

TTM TECHNOLOGIES INC

Form DEF 14A

April 28, 2006

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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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material pursuant to Rule 14a-11(c) or Rule 14a-12

TTM TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 22, 2006**

To our Stockholders:

The 2006 Annual Meeting of Stockholders of TTM Technologies, Inc. will be held at 10:00 a.m., local time, on Thursday, June 22, 2006 at our corporate offices located at 2630 South Harbor Blvd., Santa Ana, California 92704, for the following purposes:

1. To elect one class III director for a term expiring in 2009;
2. To approve the 2006 Incentive Compensation Plan; and
3. To consider any other matters that properly come before the meeting and any postponement or adjournment thereof.

Stockholders of record as of the close of business on April 24, 2006 are entitled to notice of, and to vote at, the meeting and any postponement or adjournment thereof.

Whether or not you expect to be present, please sign, date, and return the enclosed proxy card in the enclosed pre-addressed envelope as promptly as possible. No postage is required if mailed in the United States.

By Order of the Board of Directors,

Santa Ana, California
April 28, 2006

Steven W. Richards, Secretary

THIS IS AN IMPORTANT MEETING AND ALL STOCKHOLDERS ARE INVITED TO ATTEND THE MEETING IN PERSON. THOSE STOCKHOLDERS WHO ARE UNABLE TO ATTEND ARE RESPECTFULLY URGED TO EXECUTE AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE. STOCKHOLDERS WHO EXECUTE A PROXY CARD MAY NEVERTHELESS ATTEND THE MEETING, REVOKE THEIR PROXY AND VOTE THEIR SHARES IN PERSON.

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**TTM TECHNOLOGIES, INC.
ANNUAL MEETING OF STOCKHOLDERS**

PROXY STATEMENT

This proxy statement contains information related to our annual meeting of stockholders to be held on Thursday, June 22, 2006, beginning at 10:00 a.m. local time at our corporate offices located at 2630 South Harbor Boulevard, Santa Ana, California 92704, and at any adjournments or postponements thereof. The purpose of this proxy statement is to solicit proxies from the holders of our common stock for use at the meeting. The approximate date that this proxy statement, the accompanying notice of annual meeting, and the enclosed form of proxy are being sent to stockholders is on or about April 28, 2006. You should review this information in conjunction with our 2005 Annual Report to Stockholders, which accompanies this proxy statement.

ABOUT THE MEETING

What is the purpose of the annual meeting?

At the annual meeting, stockholders will vote on (i) the election of one class III director, and (ii) the approval of the 2006 Incentive Compensation Plan. In addition, our management will report on our performance during 2005 and respond to questions from our stockholders.

Who is entitled to vote at the meeting?

Only stockholders of record at the close of business on the record date, April 24, 2006, are entitled to receive notice of the annual meeting and to vote the shares of our common stock that they held on that date at the meeting, or any postponements or adjournments of the meeting. Each outstanding share of common stock entitles its holder to cast one vote on each matter to be voted upon.

Who may attend the meeting?

All stockholders as of the record date, or their duly appointed proxies, may attend the meeting. Please note that if you hold shares in street name (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of all of the shares of common stock outstanding on the record date will constitute a quorum, permitting the conduct of business at the meeting. As of the record date, 41,521,850 shares of our common stock were outstanding. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

If less than a majority of the outstanding shares of common stock entitled to vote are represented at the meeting, a majority of the shares present at the meeting may adjourn the meeting to another date, time, or place, and notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before an adjournment is taken.

How do I vote?

If you complete and properly sign the accompanying proxy card and return it to us, it will be voted as you direct. If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person. Street name stockholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

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Can I change my vote after I return my proxy card?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with us either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

What are the board's recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our board of directors. Each of the board's recommendations is set forth together with the description of each item in this proxy statement. In summary, the board recommends a vote for election of its nominee for director and for approval of the 2006 Incentive Compensation Plan.

Our board of directors does not know of any other matters that may be brought before the meeting nor does it foresee or have reason to believe that the proxy holders will have to vote for a substitute or alternate board nominee for director. In the event that any other matter should properly come before the meeting or any nominee for director is not available for election, the proxy holders will vote as recommended by the board of directors or, if no recommendation is given, in accordance with their best judgment.

What vote is required to approve each item?

Election of Director. The affirmative vote of a majority of the shares of our common stock present in person or represented by proxy at the meeting and entitled to vote is required for the election of one director. A properly executed proxy marked **WITHHOLD AUTHORITY** with respect to the election of that director will not be voted, although it will be counted for purposes of determining whether there is a quorum. Stockholders do not have the right to cumulate their votes for directors.

2006 Incentive Compensation Plan. The affirmative vote of a majority of the shares of our common stock present in person or represented by proxy at the meeting and entitled to vote is required for approval of the 2006 Incentive Compensation Plan. A properly executed proxy marked **ABSTAIN** with respect to the approval of the 2006 Incentive Compensation Plan will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote. Because your broker or nominee does not have discretionary voting power with respect to this proposal, if you do not give specific instructions to your broker or nominee, a broker non-vote will occur with respect to this proposal and your shares will not be voted or counted for purposes of approval of our 2006 Incentive Compensation Plan, although your shares will be counted for purposes of determining whether there is a quorum.

Other Items. For each other item, the affirmative vote of a majority of the shares of our common stock present in person or represented by proxy at the meeting and entitled to vote will be required for approval. A properly executed proxy marked **ABSTAIN** with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

What are the effects of broker non-votes?

If you hold your shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters. Because your broker or nominee does not have discretionary voting power with respect to the proposal to approve our 2006 Incentive Compensation Plan, if you do not give specific instructions to your broker or nominee on that proposal, a broker non-vote will occur and your shares will not be voted or counted for purposes of that proposal. Shares represented by these broker non-votes will, however, be counted in determining whether there is a quorum.

Table of Contents***Who will pay for the preparation of the proxy?***

We will pay the cost of preparing, assembling, and mailing the proxy statement, notice of meeting, and enclosed proxy card. In addition to the use of mail, our employees may solicit proxies personally and by telephone. Our employees will receive no compensation for soliciting proxies other than their regular salaries. We may request banks, brokers, and other custodians, nominees, and fiduciaries to forward copies of the proxy materials to the beneficial owners of our common stock and to request authority for the execution of proxies and we may reimburse such persons for their expenses incurred in connection with these activities.

Our principal executive offices are located at 2630 S. Harbor Blvd., Santa Ana, California 92704, and our telephone number is (714) 327-3000. A list of stockholders entitled to vote at the annual meeting will be available at our offices for a period of 10 days prior to the meeting and at the meeting itself for examination by any stockholder.

**PROPOSAL ONE
ELECTION OF DIRECTOR**

Directors and Nominee

Our board of directors is divided into three classes with each class of directors serving for a three-year term or until successors of that class have been elected and qualified. While the number of directors is currently fixed at nine, three board seats remain vacant at this time. These remaining board seats will remain vacant until our Nominating and Corporate Governance Committee has identified suitable candidates to fill the vacant board seats. At the annual meeting, our stockholders will elect one class III director, who will serve a term expiring at the 2009 annual meeting, or until his successor has been duly elected and qualified.

Our board of directors has nominated Mr. John G. Mayer, who currently serves as a director, to stand for re-election. Mr. Mayer currently serves as our class III director and, if re-elected, will serve a three year term expiring at the annual meeting of stockholders in 2009. Messrs. James K. Bass, Thomas T. Edman, and Robert E. Klatell serve as class I directors, and their term will expire at the annual meeting of stockholders in 2007. Messrs. Kenton K. Alder and Richard P. Beck serve as class II directors, and their term will expire at the annual meeting of stockholders in 2008.

Our board of directors has no reason to believe that its nominee will refuse or be unable to accept election. However, if John G. Mayer is unable to accept election or if any other unforeseen contingencies should arise, our board of directors may designate a substitute nominee. If our board of directors designates a substitute nominee, the persons named as proxies will vote for the substitute nominee designated by our board of directors.

The following table, together with the accompanying text, sets forth certain information with respect to each of our directors.

Name	Age	Position(s) Held
Robert E. Klatell	60	Chairman and Director
Kenton K. Alder	56	Chief Executive Officer, President, and Director
James K. Bass	49	Director
Richard P. Beck	73	Director
Thomas T. Edman	44	Director
John G. Mayer	55	Director

There are no family relationships among our directors.

Robert E. Klatell has served as our Director since September 2004 and our Chairman of the Board since May 2005. Since December 2005, Mr. Klatell has served as Chief Executive Officer of DICOM Group plc, a publicly held company (London Stock Exchange) that provides information capture and communications solutions. Mr. Klatell served as a consultant to Arrow Electronics, Inc. from January 2004 to December 2004. Mr. Klatell

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served in various executive capacities at Arrow from February 1976 to December 2003, most recently as Executive Vice President from July 1995 to December 2003. Mr. Klatell is a member of the board of directors of Datascope Corp. and Mediagrif Interactive Technologies Inc. Mr. Klatell holds a Bachelor of Arts degree in History from Williams College and a Juris Doctorate from New York University Law School. The board has determined that Mr. Klatell is an independent director.

Kenton K. Alder has served as our Chief Executive Officer, President, and Director since March 1999. From January 1997 to July 1998, Mr. Alder served as Vice President of Tyco Printed Circuit Group Inc., a printed circuit board manufacturer. Prior to that time, Mr. Alder served as President and Chief Executive Officer of ElectroStar, Inc., previously a publicly held printed circuit board manufacturing company, from December 1994 to December 1996. From January 1987 to November 1994, Mr. Alder served as President of Lundahl Astro Circuits Inc., a predecessor company to ElectroStar. Mr. Alder holds a Bachelor of Science in Finance and a Bachelor of Science in Accounting from Utah State University.

James K. Bass has served as our Director since September 2000. Mr. Bass is currently the Chief Executive Officer and a director of The New Piper Aircraft, Inc., a general aviation manufacturing company, and has served in such capacities since September 2005. He served as the Chief Executive Officer and a director of Suntron Corporation, a publicly held provider of high mix electronic manufacturing services, from its incorporation in May 2001 until May 2005, and as Chief Executive Officer of EFTC Corporation, a subsidiary of Suntron, from July 2000 until April 2001. From 1992 to July 2000, Mr. Bass was a Senior Vice President of Sony Corporation. Prior to that, Mr. Bass spent 15 years in various manufacturing management positions at the aerospace group of General Electric Corporation. Mr. Bass holds a B.S.M.E. from Ohio State University. The board has determined that Mr. Bass is an independent director.

Richard P. Beck has served as our Director since February 2001. Mr. Beck is presently retired. From November 2001 to May 2002, Mr. Beck served as Senior Vice President of Advanced Energy Industries, a publicly held manufacturer of power conversion systems and integrated technology solutions. From February 1998 to November 2001, Mr. Beck served as Senior Vice President and Chief Financial Officer of Advanced Energy Industries and continues to serve as a director of the company and is a member of its audit committee and chairman of its nominating and governance committee. From March 1992 until February 1998, Mr. Beck served as Vice President and Chief Financial Officer of Advanced Energy. From November 1987 to March 1992, Mr. Beck served as Executive Vice President and Chief Financial Officer for Cimage Corporation, a computer software company. Mr. Beck is also Chairman of the Board, a member of the audit committee, and serves on the compensation committee and nominating and governance committee of Applied Films Corporation, a publicly held manufacturer of flat panel display equipment. Mr. Beck holds a Bachelor of Science in Accounting and Finance and a Master of Business Administration from Babson College. The board has determined that Mr. Beck is an independent director and an audit committee financial expert as described in applicable Securities and Exchange Commission (SEC) rules.

Thomas T. Edman has served as our Director since September 2004. Mr. Edman has been employed by Applied Films Corporation since June 1996 and has served as its President and Chief Executive Officer since May 1998. From June 1996 until May 1998, Mr. Edman served as Chief Operating Officer and Executive Vice President of Applied Films. From 1993 until joining Applied Films, he served as General Manager of the High Performance Materials Division of Marubeni Specialty Chemicals, Inc., a subsidiary of a major Japanese trading corporation. Mr. Edman serves on the board of directors of Applied Films. Mr. Edman also serves on the national board of directors of the American Electronics Association, a professional trade organization, and is chairman of its audit committee. He also serves on the Governing Board of the USDC (United States Display Consortium). Mr. Edman holds a Bachelor of Arts degree in East Asian studies (Japan) from Yale University and a Master's degree in Business Administration from The Wharton School at the University of Pennsylvania. The board has determined that Mr. Edman is an independent director.

John G. Mayer has served as our Director since September 2000. Mr. Mayer is presently retired. From January 1997 to November 1999, Mr. Mayer served as Vice President of Tyco Printed Circuit Group, Inc., a printed circuit board manufacturer. Mr. Mayer served as Chief Operating Officer of ElectroStar, Inc., previously a publicly held printed circuit board manufacturing company, from December 1994 to December 1996. From April 1986 to

November 1994, Mr. Mayer served as President of Electro-Etch Circuits, Inc., a predecessor company to

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ElectroStar. Mr. Mayer holds a Bachelor of Arts in History, the Arts and Letters from Yale University and a Juris Doctor from UCLA School of Law. The board has determined that Mr. Mayer is an independent director.

Information Relating to Corporate Governance and the Board of Directors

A majority of the members of our board of directors are independent. Our board of directors has determined, after considering all the relevant facts and circumstances, that Messrs. Bass, Beck, Edman, Klatell, and Mayer are independent directors, as independence is defined by the listing standards of the National Association of Securities Dealers (NASD).

Our bylaws authorize our board of directors to appoint among its members one or more committees, each consisting of one or more directors. Our board of directors has established three standing committees: an audit committee, a compensation committee, and a nominating and corporate governance committee. We intend to schedule each year at least two executive sessions at which independent directors meet without the presence or participation of management.

Our board of directors has adopted charters for the audit and nominating and corporate governance committees describing the authority and responsibilities delegated to the committee by the board of directors. Our board of directors has also adopted a Whistle Blower Policy and a Code of Ethics for the CEO and Senior Financial Officers. We post on our website, at www.ttmtechnologies.com, the charters of our audit and nominating and corporate governance committees; our Whistle Blower Policy, and Code of Ethics for the CEO and Senior Financial Officers, and any amendments or waivers thereto; and any other corporate governance materials contemplated by SEC or NASDAQ regulations. These documents are also available in print to any stockholder requesting a copy in writing from our corporate secretary at our executive offices set forth in this proxy statement. A copy of the audit committee charter is included with this proxy statement as Annex A.

Interested parties may communicate with our board of directors or specific members of our board of directors, including the members of our various board committees, by submitting a letter addressed to the board of directors of TTM Technologies, Inc. c/o any specified individual director or directors at the address listed in this proxy statement. We will forward any such letters to the indicated directors.

Meetings of the Board of Directors

Our board of directors held seven meetings during the fiscal year ended December 31, 2005. All of our directors attended more than 75% of the aggregate of (i) total number of meetings of the board of directors held during fiscal year 2005, and (ii) the total number of meetings held by all committees of our board of directors on which such person served during fiscal year 2005.

Committees of the Board of Directors

Audit Committee. The audit committee reviews and monitors our corporate financial reporting and our external audit, including, among other things, our control functions, the results and scope of the annual audit, and other services provided by our independent registered public accounting firm and our compliance with legal requirements that have a significant impact on our financial reports. The audit committee also consults with our management and our independent registered public accounting firm regarding the preparation of financial statements and, as appropriate, initiates inquiries into aspects of our financial affairs. In addition, the audit committee has the responsibility to consider and recommend the appointment of, and to pre-approve services provided by, and fee arrangements with, our independent registered public accounting firm. The current members of the audit committee are Messrs. Bass, Beck, and Mayer, each of whom is an independent director of our company under the NASD listing standards rules as well as under rules adopted by the SEC pursuant to the Sarbanes-Oxley Act of 2002. The board of directors has determined that Mr. Beck, who serves as chairman of the audit committee, qualifies as an audit committee financial expert in accordance with applicable rules and regulations of the SEC. The audit committee held ten meetings during fiscal year 2005.

Nominating and Corporate Governance Committee. The nominating and corporate governance committee oversees the structure and makeup of the board and oversees the management continuity planning processes. It establishes, monitors, and recommends the purpose, structure, and operations of the various

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committees of the board, the criteria and qualifications for membership of each committee, and recommends whether rotations or term limits are appropriate for the chair or committee members of the various committees. In addition, the nominating and corporate governance committee recommends individuals to stand for election as directors and recommends directors to serve on each committee as a member or as chair of the committee. It also oversees and approves the management continuity planning process, including reviewing and evaluating the succession plans relating to the chief executive officer and other executive officer positions. Finally, the nominating and corporate governance committee reviews and makes recommendations regarding our governing documents (including our certificate of incorporation and the bylaws) and our corporate governance principles. The nominating and corporate governance committee currently consists of three members, Messrs. Beck, Klatell, and Bass. The nominating and corporate governance committee held one meeting during fiscal year 2005.

Compensation Committee. The compensation committee provides a general review of our compensation and benefit plans to ensure that they meet corporate objectives. In addition, the compensation committee reviews the chief executive officer's recommendations on compensation of our officers and adopting and changing major compensation policies and practices, and reports its recommendations to the whole board of directors for approval and authorization. The compensation committee administers our stock plans and is currently comprised of Messrs. Edman, Klatell, and Mayer. The compensation committee held six meetings during fiscal year 2005.

Director Compensation and Other Information

Our non-employee directors receive the following compensation: an annual cash retainer of \$20,000, a \$1,500 payment per board meeting, a \$750 payment for each committee meeting, and reimbursement of expenses relating to the board meetings. In addition, our Chairman of the Board receives an annual cash retainer of \$15,000, and the chairmen of our various board committees receive annual cash retainers as follows: \$9,000 to the audit committee chairman, \$4,000 to the compensation committee chairman, and \$3,000 to the nominating and corporate governance committee chairman.

Upon election, each non-employee director receives an option to purchase 20,000 shares of our common stock. At each annual meeting of stockholders, each non-employee director who has served as a director for the previous six months receives an option to purchase 4,000 shares of our common stock. The options provided to the non-employee directors expire on the grant date's tenth anniversary and vest over a three or four year period.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table shows the amount of each class of common stock beneficially owned as of March 31, 2006, by (a) each of our directors and nominees for director, (b) each of our named executive officers, (c) all of our directors and current executive officers as a group, and (d) each person known by us to own beneficially more than five percent of our outstanding common stock.

Beneficial Ownership Table

Name and Address of Beneficial Owner (1)	Shares Beneficially Owned	
	Number	Percent (2)
Directors and Executive Officers:		
Kenton K. Alder (3)	1,006,314	2.4%
Steven W. Richards (4)	112,938	*
O. Clay Swain (5)	332,001	*
Shane S. Whiteside (6)	384,001	*
Daniel L. Felsenthal (7)	38,969	*
James K. Bass (7)	28,000	*
Richard P. Beck (8)	29,000	*
Thomas T. Edman (7)	20,000	*
Robert E. Klatell (7)	20,000	*
John G. Mayer (7)	28,000	*
All directors and executive officers as a group (10 persons) (9)	1,999,223	4.6%
5% Stockholders:		
Royce & Associates, LLC (10)	5,065,300	12.2%
FMR Corp. (11)	3,873,168	9.3%
Wasatch Advisors, Inc. (12)	2,349,463	5.7%
Barclays Global Investors, NA (13)	2,303,668	5.6%
Mac-Per-Wolf Company (14)	2,206,715	5.3%

* Represents less than 1% of our outstanding common stock.

(1) Except as otherwise indicated, the address of each person listed on the table is 2630 S. Harbor Blvd, Santa Ana, CA, 92704.

(2) We have determined beneficial ownership in accordance with

the rules of the Securities and Exchange Commission, or SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included the shares of common stock subject to options and warrants held by that person that are currently exercisable or will become exercisable within 60 days after March 31, 2006, but we have not included those shares for purposes of computing percentage ownership of any other person. We have assumed unless otherwise indicated that the persons and entities named in the table have sole voting and investment power with respect to all shares beneficially owned, subject to community

property laws where applicable. Beneficial ownership is based on 41,521,850 shares of our common stock outstanding as of March 31, 2006.

- (3) Includes 750 shares held by Mr. Alder's children and 936,595 shares issuable upon exercise of vested stock options.
- (4) Includes 112,438 shares issuable upon exercise of vested stock options.
- (5) Includes 331,001 shares issuable upon exercise of vested stock options.
- (6) Includes 344,001 shares issuable upon exercise of vested stock options.
- (7) Represents shares issuable upon exercise of vested stock options.
- (8)

Includes 24,000 shares issuable upon exercise of vested stock options.

(9) Includes 1,883,004 shares issuable upon exercise of vested stock options.

(10) The information is as reported on Schedule 13G filed on February 1, 2006 with the SEC by Royce & Associates, LLC (Royce), an investment adviser registered under Section 203 of the Investment Advisers Act of 1940. The address for Royce is 1414 Avenue of the Americas, New York, New York 10019.

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(11) The information is as reported on Schedule 13G filed on February 14, 2006 with the SEC by FMR Corp. (FMR). The address for FMR is 82 Devonshire Street, Boston, Massachusetts 02109. Fidelity Management & Research Company (Fidelity), a wholly owned subsidiary of FMR Corp. and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 3,805,168 shares or 9.164% of the company s common stock as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. The ownership of one investment company,

Fidelity Small
Cap Stock Fund,
amounted to
3,805,168
shares of the
company's
common stock.

Edward C.
Johnson 3d and
FMR Corp.,
through its
control of
Fidelity, and the
funds each has
sole power to
dispose of the
3,805,168
shares owned by
the Funds.

Members of the
family of
Edward C.
Johnson 3d,
Chairman of
FMR Corp., are
the predominant
owners, directly
or through
trusts, of
Series B shares
of common
stock of FMR
Corp.,
representing
49% of the
voting power of
FMR Corp. The
Johnson family
group and all
other Series B
shareholders
have entered
into a
shareholders
voting
agreement under
which all
Series B shares
will be voted in
accordance with
the majority

vote of Series B shares.

Accordingly, through their ownership of voting common stock and the execution of the shareholders voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR Corp. Neither FMR Corp. nor Edward C. Johnson 3d, Chairman of FMR Corp., has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds Boards of Trustees. Fidelity Management Trust Company, a wholly owned subsidiary of

FMR Corp. and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, is the beneficial owner of 68,000 shares of the company's common stock as a result of its serving as investment manager of the institutional account(s). Edward C. Johnson 3d and FMR Corp., through its control of Fidelity Management Trust Company, each has sole dispositive power over 68,000 shares and sole power to vote or to direct the voting of 68,000 shares owned by the institutional account(s) as reported above.

- (12) The information is as reported on Schedule 13G filed on February 14, 2006 with the SEC by Wasatch Advisors, Inc. (Wasatch), an investment adviser registered under

Section 203 of the Investment Advisers Act of 1940. The address for Wasatch is 150 Social Hall Avenue, Salt Lake City, Utah 84111.

- (13) The information is as reported on Schedule 13G filed on January 27, 2006 with the SEC by Barclays Global Investors, NA (Barclays) and certain affiliates of Barclays, including Barclays Global Fund Advisors, Barclays Global Investors, Ltd., and Barclays Global Investors Japan Trust and Banking Company Limited. The address for Barclays is 45 Fremont Street, San Francisco, California 94105.

- (14) The information is as reported on Schedule 13G filed on February 15, 2006 with the SEC by Mac-Per-Wolf Company, filing on behalf of its

two subsidiaries, PWMCO, LLC, a broker dealer registered under Section 15 of the Securities Exchange Act and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, and Perkins, Wolf, McDonnell and Company, LLC, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940. The address for Mac-Per-Wolf Company is 311 S. Wacker Dr., Suite 6000, Chicago, Illinois 60606.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors, officers, and persons who own more than 10% of a registered class of our securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Directors, officers, and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely upon our review of the copies of such forms that we received during the fiscal year ended December 31, 2005, and written representations that no other reports were required, we believe that each person who at any time during such fiscal year was a director, officer, or beneficial owner of more than 10% of our common stock complied with all Section 16(a) filing requirements during fiscal year 2005.

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The following table sets forth information for the fiscal years indicated concerning the compensation earned by our Chief Executive Officer and our four next most highly compensated executive officers whose aggregate compensation exceeded \$100,000 in fiscal year 2005.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation		
		Salary(\$)	Bonus(\$)	Other Annual Compensation(\$)(1)	Awards	Payouts	All Other Compensation(\$)(2)
					Options(#)	Securities Underlying Payouts(\$)	
Kenton K. Alder Chief Executive Officer, President, and Director	2005	336,538	¾	¾	69,500	¾	2,100
	2004	292,596	324,000(4)	¾	¾	¾	1,650
	2003	272,500	75,000(5)	¾	210,000	¾	2,411
Stacey M. Peterson (3) Former Chief Financial Officer and Secretary	2005	161,830	¾	¾	19,000	¾	2,118
	2004	186,230	166,250(4)	¾	¾	¾	1,315
	2003	176,000	40,300(5)	¾	110,000	¾	1,218
Steven W. Richards Chief Financial Officer, Vice President, and Secretary	2005	136,077	¾	¾	19,000	¾	2,100
	2004	108,874	74,000(4)	¾	¾	¾	1,217
	2003	104,043	17,300(5)	¾	40,000	¾	1,040
O. Clay Swain Senior Vice President, Sales	2005	178,058	¾	¾	38,000	¾	2,155
	2004	161,714	145,250(4)	¾	¾	¾	816
	2003	150,080	37,300(5)	¾	110,000	¾	¾
Shane S. Whiteside Senior Vice President and Chief Operating Officer	2005	221,135	¾	¾	38,000	¾	2,100
	2004	218,269	185,500(4)	¾	¾	¾	1,641
	2003	210,914	40,500(5)	¾	110,000	¾	1,502
Daniel L. Felsenthal Vice President, Finance and Controller	2005	141,346	¾	¾	17,500	¾	2,074
	2004	137,192	80,000(4)	¾	¾	¾	1,542
	2003	110,596	17,000(5)	¾	42,500	¾	779

(1) Except as otherwise provided in this table, no amounts for perquisites and other personal benefits received by any of the named executive officers are

shown because the aggregate dollar amounts were lower than the reporting requirements established by the rules of the SEC.

- (2) Represents matching contributions by us under our 401(K) plan.
- (3) Ms. Peterson served as our Chief Financial Officer and Secretary until August 2005.
- (4) Represents a bonus paid in 2005 based on our performance in 2004.
- (5) Represents a bonus paid in 2004 based on our performance in 2003.

Table of Contents**Stock Option Grants**

The following table sets forth certain information with respect to stock options granted to the executive officers named in the Summary Compensation Table during the fiscal year ended December 31, 2005. These options were granted under our Amended and Restated Management Stock Option Plan and have a term of 10 years. The options may terminate earlier if the optionholder stops providing services to us.

The percentage of total options in the following table was calculated based on options to purchase an aggregate of 641,700 shares of our common stock granted to our employees in fiscal year 2005.

OPTION GRANTS IN LAST FISCAL YEAR

Name	Number of Securities Underlying Options Granted(1)	Individual Grants			Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(2)	
		Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price(\$/Sh)	Expiration Date	5%	10%
Kenton K. Alder	17,375(3)	2.7%	\$8.98	01/27/2015	\$98,125	\$248,668
	17,375	2.7%	7.77	05/05/2015	84,903	215,161
	17,375	2.7%	6.86	08/03/2015	74,960	189,962
	17,375	2.7%	8.67	11/03/2015	94,737	240,083
Stacey M. Peterson (4)	9,500	1.5%	8.98	01/27/2015		
	9,500	1.5%	7.77	05/05/2015		
Steven W. Richards	4,750(3)	0.7%	8.98	01/27/2015	26,826	67,981
	4,750	0.7%	7.77	05/05/2015	23,211	58,821
	4,750	0.7%	6.86	08/03/2015	20,493	51,932
	4,750	0.7%	8.67	11/03/2015	25,899	65,634
O. Clay Swain	9,500(3)	1.5%	8.98	01/27/2015	53,651	135,962
	9,500	1.5%	7.77	05/05/2015	46,422	117,642
	9,500	1.5%	6.86	08/03/2015	40,985	103,864
	9,500	1.5%	8.67	11/03/2015	51,799	131,269
Shane S. Whiteside	9,500(3)	1.5%	8.98	01/27/2015	53,651	135,962
	9,500	1.5%	7.77	05/05/2015	46,422	117,642
	9,500	1.5%	6.86	08/03/2015	40,985	103,864
	9,500	1.5%	8.67	11/03/2015	51,799	131,269
Daniel L. Felsenthal	4,375(3)	0.7%	8.98	01/27/2015	24,708	62,614
	4,375	0.7%	7.77	05/05/2015	21,378	54,177
	4,375	0.7%	6.86	08/03/2015	18,875	47,832
	4,375	0.7%	8.67	11/03/2015	23,855	60,453

(1)

Unless otherwise noted, 25% of the options granted will vest and become exercisable on each anniversary of the date of grant.

- (2) Potential gains are net of the exercise price, but before taxes associated with the exercise. Amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. The assumed 5% and 10% rates of stock price appreciation are provided in accordance with the rules of the SEC and do not represent our estimate or projection of the future price of our company's common stock. Actual gains, if any, on stock option exercises will depend upon the future market prices of our common stock.

- (3) Shares vested and became exercisable on September 14, 2005.
- (4) None of these options will vest or become exercisable as a result of Ms. Peterson's resignation in August 2005.

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Stock Option Exercises and Values for Fiscal 2005

The following table sets forth information with respect to our executive officers named in the Summary Compensation Table concerning options exercised in 2005 and unexercised options held by them as of the end of such fiscal year:

**AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES**

Shares Acquired	Value	Number of Securities Underlying Unexercised Options at December 31, 2005 (#)	Value of Unexercised In-The-Money Options at Decemb
on Exercise			