee recommends to the Board, subject to shareholder ratification, the selection of the Company's independent accountants.

Management is responsible for the Company's internal controls and the financial reporting process. The independent accountants are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted accounting principles and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In this context the Audit Committee has met and held discussions with management and the independent accountants. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent accountants. The Audit Committee discussed with the independent accountants matters required to be discussed by Statement on Auditing Standards No. 61.

The Company's independent accountants also provided to the Audit Committee the written disclosure required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees." The Committee discussed with the independent accountants that firm's independence and considered whether the non-audit services provided by the independent accountants are compatible with maintaining its independence. The Audit Committee concluded after due consideration that the non-audit services provided by the independent accountants were compatible with maintaining independence.

Based on the Audit Committee's discussion with management and the independent accountants, and the Audit Committee's review of the representation of management and the report of the independent accountants to the Audit Committee, the Audit Committee recommends that the Board include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 filed with the Securities and Exchange Commission.

Submitted by the Audit Committee of the Company's Board of Directors:

Nicholas, Viscount Bearsted,  
Vincent Pino, and  
David Frodsham.

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**FEES BILLED FOR SERVICES RENDERED BY PRINCIPAL ACCOUNTANT**

For the fiscal years ended December 31, 2004, and 2003 and 2002, Burr, Pilger & Mayer LLP and their respective affiliates (collectively, BPM ), our current independent accountants and PricewaterhouseCoopers LLP, and their respective affiliates (collectively, PWC ) our former independent auditor and principal accountant, billed the approximate fees set forth below.

	<b>Total</b>	<b>Audit Fees(1)</b>	<b>Audit- Related Fees(2)</b>	<b>Tax Fees(3)</b>	<b>All Other Fees(4)</b>
2004 BPM	\$ 179,993	\$ 125,955	\$	\$ 25,775	