

LANTRONIX INC
Form S-3
December 14, 2016

As filed with the Securities and Exchange Commission on December __, 2016

Registration No. 333-_____

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

LANTRONIX, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

33-0362767

(I.R.S. Employer Identification Number)

7535 Irvine Center Drive, Suite 100

Irvine, California 92618

(949) 453-3990

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jeremy R. Whitaker

Chief Financial Officer

Lantronix, Inc.

7535 Irvine Center Drive, Suite 100

Irvine, California 92618

(949) 453-3990

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to public: From time to time after this Registration Statement becomes effective.

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

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, check the following box.

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.

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.

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.

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.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Number of shares to be registered ⁽¹⁾	Proposed maximum offering price per share ⁽²⁾	Proposed maximum aggregate offering price ⁽²⁾	Amount of registration fee
Common stock, \$0.0001 par value per share	1,941,748	\$ 1.62	\$3,145,632	\$ 365

Pursuant to Rule 416 under the Securities Act of 1933, as amended (the “Securities Act”), the shares being registered (1) hereunder include such indeterminate number of shares of common stock as may be issuable with respect to the shares being registered hereunder as a result of stock splits, stock dividends, or similar transactions.

Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457(c) of the Securities Act of (2) 1933 based on a price of \$1.62, which was the average of the high and low sales prices of the common stock, as reported on the Nasdaq Capital Market on December 6, 2016.

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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The selling stockholders 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 it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION, DATED [_____], 2016

1,941,748 Shares

LANTRONIX, INC.

Common Stock

This prospectus relates to the disposition of up to 1,941,748 shares of Lantronix, Inc. (“Lantronix”) common stock by the selling stockholders listed in this prospectus or their permitted transferees. The shares of common stock being offered by the selling stockholders were originally issued in a private placement to Hale Capital Partners, LP completed in June 2016.

All of the shares offered hereby are being sold by the selling stockholders named in this prospectus, or their permitted transferees, and Lantronix will not receive any proceeds from sales of these securities. Lantronix will bear the costs and fees of the registration of the shares, and the selling stockholders will bear all commissions and discounts, if any, attributable to the sales of the shares.

The prices at which the selling stockholders or their permitted transferees may dispose of their Lantronix shares will be determined by the selling stockholders at the time of sale and may be at the prevailing market price for the shares, at prices related to such market price, at varying prices determined at the time of sale, or at negotiated prices.

Information regarding the selling stockholders and the times and manner in which they may offer and sell the shares or interests therein under this prospectus is provided under “Selling Stockholders” and “Plan of Distribution” in this prospectus. The selling stockholders may resell the common stock to or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions.

You should carefully read this prospectus and any prospectus supplement, as well as the documents incorporated by reference or deemed to be incorporated by reference into this prospectus and any prospectus supplement, before you invest in our common stock.

Our common stock is listed on the NASDAQ Capital Market and traded under the symbol “LTRX.” On December 9, 2016, the last reported sale price for our common stock on the NASDAQ Capital Market was \$1.78 per share.

INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE SECTION OF THIS PROSPECTUS ENTITLED “RISK FACTORS” BEFORE YOU INVEST IN OUR SECURITIES.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2016.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the “SEC”) using a “shelf” registration process. Under this shelf registration process, selling stockholders may from time to time sell the shares of common stock described in this prospectus in one or more offerings.

All references to “Company,” “we,” “our,” or “us” refer solely to Lantronix, Inc. References to “selling stockholders” refer to those stockholders listed under the “Selling Stockholders” section of this prospectus, who may sell shares from time to time as described in this prospectus.

We may add, update or change any of the information contained in this prospectus or in any accompanying prospectus supplement we may authorize to be delivered to you. To the extent there is a conflict between the information contained in this prospectus and any accompanying prospectus supplement, you should rely on the information in the prospectus supplement. This prospectus, together with any accompanying prospectus supplement, includes all material information relating to this offering.

No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus or any accompanying prospectus supplement in connection with the offer made by this prospectus or any accompanying prospectus supplement. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or any accompanying prospectus supplement as if we had authorized it.

This prospectus and any accompanying prospectus supplement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor does this prospectus and any accompanying prospectus supplement constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

You should not assume that the information contained in this prospectus and any accompanying prospectus supplement is correct on any date after their respective dates, even though this prospectus or any prospectus supplement may be delivered or securities may be sold on a later date.

Investing in our securities involves a high degree of risk. You should carefully consider the section entitled “Risk Factors” in this prospectus and any accompanying prospectus supplement before you invest in our securities.

You should also carefully read the additional information described in the sections entitled “Incorporation of Certain Documents by Reference” and “Where You Can Find More Information” before you invest in our securities.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This prospectus, any accompanying prospectus supplement, and the documents we incorporate by reference in this prospectus and any accompanying prospectus supplement, contains forward-looking statements within the meaning of the federal securities laws, which statements are subject to substantial risks and uncertainties. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements. We have attempted to identify forward-looking statements by using words such as “may,” “believe,” “will,” “could,” “project,” “anticipate,” “expect,” “estimate,” “should,” “continue,” “potential,” “plan,” “forecasts,” “goal,” “seek,” “intend,” other forms of these words or expressions or the negative thereof.

In particular, this prospectus, any accompanying prospectus supplement, and the documents we incorporate by reference in this prospectus and any accompanying prospectus supplement, contain forward-looking statements relating to, among other things:

- predictions of earnings, revenues, expenses or other financial matters;
- forecasts of our liquidity position, results of operations or available cash resources;
- the impact of changes in our relationship with customers;
- plans or expectations with respect to our product development activities or business strategy;
- demand for our products or for the products of our competitors;
- the impact of pending litigation;
- the impact of recent accounting pronouncements; and
- assumptions underlying any of the foregoing.

We have based our forward-looking statements on our expectations and projections about trends affecting our business and industry and other future events. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition, results of operations or performance, to differ materially from our historical results or those expressed or implied in any forward-looking statement. Some of the risks and uncertainties that may cause actual results to differ from those expressed or implied in the forward-looking statements are described in the section entitled “Risk Factors” in this prospectus and in any accompanying prospectus supplement, as well as in our other filings with the SEC. In addition, actual results may differ as a result of additional risks and uncertainties of which we are currently unaware or which we do not currently view as material to our business. For these reasons, investors are cautioned not to place undue reliance on any forward-looking statements.

You should read this prospectus in its entirety, together with any accompanying prospectus supplement, the documents that we file as exhibits to the registration statement of which this prospectus is a part, and the documents

that we incorporate by reference into this prospectus and any accompanying prospectus supplement, with the understanding that our future results may be materially different from what we currently expect. The forward-looking statements we make speak only as of the date on which they are made. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof to conform such statements to actual results or to changes in our opinions or expectations, except as required by applicable law or the rules of The NASDAQ Stock Market, LLC. If we do update or correct any forward-looking statements, investors should not conclude that we will make additional updates or corrections.

We qualify all of our forward-looking statements by these cautionary statements.

PROSPECTUS SUMMARY

The following is a summary of what we believe to be the most important aspects of our business and the offering of our common stock under this prospectus. Please read the additional information in the sections entitled “Incorporation of Certain Documents by Reference” and “Where You Can Find More Information.”

Our Company

Lantronix, Inc. (the “Company,” “Lantronix,” “we,” “our,” or “us”) is a specialized networking company providing machine to machine (“M2M”) and Internet of Things (“IoT”) solutions. Our products deliver secure connectivity, device management and mobility for today's increasingly connected world. By networking and managing devices and machines that have never before been connected, we enable our customers to realize the possibilities of the IoT.

We began as a developer of solutions that helped to access, manage and network-enable IT machines and devices. In 2001, the Company positioned itself as an early innovator in the M2M market by expanding its focus to develop solutions that would allow original equipment manufacturers (“OEMs”) and end-users to web-enable their non-PC machines and devices. During the fiscal year ended June 30, 2012, we adopted a new strategy which included renewed focus on product development for the IoT market. Today, we are known as a global provider of smart IoT solutions that enable businesses to make better decisions with high levels of security, management and mobility.

We provide a broad portfolio of products intended to enhance the value of electronic devices and machines. Our products are typically used by enterprise and commercial businesses, government institutions, telecommunication and utility companies, financial institutions, healthcare providers and individual consumers.

We conduct our business globally and manage our sales teams by four geographic regions: the Americas; Europe, Middle East, and Africa (“EMEA”); Asia Pacific; and Japan.

Our principal executive offices are located at 7535 Irvine Center Drive, Suite 100, Irvine, California 92618, and our telephone number is (949) 453-3990. Our common stock is currently traded on the NASDAQ Capital Market under the symbol “LTRX.” We maintain a corporate website at www.lantronix.com. The contents of our website are not incorporated by reference into this prospectus and should not be considered to be a part of this prospectus or relied upon in connection herewith.

We were initially formed as a California corporation in June 1989. We reincorporated as a Delaware corporation in May 2000. Our fiscal year ends on June 30.

Stock Purchase Agreement

On June 16, 2016, we entered into a Common Stock Purchase Agreement (the “Stock Purchase Agreement”) with, and consummated a private placement of 1,941,748 shares of our common stock to, Hale Capital Partners, LP, a Delaware limited partnership (“HCP”). The offer and sale of the shares were not registered under the Securities Act in reliance on the exemption afforded by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder.

Pursuant to the Stock Purchase Agreement, we agreed to file a registration statement registering the resale of the shares issued to HCP under the Stock Purchase Agreement and to cause the registration statement to be declared effective by the SEC as soon as practicable, but in no event later than January 12, 2017.

The registration statement of which this prospectus is a part has been filed by us in fulfillment of our obligations under the Stock Purchase Agreement. We intend to maintain the registration until the earlier of (i) the fifth anniversary of the date the registration statement becomes effective, (ii) such time as all shares covered by this prospectus have been sold publicly, or (iii) such time as all shares covered by this prospectus can be freely resold without restriction or limitation under Rule 144 and without the requirement to be in compliance with Rule 144(c)(1) or otherwise under applicable securities laws.

We also have certain customary obligations under the Stock Purchase Agreement to indemnify for losses incurred by the initial selling stockholder in connection with any untrue statements of material fact or material omissions in the registration statement and for certain violations of securities and other similar laws.

On June 17, 2016, pursuant to the terms of the Stock Purchase Agreement, the board of directors of Lantronix (the “Board”) approved an increase in the size of the Board from five to six members, and appointed Martin Hale, Jr., the Chief Executive Officer of HCP, as a director to fill the vacancy created by the increase in the size of the Board.

The Offering

Common stock offered by us None

Common stock offered by the selling stockholders Up to 1,941,748 shares

Common stock outstanding immediately prior to this offering 17,469,935 shares (1)

Common stock outstanding immediately after the offering 17,469,935 shares (1)

Use of Proceeds We will not receive any proceeds from the resale by the selling stockholders of the common stock offered by this prospectus.

Risk Factors Investing in our securities involves a high degree of risk. Before making an investment decision, you should carefully consider all of the information in this prospectus and, in particular, you should evaluate the risk factors identified in this prospectus under “Risk Factors” beginning on page 5.

LTRX

**NASDAQ Capital Market
Symbol**

(1) Based upon the total number of issued and outstanding shares as of December 9, 2016.

RISK FACTORS

Investing in our securities involves a high degree of risk. Before making an investment decision, you should carefully consider the risks described in (i) the sections entitled “Risk Factors” in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, each as filed with the SEC, which are incorporated by reference in this prospectus in their entirety, (ii) the additional risks and uncertainties described below, and (iii) any amendment or updates to our risk factors reflected in subsequent filings with the SEC, including in any applicable prospectus supplement. For more information, see the sections entitled “Incorporation of Certain Documents by Reference” and “Where You Can Find More Information.” Our business, financial condition or results of operations could be materially adversely affected by any of these risks. In addition, the trading price of our securities could decline due to any of these risks, and you may lose all or part of your investment.

The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business, financial condition or results of operations.

This prospectus and the documents we incorporate by reference in this prospectus contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in this prospectus and in the documents incorporated by reference in this prospectus. For more information, see “Special Note Regarding Forward-Looking Information.”

Risks Related to Stockholders’ Sales of Shares, Including Those Issued in the Private Placement

Sales of a significant number of shares of our common stock in the public markets or significant short sales of our common stock, or the perception that such sales could occur, could depress the market price of our common stock and impair our ability to raise capital.

Sales of a substantial number of shares of our common stock or other equity-related securities in the public markets, could depress the market price of our common stock. If there are significant short sales of our stock, the price decline that could result from this activity may cause the share price to decline further, which, in turn, may cause long holders of the common stock to sell their shares, thereby contributing to sales of common stock in the market. Such sales also may impair our ability to raise capital through the sale of additional shares in the future at a time and price that our management deems acceptable, if at all.

We may not be able to maintain effectiveness of the registration statement of which this prospectus forms a part, which could impact the liquidity of our common stock.

Under the terms of the Stock Purchase Agreement with the initial selling stockholder, we are obligated to include the shares of common stock issued in the private placement in an effective registration statement. The registration statement of which this prospectus forms a part is intended to satisfy that obligation. We also agreed to use our commercially reasonable efforts to maintain the continuous effectiveness of the registration statement, but may not be able to do so. We cannot assure you that we will not be required to suspend or cease sales under the registration statement, that the SEC will not issue any stop order to suspend the effectiveness of the registration statement or that, if such a stop order is issued, we will be able to amend the registration statement to respond to the stop order to permit sales to be made under the registration statement in a timely manner or at all. To the extent the registration statement is not effective, the selling stockholders' ability to sell the shares of common stock may be limited, which could (depending on the extent of the selling stockholders' selling activity) have a material adverse effect on the liquidity of our common stock.

USE OF PROCEEDS

All proceeds from the disposition of the common shares covered by this prospectus will go to the selling stockholders. We will not receive any proceeds from the disposition of the common stock by the selling stockholders. See “Plan of Distribution.”

The selling stockholders will pay any underwriting discounts and commissions and expenses incurred by the selling stockholders for brokerage, accounting, tax or legal services or any other expenses incurred by the selling stockholders in disposing of the shares. We will bear the costs, fees and expenses incurred to effect the registration of the shares covered by this prospectus, including all registration and filing fees, Nasdaq listing fees and fees and expenses of counsel of the Company and HCP and our independent registered public accounting firm.

SELLING STOCKHOLDERS

We are registering 1,941,748 shares of our common stock to permit the selling stockholders to offer such shares for resale from time to time.

The table below lists the selling stockholders and other information regarding the beneficial ownership of the shares of common stock by each of the selling stockholders. The second column lists the number of shares of common stock beneficially owned by each selling stockholder as of December 9, 2016. The third column lists the shares of common stock being offered by this prospectus by the selling stockholders. The fourth column assumes the sale of all of the shares offered by the selling stockholders pursuant to this prospectus.

The selling stockholders may sell all, some or none of their shares in this offering. See “Plan of Distribution.”

Name of Selling stockholder	Number of Shares of Common Stock Owned Prior to Offering	Maximum Number of Shares of Common Stock to be Sold Pursuant to this Prospectus	Number of Shares of Common Stock Owned After Offering
Hale Capital Partners, LP, or HCP	1,941,748	1,941,748	0

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The securities reported herein are held by HCP. Martin M. Hale, Jr. (“Mr. Hale”) is the Chief Executive Officer of HCP and a member of the Board of Directors of Lantronix. Mr. Hale is also (i) the sole owner and managing member of Hale Fund Partners, LLC, a Delaware limited liability company (“HFP”), the general partner of HCP and (ii) the sole owner and Chief Executive Officer of Hale Fund Management, LLC, a Delaware limited liability company (“HFM”), the general partner of Hale Capital Management, LP (“HCM”), the manager of HCP. The address and principal office of Mr. Hale, HCP, HFP, HFM and HCM is 17 State Street, Suite 3230, New York, New York 10004. Each of Mr. Hale, HFP, HFM and HCM disclaims beneficial ownership of the shares of common stock except to the extent of his or its pecuniary interest.

Except for the ownership of the common stock issued pursuant to the Stock Purchase Agreement and as described above under “Stock Purchase Agreement,” including Mr. Hale’s election to the Board of Directors of Lantronix, the selling stockholders have not had any material relationship with us within the past three years.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of all material characteristics of our capital stock as set forth in our amended and restated certificate of incorporation and amended and restated bylaws. The summary does not purport to be complete and is qualified in its entirety by reference to our amended and restated certificate of incorporation and amended and restated bylaws, copies of which have been filed as exhibits to our previous SEC filings. For more information, see the sections entitled “Incorporation of Certain Documents by Reference” and “Where You Can Find More Information.”

Common Stock

We may issue shares of our common stock from time to time. We are authorized to issue 100,000,000 shares of common stock, par value \$0.0001 per share. As of December 9, 2016, there were 17,469,935 shares of common stock issued and outstanding. Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of funds legally available therefor. Upon the liquidation, dissolution, or winding up of the Company, the holders of common stock are entitled to share ratably in all of our assets which are legally available for distribution after payment of all debts and other liabilities and liquidation preference of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption or conversion rights. The outstanding shares of common stock are validly issued, fully paid and non-assessable. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we might designate in the future.

Preferred Stock

We are authorized to issue up to 5,000,000 shares of preferred stock, par value \$0.0001 per share. As of December 9, 2016, no shares of our preferred stock were outstanding. Each share of preferred stock is entitled to the number of votes equal to the number of shares of common stock into which each share of preferred stock could be converted at the record date for determination of the stockholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of stockholders is solicited, such votes to be counted together with all other shares of stock having general voting power and not separately as a class. The terms of any series of preferred stock will be set forth in an amendment to our certificate of incorporation. This registration statement does not register the offer or sale of any shares of our preferred stock.

Delaware Law and Certain Certificate of Incorporation and Bylaw Provisions

Our certificate of incorporation and bylaws contain a number of provisions that could make our acquisition by means of a tender or exchange offer, a proxy contest or otherwise more difficult. Certain of these provisions are summarized below:

Under our bylaws, only our board of directors, the chairperson of the board, the chief executive officer or president (in the absence of a chief executive officer) may call special meetings of stockholders.

Our bylaws establish advance notice procedures for stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Section 203 prohibits a publicly-held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within the prior three years did own, 15% or more of the corporation’s voting stock.

- Our certificate of incorporation eliminates the right of stockholders to act by written consent without a meeting.
- Our certificate of incorporation and bylaws do not provide for cumulative voting in the election of directors.

The amendment of many of the provisions described above would require approval by holders of at least 66 2/3% of the outstanding shares of common stock.

NASDAQ Capital Market

Our common stock is listed on the NASDAQ Capital Market and traded under the symbol “LTRX.” On December 9, 2016, the last reported sale price for our common stock on the NASDAQ Capital Market was \$1.78 per share.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is Computershare Shareowner Services, LLC.

PLAN OF DISTRIBUTION

We are registering the shares of common stock to permit the resale of these shares of common stock by the selling stockholders from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling stockholders of the shares of common stock. We will bear all fees and expenses incident to our obligation to register the shares of common stock.

The selling stockholders may sell all or a portion of the shares of common stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of common stock are sold through underwriters or broker-dealers, then the selling stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The shares of common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions,

on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;

in the over-the-counter market;

in transactions otherwise than on these exchanges or systems or in the over-the-counter market;

through the writing of options, whether such options are listed on an options exchange or otherwise;

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

short sales as permitted by applicable law;

sales pursuant to Rule 144;

broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

a combination of any such methods of sale; and

any other method permitted pursuant to applicable law.

If the selling stockholders effect such transactions by selling shares of common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of common stock or otherwise, the selling stockholders may enter into hedging transactions with broker-dealers as permitted by applicable law, which may in turn engage in short sales of the shares of common stock in the course of hedging the positions they assume. The

selling stockholders may also sell shares of common stock short as permitted by applicable law and deliver shares of common stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling stockholders may also loan or pledge shares of common stock to broker-dealers that in turn may sell such shares.

The selling stockholders may pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933, as amended, amending, if necessary, the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer and donate the shares of common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The selling stockholders and any broker-dealer participating in the distribution of the shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of common stock is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of shares of common stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling stockholders and any discounts, commissions or concessions allowed or reallocated or paid to broker-dealers.

Under the securities laws of some states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any selling stockholder will sell any or all of the shares of common stock registered pursuant to the registration statement, of which this prospectus forms a part.

The selling stockholders and any other person participating in such distribution will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of common stock by the selling stockholders and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the shares of common stock to engage in market-making activities with respect to the shares of common stock. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock.

We will pay all expenses of the registration of the shares of common stock pursuant to the Stock Purchase Agreement, including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or "blue sky" laws and fees of counsel for the Company and HCP; provided, however, that a selling

stockholder will pay all underwriting discounts and selling commissions, if any. We will indemnify the initial selling stockholder against liabilities, including some liabilities under the Securities Act, in accordance with the Stock Purchase Agreement, or the selling stockholders will be entitled to contribution. We may be indemnified by the initial selling stockholders against liabilities, including liabilities under the Securities Act, that may arise from any written information furnished to us by the initial selling stockholder specifically for use in this prospectus, in accordance with the Stock Purchase Agreement, or we may be entitled to contribution.

Once sold under the registration statement, of which this prospectus forms a part, the shares of common stock will be freely tradable in the hands of persons other than our affiliates.

We have agreed with HCP to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (i) the fifth anniversary of the date the registration statement becomes effective, (ii) such time as all shares covered by this prospectus have been sold publicly, or (iii) such time as all shares covered by this prospectus can be freely resold without restriction or limitation under Rule 144 and without the requirement to be in compliance with Rule 144(c)(1) or otherwise under applicable securities laws.

LEGAL MATTERS

Certain legal matters, including the validity of the issuance of the shares of common stock offered by this prospectus will be passed upon for us by Kurt E. Scheuerman, Vice President, General Counsel and Corporate Secretary or Lantronix, Inc. Mr. Scheuerman owns shares of, and options to purchase, Lantronix common stock, both directly and as a participant in various stock and employee benefit plans.

EXPERTS

Squar Milner LLP, an independent registered public accounting firm, has audited the consolidated financial statements of Lantronix, Inc. included in our Annual Report on Form 10-K, for the years ended June 30, 2015 and 2016 as set forth in their report on our consolidated financial statements, which is incorporated by reference in this prospectus and elsewhere in this registration statement. Such consolidated financial statements of Lantronix, Inc. are incorporated by reference in reliance on Squar Milner LLP's reports, given on the authority of such firm as experts in accounting and auditing.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to “incorporate” into this prospectus information that we file with the SEC in other documents. This means that we can disclose important information to you by referring to other documents that contain that information. Any information that we incorporate by reference into this prospectus is considered part of this prospectus.

Information contained in this prospectus and information that we file with the SEC in the future and incorporate by reference in this prospectus automatically modifies and supersedes previously filed information, including information in previously filed documents or reports that have been incorporated by reference in this prospectus, to the extent the new information differs from or is inconsistent with the old information. Any information so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

The following documents previously filed by us with the SEC are incorporated in this prospectus by reference:

- Our Annual Report on Form 10-K for the year ended June 30, 2016, filed with the SEC on August 24, 2016;
- Our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, filed with the SEC on October 28, 2016;
- Our Definitive Proxy Statement on Schedule 14A, filed with the SEC on October 12, 2016;
- Our Current Reports on Form 8-K filed with the SEC on September 2, 2016, September 26, 2016, and November 17, 2016; and
- The description of our common stock set forth in the Registration Statement on Form 8-A filed with the SEC on August 2, 2000 (the “Form 8-A”), as well as the description of our common stock set forth on pages 49 through 51 of the Registration Statement on Form S-1, as amended (Registration No. 333-37508), which was originally filed with the SEC on May 19, 2000 (which description is incorporated by reference into the description of our common stock set forth in the Form 8-A), and any other amendment or report filed for the purpose of updating such description.

We also incorporate by reference all documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date the initial registration statement is initially filed and prior to the termination of this offering, provided that nothing in this prospectus shall be deemed to incorporate portions of documents or information “furnished” and not “filed” with the SEC.

You should rely only on the information incorporated by reference or provided in this prospectus or any accompanying prospectus supplement. We have not authorized anyone to provide you with different information.

You should not assume that the information contained in this prospectus and any accompanying prospectus supplement is correct on any date after their respective dates, even though this prospectus or any prospectus supplement is delivered or securities are sold on a later date.

We will provide to each person, including any beneficial owner, to whom a prospectus is delivered, upon oral or written request, a copy of any document incorporated by reference at no cost. Requests should be made to:

Kurt E. Scheuerman

Vice President, General Counsel and Secretary

Lantronix, Inc.

7535 Irvine Center Drive, Suite 100

Irvine, California 92618

(949) 453-3990

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read, without charge, and copy the documents we file at the SEC's public reference rooms in Washington, D.C. at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public at no cost from the SEC's website at <http://www.sec.gov>.

This prospectus constitutes a part of a registration statement on Form S-3 filed under the Securities Act. As permitted by the SEC's rules, this prospectus and any accompanying prospectus supplement, which form a part of the registration statement, do not contain all the information that is included in the registration statement. You will find additional information about us in the registration statement. Any statements made in this prospectus or any prospectus supplement concerning legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter.

1,941,748 Shares

LANTRONIX, INC.

Common Stock

PROSPECTUS

_____, **2016**

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions, are estimated below:

SEC registration fee	\$ 363
Legal fees and expenses	\$ 15,000*
Accounting fees and expenses	\$ 10,000*
Miscellaneous	\$ 637
Total expenses*	\$ 26,000

* Does not include expense of preparing prospectus supplements and other expenses relating to specific offerings made pursuant to this prospectus.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our certificate of incorporation includes a provision that eliminates the personal liability of our directors for monetary damages for breach of their fiduciary duty as a director to the fullest extent permitted under Delaware law. The effect of this provision of our certificate of incorporation, as permitted by Section 145 of the Delaware General Corporation Law, is to eliminate our rights and those of our stockholders (through stockholders' derivative suits on behalf of our Company) to recover damages against a director or officer for breach of the fiduciary duty of care as a director or officer (including breaches resulting from negligent or grossly negligent behavior), except under certain situations defined by statute.

In addition, as permitted by Section 145, our bylaws provide that we are required to indemnify our directors and officers and persons serving in these capacities in other business enterprises (including, for example, our subsidiaries) at our request, to the fullest extent permitted by Delaware law, including in those circumstances in which indemnification would otherwise be discretionary. Our bylaws also provide that we may, in our discretion, indemnify our employees and agents in circumstances where indemnification is not required by law. The rights conferred in the

bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, executive officers and employees. We may not retroactively amend our bylaw provisions in a way that reduces the protections of the directors, officers and employees who benefit from these provisions.

We have entered into indemnification agreements with each of our directors and executive officers that provide the maximum indemnity allowed under Section 145 and our bylaws, as well as certain additional procedural protections. We have also purchased directors and officers liability insurance that provides coverage against certain liabilities, including liabilities under the Securities Act.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable.

ITEM 16. EXHIBITS.

Exhibit No. Description

- | | |
|------|--|
| 3.1 | Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's annual report on Form 10-K, filed August 29, 2013). |
| 3.2 | Amended and Restated Bylaws of the Company (incorporated herein by reference to Exhibit 3.2 to the Company's current report on Form 8-K, filed November 15, 2012). |
| 4.1 | Form of Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-1, Amendment No. 1 filed June 13, 2000). |
| 5.1 | Opinion of Legal Counsel± |
| 23.1 | Consent of Squar Milner LLP± |
| 23.2 | Consent of Legal Counsel (included in Exhibit 5.1)± |
| 24.1 | Power of Attorney (included on the signature page of this registration statement)± |

±Filed herewith.

* To be filed by amendment or as an exhibit to a document to be incorporated by reference herein in connection with an offering of the offered securities.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(ii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

(iii) provided, however, that paragraphs (i), (ii) and (iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective

(2) amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

- (i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

- (ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by an undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Irvine, State of California, on December 14, 2016.

LANTRONIX, INC.

By: /s/ Jeffrey Benck
 Jeffrey Benck
 President and Chief Executive Officer

Each person whose signature appears below constitutes and appoints Jeffrey Benck and Jeremy R. Whitaker, and either of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) and supplements to this registration statement (or any other registration statement for the same offering that is effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended) and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ Jeffrey Benck Jeffrey Benck	President, Chief Executive Officer and Director (<i>Principal Executive Officer</i>)	December 14, 2016
/s/ Jeremy R. Whitaker Jeremy R. Whitaker	Chief Financial Officer (<i>Principal Financial and Accounting Officer</i>)	December 14, 2016
/s/ Bernhard Bruscha Bernhard Bruscha	Chairman of the Board of Directors	December 14, 2016
/s/ Bruce Edwards Bruce Edwards	Director	December 14, 2016

/s/ Paul F. Folino Paul F. Folino	Director	December 14, 2016
/s/ Martin Hale, Jr. Martin Hale, Jr.	Director	December 14, 2016
/s/ Hoshi Printer Hoshi Printer	Director	December 14, 2016

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Cash flows from financing activities:

Net decrease in deposits
(2,708) (44,333)
 Net decrease in short-term borrowings
(66,950) (79,300)
 Proceeds from long-term debt
40,000 95,000
 Principal payments on long-term debt
(20,009) (32,182)
 Net decrease in minority interest in consolidated subsidiary
 (4,280)
 Cash dividends paid
(783) (670)
 Stock options exercised
4,307 123
 Cash in lieu payments on stock dividend
(58) (54)
 Unreleased ESOP shares
83
 Stock repurchase
(903) (64)

Net cash used in financing activities
(47,021) (65,760)

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Increase (decrease) in cash and due from banks
21,052 (16,278)
Cash and due from banks at beginning of period
22,395 40,172

Cash and due from banks at end of period
\$43,447 \$23,894

Supplemental schedule of non-cash investing activities:

Interest paid on deposits and other borrowings
\$16,185 \$37,103
Income taxes paid
\$2,000 \$4,752

See accompanying notes to the consolidated financial statements.

Table of Contents**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**
CB BANCSHARES, INC. AND SUBSIDIARIES**NOTE A Summary of Significant Accounting Policies****CONSOLIDATION**

The consolidated financial statements include the accounts of CB Bancshares, Inc. (the Parent Company) and its wholly-owned subsidiaries (the Company): City Bank and its wholly-owned subsidiaries (the Bank); Datatronix Financial Services, Inc.; and O.R.E., Inc. Significant intercompany transactions and balances have been eliminated in consolidation. The Bank owns 50% of Pacific Access Mortgage, LLC, a mortgage brokerage company. The investment is accounted for using the equity method. The consolidated financial statements include all adjustments of a normal and recurring nature, which are, in the opinion of management, necessary for a fair presentation of the financial results for the interim periods.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all information and footnotes normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States of America. Accordingly, these consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2001.

Results of operations for interim periods are not necessarily indicative of results for the full year.

RECLASSIFICATIONS

Certain amounts in the consolidated financial statements for 2001 have been reclassified to conform with the 2002 presentation. Such reclassifications had no effect on the consolidated net income as previously reported.

NOTE B Loans

The loan portfolio consisted of the following at the dates indicated:

(in thousands of dollars)	June 30, 2002	December 31, 2001	June 30, 2001
Commercial and financial	\$ 210,058	\$ 229,824	\$ 246,730
Real estate:			
Construction	45,306	52,750	28,650
Commercial	186,158	190,328	194,872
Residential	513,901	588,525	659,279
Installment and consumer	137,851	135,901	122,266
Gross loans	<u>1,093,274</u>	<u>1,197,328</u>	<u>1,251,797</u>
Less:			
Unearned discount	848	108	4
Net deferred loan fees	4,438	4,939	5,457
Allowance for credit losses	25,394	19,464	17,814
Loans, net	<u>\$ 1,062,594</u>	<u>\$ 1,172,817</u>	<u>\$ 1,228,522</u>

Table of Contents**NOTE C Segment Information**

The Company's business segments are organized around services and products provided. The segment data presented below was prepared on the same basis of accounting as the consolidated financial statements described in Note A. Intersegment income and expense are valued at prices comparable to those for unaffiliated companies.

(in thousands)	Retail	Wholesale	Treasury	All Other	Total
Six months ended June 30, 2002					
Net interest income	\$ 22,117	\$ 14,590	\$ 1,824	\$ (54)	\$ 38,477
Intersegment net interest income (expense)	175	(2,072)	1,897		
Provision for credit losses	1,160	7,810			8,970
Noninterest income (expense)	(4,374)	(5,752)	(981)	(7,843)	(18,950)
Administrative and overhead expense allocation	(3,664)	(2,554)	(444)	6,662	
Income tax expense (benefit)	4,134	(1,136)	725	(323)	3,400
Net income (loss)	8,960	(2,462)	1,571	(912)	7,157
Total assets	702,864	415,973	385,980	51,594	1,556,411

(in thousands)	Retail	Wholesale	Treasury	All Other	Total
Six months ended June 30, 2001					
Net interest income	\$ 16,532	\$ 14,809	\$ 1,625	\$ 5	\$ 32,971
Intersegment net interest income (expense)	361	(1,698)	1,337		
Provision for credit losses	1,084	3,937			5,021
Noninterest income (expense)	(5,236)	(5,029)	(672)	(7,987)	(18,924)
Administrative and overhead expense allocation	(3,535)	(2,799)	(605)	6,939	
Income tax expense (benefit)	2,384	456	571	(326)	3,085
Net income (loss)	4,654	890	1,114	(717)	5,941
Total assets	839,357	462,475	313,539	42,172	1,657,543

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations contain statements relating to future results of the Company (including certain projections and business trends) that are considered forward-looking statements. Actual results may differ materially from those projected as a result of certain risks and uncertainties including, but not limited to, changes in political and economic conditions, interest rate fluctuations, competitive product and pricing pressures within the Company's market, equity and bond market fluctuations, personal and corporate customers' bankruptcies and financial condition, inflation and results of litigation. Accordingly, historical performance, as well as reasonably applied projections and assumptions, may not be a reliable indicator of future earnings due to risks and uncertainties.

As circumstances, conditions or events change that affect the Company's assumptions and projections on which any of the statements are based, the Company disclaims any obligation to issue any update or revision to any forward-looking statement contained herein.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to its investments, loans and allowance for credit losses, intangible assets, income taxes, contingencies, and litigation. The Company bases its estimates on current market conditions, historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company believes the following critical accounting policies require significant judgments and estimates used in the preparation of its consolidated financial statements.

Allowance for Credit Losses. The allowance for credit losses is periodically evaluated for adequacy by management. Factors considered include the Company's loan loss experience, known and inherent risks in the portfolio, current economic conditions, known adverse situations that may affect the borrower's ability to repay, regulatory policies, and the estimated value of underlying collateral. The evaluation of the adequacy of the allowance is based on the above factors along with prevailing and anticipated economic conditions that may impact borrowers' ability to repay loans. Determination of the allowance is in part objective and in part a subjective judgment by management given the information it currently has in its possession. Adverse changes in any of these factors or the discovery of new adverse information could result in higher charge-offs and loan loss provisions.

Impairment of Investments. The realization of the Company's investment in certain mortgage/asset-backed securities and collateralized loan and bond obligations is dependent on the credit quality of the underlying borrowers and yields demanded by the marketplace. Increases

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in market interest rates and deteriorating credit quality of the underlying borrowers because of adverse conditions may result in additional losses. The Company records an investment impairment charge when it believes an investment has experienced a decline in value that is other than temporary. Future adverse changes in market conditions or poor operating results of underlying investments could result in losses or an inability to recover the carrying value of the investments that may not be reflected in an investment's current carrying value, thereby possibly requiring an impairment charge in the future. Since several of these investments do not have a liquid trading market, management's estimate of value is based upon estimates of future returns that may or may not actually be realized. Accordingly, under different assumptions, the value could be adversely affected.

Deferred Tax Assets. The Company records a valuation allowance to reduce its deferred tax assets to the amount that it believes is more likely than not to be realized. This requires an objective as well as a subjective judgment by management. While the Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event the Company were to determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

NET INCOME

Consolidated net income for the quarter ended June 30, 2002, totaled \$3.6 million, an increase of \$481,000, or 15.3%, over the same quarter last year. Consolidated net income for the six months ended June 30, 2002, totaled \$7.2 million, an increase of \$1.2 million, or 20.5%, over the same period in 2001. Diluted earnings per share for the second quarter of 2002 was \$0.92 as compared to \$0.81 for the same period in 2001, an increase of \$0.11, or 13.6%. For the six months ended June 30, 2002, diluted earnings per share was \$1.83, an increase of \$0.30, or 19.6%, over the same period in 2001. The increase in consolidated net income for the quarter and six months ended June 30, 2002, over the corresponding periods in 2001, was primarily due to an increase in net interest income and noninterest income, partially offset by increases in the provision for credit losses and noninterest expense.

The Company's annualized return on average total assets for the six months ended June 30, 2002 was 0.93% as compared to 0.70% for the same period last year. The Company's annualized return on average stockholders' equity was 10.31% for the six months ended June 30, 2002, as compared to 9.46% for the same period last year.

NET INTEREST INCOME

Net interest income, on a taxable equivalent basis, was \$19.2 million for the quarter ended June 30, 2002, an increase of \$1.9 million, or 10.8%, over the same period in 2001. The increase in net interest income was primarily due to a \$172.4 million decrease in average interest-bearing liabilities and an 88 basis point increase in the net interest margin. For the quarter ended June 30, 2002, the Company's net interest margin was 5.23%, as compared to 4.35% for the same period in 2001.

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Net interest income, on a taxable equivalent basis, was \$38.9 million for the six months ended June 30, 2002, an increase of \$5.5 million, or 16.5%, over the same period in 2001. The increase was primarily due to a \$184.9 million, or 12.9%, decrease in average interest-bearing liabilities and a 116 basis point increase in the net interest margin. For the six months ended June 30, 2002, the Company's net interest margin was 5.31%, as compared to 4.15% for the same period in 2001.

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A comparison of net interest income for the quarter and six months ended June 30, 2002 and 2001 is set forth below on a taxable equivalent basis:

(in thousands of dollars)	Quarter Ended June 30,					
	2002			2001		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
ASSETS						
Earning assets:						
Interest-bearing deposits in Other banks	\$ 1,048	\$ 7	2.68%	\$ 1,043	\$ 12	4.61%
Federal funds sold and Securities purchased under Agreement to resell	2,085	8	1.54	6,714	75	4.48
Taxable investment Securities	292,833	3,775	5.17	260,823	4,732	7.28
Nontaxable investment securities	30,966	598	7.75	30,916	597	7.75
Loans ¹	1,149,507	22,541	7.87	1,304,479	27,576	8.48
Total earning assets	1,476,439	26,929	7.32	1,603,975	32,992	8.25
Nonearning assets:						
Cash and due from banks	33,315			29,649		
Premises and equipment-net	17,158			18,685		
Other assets	48,930			51,443		
Less allowance for loan losses	(23,522)			(17,076)		
Total assets	\$ 1,552,320			\$ 1,686,676		
LIABILITIES AND STOCKHOLDERS EQUITY						
Interest-bearing liabilities:						
Savings deposits	\$ 463,344	\$ 1,467	1.27%	\$ 404,436	\$ 2,375	2.36%
Time deposits	506,391	3,167	2.51	689,931	8,908	5.18
Short-term borrowings	22,934	172	3.01	63,714	800	5.04
Long-term debt	242,071	2,876	4.77	249,078	3,531	5.69
Total interest-bearing Deposits and liabilities	1,234,740	7,682	2.50	1,407,159	15,614	4.45
Noninterest-bearing liabilities:						
Demand deposits	151,033			128,114		
Other liabilities	21,471			23,790		
Total liabilities	1,407,244			1,559,063		
Stockholders equity	145,076			127,613		
Total liabilities and Stockholders equity	\$ 1,552,320			\$ 1,686,676		
Net interest income and margin on total earning assets		19,247	5.23%		17,378	4.35%

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Taxable equivalent adjustment	(209)	(209)
Net interest income	\$ 19,038	\$ 17,169

[Additional columns below]

[Continued from above table, first column(s) repeated]

(in thousands of dollars)	Six Months Ended June 30,					
	2002			2001		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
ASSETS						
Earning assets:						
Interest-bearing deposits in Other banks	\$ 1,043	\$ 14	2.71%	\$ 1,060	\$ 30	5.71%
Federal funds sold and Securities purchased under Agreement to resell	2,405	20	1.68	9,258	235	5.12
Taxable investment Securities	265,977	7,137	5.41	277,849	10,288	7.47
Nontaxable investment securities	30,960	1,195	7.78	30,910	1,194	7.79
Loans ¹	1,178,062	46,406	7.94	1,303,354	55,718	8.62
Total earning assets	1,478,447	54,772	7.47	1,622,431	67,465	8.39
Nonearning assets:						
Cash and due from banks	33,102			30,219		
Premises and equipment-net	17,314			18,432		
Other assets	46,704			49,590		
Less allowance for loan losses	(22,212)			(17,401)		
Total assets	\$ 1,553,355			\$ 1,703,271		
LIABILITIES AND STOCKHOLDERS EQUITY						
Interest-bearing liabilities:						
Savings deposits	\$ 460,290	\$ 3,091	1.35%	\$ 391,747	\$ 4,960	2.55%
Time deposits	516,098	6,662	2.60	712,812	19,409	5.49
Short-term borrowings	29,653	483	3.28	98,620	3,042	6.22
Long-term debt	238,400	5,641	4.77	226,139	6,662	5.94
Total interest-bearing Deposits and liabilities	1,244,441	15,877	2.57	1,429,318	34,073	4.81
Noninterest-bearing liabilities:						
Demand deposits	148,328			123,268		
Other liabilities	20,595			24,097		
Total liabilities	1,413,364			1,576,683		
Stockholders equity	139,991			126,588		
	\$ 1,553,355			\$ 1,703,271		

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Total liabilities and Stockholders equity					
Net interest income and margin on total earning assets		38,895	5.31%	33,392	4.15%
Taxable equivalent adjustment		(418)		(421)	
Net interest income		\$38,477		\$32,971	

(1) Yields and amounts earned include loan fees. Nonaccrual loans have been included in earning assets for purposes of these computations.

Table of Contents**NONPERFORMING ASSETS**

A summary of nonperforming assets at June 30, 2002, December 31, 2001 and June 30, 2001 follows:

(in thousands of dollars)	June 30, 2002	December 31, 2001	June 30, 2001
Nonperforming assets:			
Nonperforming loans:			
Commercial	\$ 4,889	\$ 7,034	\$ 8,130
Real estate:			
Commercial	4,708	2,438	2,220
Residential	5,760	6,174	6,923
<hr/>			
Total real estate loans	10,468	8,612	9,143
Consumer	144	148	93
<hr/>			
Total nonperforming loans	15,501	15,794	17,366
<hr/>			
Other real estate owned	3,216	4,674	3,068
<hr/>			
Total nonperforming assets	\$ 18,717	\$ 20,468	\$ 20,434
<hr/>			
Past due loans:			
Commercial	\$ 329	\$	\$ 1,373
Real estate	1,867	2,190	2,442
Consumer	3,082	1,464	616
<hr/>			
Total past due loans(1)	\$ 5,278	\$ 3,654	\$ 4,431
<hr/>			
Restructured:			
Commercial	\$ 2,177	\$ 2,214	\$ 4,778
Real estate:			
Residential	7,255	8,629	9,664
<hr/>			
Total restructured loans(2)	\$ 9,432	\$ 10,843	\$ 14,442
<hr/>			
Nonperforming assets to total loans And other real estate owned (end of period):			
Excluding 90 days past due accruing loans	1.66%	1.64%	1.57%
Including 90 days past due accruing loans	2.12%	1.93%	1.91%
Nonperforming assets to total assets (end of period):			
Excluding 90 days past due accruing loans	1.20%	1.29%	1.23%
Including 90 days past due accruing loans	1.54%	1.52%	1.50%

(1) Represents loans which are past due 90 days or more as to principal and/or interest, are still accruing interest and are in the process of collection.

(2) Represents loans which have been restructured, are current and still accruing interest.

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Nonperforming loans at June 30, 2002 totaled \$15.5 million, a decrease of \$1.9 million, or 10.7%, as compared to June 30, 2001. The decrease in nonperforming loans was primarily due to a \$3.2 million decrease in the commercial loan category, partially offset by a \$1.3 million increase in total real estate loans.

Other real estate owned was \$3.2 million at June 30, 2002, an increase of \$148,000, or 4.8%, from June 30, 2001.

Restructured loans were \$9.4 million at June 30, 2002, a decrease of \$5.0 million, or 34.7%, from June 30, 2001. The decrease was primarily due to the chargeoff of certain commercial loans and reclassification of residential real estate loans to nonperforming loans.

The Company's future levels of nonperforming loans will be reflective of Hawaii's economy and the financial condition of its customers.

PROVISION AND ALLOWANCE FOR CREDIT LOSSES

The provision for credit losses is based upon management's judgment as to the adequacy of the allowance for credit losses (the Allowance) to absorb future losses. The Company uses a systematic methodology to determine the adequacy of the Allowance and related provision for credit losses to be reported for financial statement purposes. The determination of the adequacy of the Allowance is ultimately one of management's judgment, which includes consideration of many factors, including, among other things, the amount of problem and potential problem loans, net charge-off experience, changes in the composition of the loan portfolio by type and geographic location of loans and in overall loan risk profile and quality, general economic factors and the fair value of collateral.

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The following table sets forth the activity in the allowance for credit losses for the periods indicated:

(in thousands of dollars)	Six months ended June 30,	
	2002	2001
Loans outstanding (end of period) ⁽²⁾	\$ 1,126,011	\$ 1,301,190
Average loans outstanding ⁽²⁾	\$ 1,178,062	\$ 1,303,354
Balance at beginning of period	\$ 19,464	\$ 17,447
Loans charged off:		
Commercial	2,575	3,290
Real estate		
Commercial		
Residential	478	1,061
Consumer	1,111	767
Total loans charged off	4,164	5,118
Recoveries on loans charged off:		
Commercial	243	45
Real estate:		
Commercial	350	
Residential	90	239
Consumer	441	180
Total recoveries on loans previously charged off	1,124	464
Net charge-offs	(3,040)	(4,654)
Provision charged to expense	8,970	5,021
Balance at end of period	\$ 25,394	\$ 17,814
Net loans charged off to average loans	0.52% ⁽¹⁾	0.72% ⁽¹⁾
Net loans charged off to allowance for credit losses	24.14% ⁽¹⁾	52.68% ⁽¹⁾
Allowance for credit losses to total loans (end of period)	2.26%	1.37%
Allowance for credit losses to nonperforming loans (end of period):		
Excluding 90 days past due accruing loans	1.64x	1.03x
Including 90 days past due accruing loans	1.22x	0.82x

⁽¹⁾ Annualized.

⁽²⁾

Includes
loans
held for
sale.

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The provision for credit losses was \$4.1 million for the second quarter of 2002, an increase of \$1.8 million, or 80.6%, over the same quarter last year. For the six months ended June 30, 2002, the provision for loan losses was \$9.0 million, an increase of \$3.9 million, or 78.6%, over the same period last year. The increase in the provision for credit losses in 2002 was primarily due to the Company's quarterly review of specific credits and the resulting impact of the continuing economic uncertainty, both locally and nationally.

The Allowance at June 30, 2002 was \$25.4 million and represented 2.26% of total loans. The corresponding ratios at December 31, 2001 and June 30, 2001 were 1.57% and 1.37%, respectively.

Net charge-offs were \$3.0 million for the first six months of 2002, a decrease of \$1.6 million, or 34.7%, over the same period in 2001. The decrease was primarily due to lower charge-offs in the commercial loan categories, which decreased \$715,000. The decrease in the commercial loan category was primarily due to the charge-off of three commercial loans totaling \$3.0 million during the first quarter of 2001. Such amounts were previously provided for in the Allowance.

The Allowance increased to 1.64 times nonperforming loans (excluding 90 days past due accruing loans) at June 30, 2002 from 1.03 times at June 30, 2001 as a result of the decrease in nonperforming loans and the decrease in net charge-offs for the six months ended June 30, 2002.

In management's judgment, the Allowance was adequate to absorb potential losses currently inherent in the loan portfolio at June 30, 2002. However, changes in prevailing economic conditions in the Company's markets or in the financial condition of its customers could result in changes in the level of nonperforming assets and charge-offs in the future and, accordingly, changes in the Allowance.

NONINTEREST INCOME

Noninterest income totaled \$3.8 million for the quarter ended June 30, 2002, an increase of \$511,000, or 15.7%, over the comparable period in 2001. For the six months ended June 30, 2002, noninterest income was \$7.7 million, an increase of \$1.2 million, or 18.9%, over the comparable period in 2001.

Service charges on deposit accounts increased \$129,000 and \$323,000, or 13.7% and 18.2%, respectively, for the second quarter and six months ended June 30, 2002 over the comparable periods in 2001. These increases resulted from a \$93.6 million, or 18.2%, increase in the average balance of transaction accounts.

Other service charges and fees increased \$359,000 and \$770,000, or 28.5% and 32.0%, respectively, for the second quarter and six months ended June 30, 2002 over the comparable periods in 2001. These increases were primarily due to fee income on investment services recorded during the six months ended June 30, 2002.

Net realized loss on sales of securities was \$104,000 for the six months ended June 30, 2002 compared to net realized gains of \$616,000 in the same period in 2001. The net gain in 2001 was

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due to sales of \$33.2 million of available-for-sale securities sold in the lower interest rate environment.

NONINTEREST EXPENSE

Noninterest expense totaled \$13.3 million for the quarter ended June 30, 2002, an increase of \$153,000, or 1.16%, from the comparable period in 2001. For the six months ended June 30, 2002, noninterest expense was \$26.7 million, an increase of \$1.3 million, or 4.9%, from the comparable period in 2001. The efficiency ratio (exclusive of intangibles) improved from 63.7% for the six months ended June 30, 2001 to 57.2% for the six months ended June 30, 2002.

Salaries and employee benefits increased \$504,000, or 8.4%, and \$1.1 million, or 9.0%, for the second quarter and six months ended June 30, 2002, respectively, from the comparable periods in 2001. The increases were primarily due to higher incentive-based compensation.

INCOME TAXES

The Company's effective income tax rate (exclusive of the tax equivalent adjustment) for the quarter and six months ended June 30, 2002 was 32.6% and 32.2%, respectively, as compared to 36.9% and 34.2% for the same periods in 2001. The decline in the effective tax rate in 2002 was primarily due to an increase in taxable-exempt income and tax credits.

LIQUIDITY AND CAPITAL RESOURCES

The consolidated statements of cash flows identify three major sources and uses of cash as operating, investing and financing activities.

The Company's operating activities provided \$23.0 million for the six months ended June 30, 2002, which compares to \$13.6 million used by operating activities in the same period last year. The primary source of cash flows from operations in 2002 was the sale of \$98.9 million of loans held for sale, which was partially offset by the origination of \$87.0 million of loans held for sale. During the six months ended June 30, 2001, the Company originated \$84.6 million of loans held for sale and sold \$63.9 million of loans held for sale.

Investing activities provided cash flow of \$45.1 million for the six months ended June 30, 2002, compared to providing \$63.1 million during the same period last year. The primary sources of cash from investing activities for the six months ended June 30, 2002 were the \$21.4 million maturities of securities and the \$99.8 million net decrease in loans, partially offset by the purchase of \$68.1 million of investment securities. The primary source of cash for investing activities for the six months ended June 30, 2001 was the proceeds of \$51.1 million from the sale of investment securities.

Financing activities used cash flow of \$47.0 million for the six months ended June 30, 2002, compared to using \$65.8 million during the same period last year. During the six months ended June 30, 2002, the Company had a net decrease of \$67.0 million of short-term advances, partially offset by the \$20.0 million net increase in long-term debt.

At June 30, 2002, as compared to June 30, 2001, the Company had \$1.6 billion in assets, down 6.1%; \$1.1 billion in loans, down 13.5%; and \$1.1 billion in deposits, down 3.3%. During this current low interest rate environment, the Company has continued to reduce its interest rate

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exposure by reducing its exposure to fixed-rate, long-term assets (i.e. real estate residential loans) and replacing short-term time deposits with longer-term deposits and borrowings.

The Company and the Bank are subject to capital standards promulgated by the Federal banking agencies and the Hawaii Division of Financial Institutions. Quantitative measures established by regulation to ensure capital adequacy required the Company and the Bank to maintain minimum amounts and ratios (set forth in the following table at June 30, 2002 and 2001) of Tier 1 and Total capital to risk-weighted assets, and of Tier 1 capital to average assets.

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(dollars in thousands)	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of June 30, 2002						
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	\$ 145,331	12.17%	\$ 47,769	4.00%	N/A	
Bank	136,339	11.42	47,754	4.00	\$ 71,631	6.00%
Total Capital to Risk-Weighted Assets:						
Consolidated	\$ 160,421	13.43%	\$ 95,538	8.00%	N/A	
Bank	151,424	12.68	95,508	8.00	\$ 119,385	10.00%
Tier 1 Capital to Average Assets:						
Consolidated	\$ 145,331	9.36%	\$ 62,093	4.00%	N/A	
Bank	136,339	8.80	61,974	4.00	\$ 77,467	5.00%
As of June 30, 2001						
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	\$ 138,063	11.40%	\$ 48,451	4.00%	N/A	
Bank	133,258	11.02	48,372	4.00	\$ 72,558	6.00%
Total Capital to Risk-Weighted Assets:						
Consolidated	\$ 153,275	12.65%	\$ 96,902	8.00%	N/A	
Bank	148,446	12.28	96,744	8.00	\$ 120,930	10.00%
Tier 1 Capital to Average Assets:						
Consolidated	\$ 138,063	8.19%	\$ 67,467	4.00%	N/A	
Bank	133,258	7.62	69,982	4.00	\$ 87,477	5.00%

Table of Contents**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company disclosed both quantitative and qualitative analyses of market risks in its 2001 Form 10-K. No significant changes have occurred during the six months ended June 30, 2002.

PART II OTHER INFORMATION**Item 4. Submission of Matters to a Vote of Security Holders**

At the Annual Meeting of Stockholders held on April 25, 2002, the stockholders voted on the election of four directors for a term of three years expiring in 2005, or until their successors are elected:

Name	Shares Voted For	Shares Withheld
Colbert M. Matsumoto	2,571,264	240,793
Yoshiki Takada	2,742,792	69,265
Lionel Y. Tokioka	2,694,830	117,227
Maurice H. Yamasato	2,743,036	69,021

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1	Supplemental Executive Retirement Agreement for Ronald K. Migita
10.2	Supplemental Executive Retirement Agreement for Richard C. Lim
10.3	Supplemental Executive Retirement Agreement for Dean K. Hirata
10.4	Supplemental Executive Retirement Agreement for Warren K. Kunimoto
10.5	Supplemental Executive Retirement Agreement for Jasen H. Takei
99.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
99.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350

(b) Reports on Form 8-K

No reports on Form 8-K were filed in the second quarter of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CB BANCSHARES, INC.
(Registrant)**

Date August 13, 2002

By /s/ Ronald K. Migita

Ronald K. Migita
President and Chief
Executive Officer

Date August 13, 2002

By /s/ Dean K. Hirata

Dean K. Hirata
Senior Vice President and
Chief Financial Officer
(principal financial officer)

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