

IDENTIVE GROUP, INC.
Form 424B3
December 29, 2010
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Registration No. 333-171134

PROSPECTUS

IDENTIVE GROUP, INC.

8,195,252 Shares of Common Stock

This prospectus relates to the resale or other disposition of up to 8,195,252 shares of the common stock, par value \$0.001 per share, of Identive Group, Inc. by the selling stockholders named in this prospectus, certain of whom are our officers, directors and affiliates, together with any of their pledgees, donees, transferees or other successors-in-interest, from time to time. The shares offered hereby were issued by us in a private placement and consist of (i) 4,097,626 shares which are issued and outstanding and (ii) 4,097,626 shares which are issuable upon exercise of five-year warrants to purchase our common stock at an exercise price of \$2.65 per share. The registration of these shares does not necessarily mean that the selling stockholders will offer, sell or otherwise dispose of all or any of these shares.

We will not receive any of the proceeds from the sale of any shares of common stock by the selling stockholders, but we will incur expenses in connection with the registration of these shares. We will, however, receive proceeds in the event that some or all of the warrants held by the selling stockholders are exercised.

Our filing of the registration statement, of which this prospectus is a part, is intended to satisfy our obligations to the selling stockholders to register the shares of common stock purchased by them pursuant to a Subscription Agreement, dated November 14, 2010, together with shares of common stock issuable to them upon exercise of warrants. A list of the selling stockholders is included in this prospectus under the section entitled Selling Stockholders. The selling stockholders and any of their pledgees, donees, transferees or other successors-in-interest may sell the shares of common stock described in this prospectus in a number of different ways and at varying prices. We provide more information about how the selling stockholders may sell their shares of common stock in the section entitled Plan of Distribution beginning on page 13 of this prospectus. We will not be paying any underwriting discounts or commissions in this offering.

Shares of our common stock are traded on The NASDAQ Global Market under the symbol INVE and on the Frankfurt Stock Exchange under the symbol INV. On December 27, 2010, the closing sales price for our common stock on The NASDAQ Global Market was \$2.38 per share and 1.760 on the Frankfurt Stock Exchange.

Investing in our common stock involves a high degree of risk. We urge you to carefully read the section entitled Risk Factors beginning on page 4 of this prospectus and all other information included or incorporated herein by reference in this prospectus in its entirety before you decide whether to buy our common stock.

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

The date of this prospectus is December 28, 2010.

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ABOUT THIS PROSPECTUS

Unless otherwise stated or the context otherwise requires, the terms Identive, we, us, our, and the Company refer to Identive Group, Inc. and subsidiaries.

SCM, the Identive logo, @MAXX and CHIPDRIVE are registered trademarks of Identive Group, Inc.; ScramblePad, ScrambleProx and IDK are registered trademarks of Hirsch Electronics, LLC, and the Hirsch logo, the Velocity logo, ScrambleSmart, ScrambleSmartProx, MATCH, DIGI*TRAC, Hirsch Verification Station, RUU-201, MOMENTUM, BioSmart, Secure Success, Putting Digital Identities to Work, From Credential to Cloud, Presence as a Policy, We Secure Buildings, Upgrade to Hirsch, The Secure Decision, DigiLock, Rapid Deployment Kit, ScrambleNet, XBox, NET*MUX4, S*NET, X*NET, SNIB and SNIB2 are trademarks of Hirsch Electronics, LLC; ACiG, Card Express Service, MIR-RT, Multicard, Mybility, Syscan, Trustoffice, and TOM are foreign registered trademarks of affiliated companies. Other product and brand names may be trademarks or registered trademarks of their respective owners.

We and the selling stockholders have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus, any accompanying prospectus supplement or any free writing prospectus delivered by or on behalf of us. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus, any accompanying prospectus supplement or any free writing prospectus delivered by or on behalf of us. This prospectus 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. The selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is accurate only as of the date on the front of this prospectus and any information we have incorporated by reference in this prospectus is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus or any sale of our common stock. Our business, financial condition, results of operations, and prospects may have changed since those dates.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, and the documents incorporated herein by reference, includes forward-looking statements regarding, among other things, our financial condition and business strategy. Forward-looking statements provide our current expectations and projections about future events. Forward-looking statements include statements about our expectations, beliefs, plans, objectives, intentions, assumptions, and other statements that are not historical facts. As a result, all statements other than statements of historical facts included in this discussion and analysis and located elsewhere in this document regarding the prospects of our industry and our prospects, plans, financial position, and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as may, could, expect, intend, estimate, anticipate, plan, foresee, believe, or continue, or the negatives of the variations of them or similar terminology, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will occur as predicted. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements included in this document. These forward-looking statements speak only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement to reflect circumstances or events after the date of this report or to reflect the occurrence of unanticipated events, except as may be required by applicable securities laws. Factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected include, among others:

Our ability to execute our strategic plans;

The competitive and rapidly-evolving nature of our industry;

The potential effect of competing products on our business;

Our ability to obtain additional capital, use internally-generated cash, or use shares of our common stock to finance growth strategies;

The expected timing for the completion of this rights offering;

Dependence on key personnel;

Disruptions at our manufacturing facilities or in our customer, supplier, or employee base;

Variability of our quarterly revenues and earnings;

Our reliance on our subsidiaries;

Economic and financial uncertainty resulting from terrorism or global economic conditions;

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The costs of being a public company, including under the Sarbanes-Oxley Act of 2002.

Any or all of our forward-looking statements may turn out to be inaccurate. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Forward-looking statements may be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties, including the risks, uncertainties and assumptions described under Risk Factors. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances contained in this prospectus may not occur as contemplated, and actually results could differ materially from those anticipated or implied by the forward-looking statements.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated by reference therein. This summary may not contain all of the information that you should consider before deciding whether or not you should invest in our common stocks. You should read the entire prospectus carefully, including the section entitled "Risk Factors" beginning on page 4 of this prospectus and all other information included or incorporated herein by reference in this prospectus in its entirety before you decide whether to invest in our common stock.

Identive Group

Overview

Identive Group, Inc. (Identive, the Company, we and us) is an international technology company focused on building the world's signature group in secure identification-based technologies. The businesses within Identive have deep industry expertise and are well-known global brands in their individual markets, providing leading-edge products and solutions in the areas of physical and logical access control, identity management and radio frequency identification (RFID) systems to governments, commercial and industrial enterprises, healthcare and consumers. Our growth model is based on a combination of strong technology-driven organic growth from the businesses within the group and disciplined acquisitive expansion.

At the beginning of 2010, we acquired Bluehill ID AG (Bluehill ID), a Swiss industrial holding group focused on technologies within the high-growth RFID / contactless smart card technology and identity management markets. As a result of this business combination, we have put in place a new organizational structure, enhanced and broadened our management team, and changed the name of the Company from SCM Microsystems, Inc. to Identive Group, Inc., which reflects our focus on providing secure identification systems and solutions. Following the acquisition of Bluehill ID we also changed our stock trading symbols to reflect our new name. Our common stock is listed on the NASDAQ Global Market in the U.S. under the symbol INVE and the Frankfurt Stock Exchange in Germany under the symbol INV.

Following our acquisition of Bluehill ID in January 2010, we now operate in two segments, Identity Management Solutions & Services (ID Management) and Identification Products & Components (ID Products). Each segment is comprised of two or more business units within the group that focus on specific products, markets and channels.

Business units in our ID Management segment provide solutions and services that enable the secure management of credentials in diverse markets. These credentials are used for the identification of people and the granting of rights and privileges based on defined security policies. The businesses in our ID Management segment specialize in the design, manufacturing, supply and servicing of products and integrated systems that can enhance security and better meet compliance and regulatory requirements while providing users the benefits and convenience of simple and secure solutions. ID Management customers operate in government, commercial, enterprise and consumer markets and can be found in multiple vertical market segments including healthcare, finance, industrial, retail and critical infrastructure. The businesses in our ID Management segment include Hirsch and Multicard. Sales in this segment are typically made to high level dealer / integrators, and less frequently, directly to end users.

Business units in our ID Products segment design and manufacture both standard and highly specialized products and components that help identify people, animals and objects in a multitude of applications and markets. Products and components in our ID Products segment include semiconductors, cards, tags, inlays, readers and terminals that are used by original equipment manufacturers and system integrators to deliver identity based systems and solutions. These products are used for applications such as eHealth, eGovernment, mobile banking, loyalty schemes, transportation and event ticketing, corporate identification, logical access, physical access and passport control in the government, enterprise and financial markets. Within this segment we also offer commercial digital media readers that are used in digital kiosks to transfer digital content to and from various flash media.

Businesses in our ID Products segment include SCM Microsystems, TagStar Systems, ACiG Technology and Syscan ID.

Each of the businesses within Identive conducts its own sales and marketing activities in the markets in which it competes, utilizing its own sales and marketing organization, and in most cases selling primarily through indirect sales channels that may include dealers, systems integrators, value added resellers, resellers or Internet sales. Within our ID Management segment, the majority of sales in our Hirsch business are made through a dealer/systems integrator distribution channel. Businesses in our ID Products segment primarily sell to original equipment manufacturers (OEMs) that typically either bundle our products with their

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own solutions, or repackage our products for resale to their customers. Our OEM customers typically sell our ID Products solutions to government contractors, systems integrators, large enterprises and computer manufacturers, as well as to banks and other financial institutions. Additionally, we sell our digital media readers primarily to major brand computer and photo processing equipment manufacturers.

Recent Acquisitions

On November 19, 2010, we acquired, through our wholly owned subsidiary SCM Microsystems (Asia) Pte. Ltd., all the shares and intellectual property of FCI Smartag Pte. Ltd. (Smartag) in a cash and debt transaction pursuant to a Share Purchase Agreement dated October 29, 2010, with FCI Asia Pte. Ltd., FCI SA and FCI Connectors Singapore Pte. Ltd. Under the Share Purchase Agreement, we will pay FCI approximately \$4.1 million, consisting of a one-time payment at the close of the transaction of approximately \$1.0 million and a promissory note for approximately \$3.1 million.

On April 14, 2010, we acquired RockWest Technology Group, a privately held provider of identification and security solutions based in Denver, Colorado (RockWest), pursuant to the Share Purchase Agreement dated March 30, 2010 and amended on April 9, 2010, under which we issued an aggregate of 2.6 million shares of our common stock. RockWest's operating results have been included in our consolidated results since April 14, 2010. RockWest was integrated into the Company's Multicard business in September 2010 and adopted the name Multicard U.S.

On January 4, 2010, we acquired Bluehill ID, pursuant to the Business Combination Agreement dated as of September 20, 2009, as amended, under which we made an offer to the Bluehill ID shareholders to acquire all of the Bluehill ID shares and issued 0.52 new shares of Identive common stock for every one share of Bluehill ID tendered. A total of 29,422,714, or approximately 92% of Bluehill ID shares outstanding were tendered in the offer and exchanged for a total of 15,299,797 new shares of Identive common stock. Immediately following the close of the transaction, approximately 38% of the Company's outstanding shares were held by the former Bluehill ID shareholders. Bluehill ID's operating results have been included in our consolidated results since January 4, 2010.

On April 30, 2009, we acquired Hirsch Electronics Corporation, a privately-held California corporation that designs, engineers, manufactures and markets software, hardware and services in the security management system/physical access control market. The acquisition of Hirsch Electronics Corporation was accomplished through a two-step merger, in accordance with the Agreement and Plan of Merger entered into on December 10, 2008, pursuant to which Hirsch Electronics Corporation became Hirsch Electronics LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company (Hirsch). In exchange for all of the outstanding capital stock of Hirsch, we paid approximately \$14.2 million in cash, issued approximately 9.4 million shares of our common stock, and issued warrants to purchase approximately 4.7 million shares of our common stock. The merger was approved by our stockholders at a special meeting held on April 16, 2009. Immediately following the close of the transaction, approximately 37% of the shares of Identive common stock outstanding were held by the former Hirsch shareholders. Hirsch's operating results have been included in our consolidated results since April 30, 2009.

Recent Trends and Strategies for Growth

Identive is focused on building the world's leading company in access control, identity management and RFID technologies. Our growth strategy is focused both around technology-driven organic growth and disciplined acquisitive activity, acting as a consolidator in a rapidly growing, yet highly fragmented industry. With each acquisition we seek to expand our business, reinforce our market position in targeted areas and fully leverage our strengths and opportunities to enter new markets.

We believe our April 2009 acquisition of Hirsch supported our growth strategy, as it significantly increased our revenues, increased our scale and has helped further diversify our customer base and position our company to better address the growing market demand for solutions that address both IT security and physical access, a trend referred to in the security industry as convergence. Following the acquisition, Lawrence W. Midland, a former Hirsch director and current President of Hirsch, joined our Board of Directors and became an Executive Vice President of the Company.

As a result of our January 2010 acquisition of Bluehill ID, we are able to provide identification and authentication solutions for applications ranging from security to asset tracking to transaction processing for mobile and fixed installations. The acquisition of Bluehill ID further increased our revenue base and our scale to enable us to participate in additional parts of the secure identification market. Following the acquisition, Ayman S. Ashour, Chief Executive Officer of Bluehill ID, joined the Board of Directors of the Company and now serves as our Chairman and Chief Executive Officer. Daniel S. Wenzel, a former director of Bluehill ID, also joined our Board. Three other executives from Bluehill ID also joined the management team of the Company following the transaction, including Melvin Denton-Thompson, who serves as our Chief Financial Officer; John S. Rogers, who

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serves as Executive Vice President Transition Management and Acquisition Integration; and Joseph Tassone, who serves as Executive Vice President Technology and Product Management. The new management from Bluehill ID has extensive expertise in identifying acquisition candidates, executing mergers and acquisitions and successfully integrating acquired businesses.

Our goal is to build a lasting business of scale and technology to both enable and capitalize on the growth of the security and RFID industries. As part of our acquisition strategy, we employ a buy, build and grow approach worldwide that is designed to rapidly establish Identive as a leading company in the identification and identity management markets. In particular, we pursue majority investments and acquisitions that drive consolidation in the rapidly growing, yet highly fragmented markets for identification-based technologies. At the corporate level, we provide strategic guidance, operational support and market expertise to facilitate sharing of technology and resources across the group and help our individual business units expand and compete more effectively in the global marketplace.

As part of our organic growth strategy, we are focused on the ongoing development of our core RFID technology base and of a broad range of new contactless infrastructure products to enable fast growing contactless applications and services for markets such as electronic transactions (including payment and ticketing) and various electronic security programs within the government and enterprise sectors. Our RFID inlays and inlay-based tags, stickers and other products, and our contactless readers, modules and tokens are intended to address markets such as national/citizen ID, electronic passports, physical and logical (computer) security, ticketing for transit and events, cashless payments and mobile transactions, among others. Additionally, we are developing and implementing programs to market our existing product offerings into new distribution channels and new geographic regions. The worldwide economic downturn has slowed our progress in penetrating new markets; however, we continue to invest in the products, programs and resources to develop new customers so that we will be able to leverage a strong position in the market as the economic situation improves.

Our headquarters are co-located with our Hirsch business headquarters in Santa Ana, California and our European operational headquarters are in Ismaning, Germany. We maintain facilities in Chennai, India for research and development and in Australia, Brazil, Canada, Europe, Hong Kong, Japan and the United States for individual business operations and sales. The Company was founded in 1990 in Munich, Germany and incorporated in 1996 under the laws of the state of Delaware.

Our principal executive offices are located at 1900-B Carnegie Avenue, Santa Ana, California 92705. Our telephone number at that address is (949) 250-8888.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the specific risks described in our filings with the SEC pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, that are incorporated herein by reference before making an investment decision. See the section of this prospectus entitled *Where You Can Find More Information*. Any of the risks we describe in the information incorporated herein by reference could cause our business, financial condition, or operating results to suffer. The market price of our common stock could decline if one or more of these risks and uncertainties develop into actual events. You could lose all or part of your investment. Please also refer to the section of this prospectus entitled *Cautionary Note Regarding Forward-Looking Statements*.

USE OF PROCEEDS

We will not receive any proceeds from the sale of shares by the selling stockholders. The selling stockholders will pay any underwriting discounts and commissions and expenses incurred by the selling stockholder for brokerage, accounting, tax or legal services or any other expenses incurred by the selling stockholder in disposing of the shares. We will bear all other costs, fees and expenses incurred in effecting the registration of the shares covered by this prospectus, including, without limitation, all registration and filing fees, NASDAQ listing fees and fees and expenses of our counsel and our accountants.

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DESCRIPTION OF OUR CAPITAL STOCK

The following summary of certain provisions of our common stock does not purport to be complete. You should refer to our fourth amended and restated certificate of incorporation, as amended, and our amended and restated by-laws, both of which are included as exhibits to the registration statement we have filed with the SEC in connection with this offering. The summary below is also qualified by provisions of applicable law.

Common Stock

We are authorized to issue up to 110,000,000 shares of common stock. On November 30, 2010, we had 48,100,390 shares of common stock outstanding, including 618,400 held in treasury, and approximately 2,000 stockholders of record. Except as otherwise provided in any resolution providing for the issue of any series of preferred stock, holders of our common stock have exclusive voting rights for the election of directors and for all other purposes. Holders of our common stock are entitled to one vote per share on all matters to be voted upon by our stockholders. Neither our fourth amended and restated certificate of incorporation, as amended, nor our amended and restated by-laws authorize cumulative voting. The holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for the payment of dividends, subject to the rights of any series of preferred stock. In the event of a liquidation, dissolution or winding up, the holders of our common stock are entitled to share ratably in all assets remaining after payment of the preferential amounts, if any, to which the holders of our preferred stock, if any, are entitled. Our common stock has no preemptive, conversion or other subscription rights. There are no redemption or sinking fund provisions applicable to our common stock. All of our outstanding shares of common stock are fully paid and non-assessable.

Preferred Stock

We are authorized to issue 10,000,000 shares of preferred stock, 40,000 of which have been designated as Series A Participating Preferred Stock, par value \$0.001 per share. As of the date of this prospectus, no shares of our preferred stock, including the Series A Participating Preferred Stock, were outstanding. Our board of directors may, without further action by our stockholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the rights, preferences and limitations of each series, including voting rights, dividend rights and redemption and liquidation preferences. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of our common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of any liquidation, dissolution or winding-up of our company before any payment is made to the holders of shares of our common stock. In some circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management as discussed below. Upon the affirmative vote of our board of directors, without stockholder approval, we may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of our common stock.

The following summary of certain provisions of our Series A Participating Preferred Stock does not purport to be complete. You should refer to our fourth amended and restated certificate of incorporation, as amended, the Certificate of Designation of Rights, Preferences and Privileges of Series A Participating Preferred Stock, and our amended and restated by-laws, each of which are included as exhibits to the registration statement we have filed with the SEC in connection with this offering. The summary below is also qualified by provisions of applicable law.

General Terms of our Series A Participating Preferred Stock

On November 8, 2002, our board of directors declared a dividend of one Preferred Share Purchase Right (each, a *Right* and collectively, the *Rights*) to purchase one one-thousandth of a share of our Series A Participating Preferred Stock (*Series A Preferred*) for each outstanding share of common stock. The dividend was payable on November 25, 2002 to stockholders of record as of the close of business on that date. Certificates representing shares of common stock issued after the record date contain a notation incorporating the rights agreement by reference. The terms of the *Rights* are governed by a Preferred Stock Rights Agreement, dated as of November 8, 2002, as amended from time to time, between the Company and American Stock Transfer & Trust, LLC, as most fully discussed below under *Anti-Takeover Provisions Preferred Stock Rights Agreement*. The rights only become exercisable if a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 15% or more (or 19.99% or more for certain designated holders) of the shares of common stock then outstanding, or announces a tender or exchange offer, the consummation of which would result in ownership by a person or group of 15% or more (or 19.99% or more for certain designated holders) of the Company's common stock then outstanding.

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Each one one-thousandth of a share of Series A Preferred has rights and preferences substantially equivalent to those of one share of common stock. Each share of Series A Preferred is entitled to 1,000 votes on all matters submitted to a vote of our stockholders. Holders of Series A Preferred vote together with holders of our common stock as one class. The Series A Preferred are not redeemable and rank junior to all other series of the Company's Preferred Stock as to payment of dividends and distribution of assets.

Our Board of Directors

Our board of directors currently has seven (7) members. Our fourth amended and restated certificate of incorporation, as amended, and our amended and restated by-laws provide that the number of directors shall be fixed from time to time by resolution adopted by the vote of a majority of the directors then in office. Our fourth amended and restated certificate of incorporation, as amended, provides that the board of directors shall be divided into three nearly equal classes, with each class's term expiring on a staggered basis. Vacancies and newly created directorships may be filled by a majority of the directors then in office, though less than a quorum. Directors may be removed only for cause by the affirmative vote of at least a majority of the outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class, cast at a meeting of the stockholders called for that purpose.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

Trading Markets

Our common stock is listed on The NASDAQ Global Market under the symbol `INVE` and on the Frankfurt Stock Exchange under the symbol `INV`.

Certain Provisions of our Charter Documents and Delaware Law

Anti-Takeover Provisions of our Delaware Certificate of Incorporation and By-laws

In addition to the board of directors' ability to issue shares of preferred stock, our fourth amended and restated certificate of incorporation, as amended, and our amended and restated by-laws contain other provisions that are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and which may have the effect of delaying, deferring or preventing a future takeover or change in control of our Company unless such takeover or change in control is approved by our board of directors. These provisions include a classified board of directors as discussed above, elimination of stockholder action by written consents, advance notice procedures for stockholder proposals and supermajority vote requirements for business combinations.

Classified Board; Limitation on Ability of Stockholders to Remove Directors. Under the Delaware General Corporation Law, unless the certificate of incorporation otherwise provides, directors serving on a classified board can only be removed by the stockholders for cause. The provision for a classified board could prevent a party who acquires control of a majority of our outstanding common stock from obtaining control of the board until our second annual stockholders meeting following the date the acquirer obtains the controlling stock interest. The classified board provision could have the effect of discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us and could increase the likelihood that incumbent directors will retain their positions. In addition, our fourth amended and restated certificate of incorporation, as amended, provides that our stockholders may only remove a director from office for cause.

Elimination of Stockholder Action Through Written Consent. Our fourth amended and restated certificate of incorporation, as amended, provides that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting.

Advanced Notice Procedures for Stockholder Proposals. Our amended and restated by-laws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board. Stockholders at our annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board or by a stockholder who was a stockholder

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of record on the record date for the meeting, who is entitled to vote at the meeting and who has given to our secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Although our amended and restated by-laws do not give our board the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, our amended and restated by-laws may have the effect of precluding the conduct of some business at a meeting if the proper procedures are not followed or may discourage or defer a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of us.

Business Combinations. Our fourth amended and restated certificate of incorporation, as amended, provide that the affirmative vote of holders of at least 66-2/3% of the total outstanding shares eligible to vote is required in the event of (i) a merger or combination between the company and an entity or person owning, directly or indirectly, 10% of our shares (an Interested Purchaser) or (ii) any sale of the company or a sale of all or substantially all of our assets to an Interested Purchaser (a transaction described in (i) or (ii) being a Transaction), unless: (a) the Transaction is approved by two-thirds of the members of the Board of Directors; or (b) as a result of the Transaction, all holders of then-outstanding share (other than the Interested Purchaser) receive cash in an amount at least equal to the greatest of (x) the highest price paid by the Interested Purchaser for any shares during the offer, (y) an amount reflecting the same or a greater percentage relationship to the then market price of the company's stock as the highest price per share paid by the Interested Purchaser during the tender offer bears to the market price of the stock immediately prior to the commencement of the tender offer, or (z) an amount equal to the earnings per share of the company for the four full consecutive fiscal quarters immediately preceding the proposed Transaction multiplied by the then current price/earnings ratio of the Interested Purchaser.

Preferred Stock Rights Agreement

On November 8, 2002, our board of directors declared a dividend of one Preferred Share Purchase Right (each, a Right and collectively, the Rights) to purchase one one-thousandth of a share of our Series A Participating Preferred Stock (Series A Preferred) for each outstanding share of Common Stock. The dividend was payable on November 25, 2002 (the Record Date) to stockholders of record as of the close of business on that date. Prior to the distribution date, the Rights will be evidenced by and trade with the certificates for the common stock. After the distribution date, each Right will entitle the holder to purchase for \$30.00 a fraction of a share of the Company's Preferred Stock with economic terms similar to that of one share of the Company's common stock. The terms of the Rights are governed by a Preferred Stock Rights Agreement, dated as of November 8, 2002, as amended on December 10, 2008, November 16, 2009, and November 15, 2010, between the Company and American Stock Transfer & Trust, LLC (the Rights Agreement). The Rights will expire on the earlier to occur of (i) November 25, 2012, or (ii) redemption or exchange of the Rights. The rights only become exercisable if a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 15% or more (or 19.99% or more for certain designated holders) of the shares of common stock then outstanding, or announces a tender or exchange offer, the consummation of which would result in ownership by a person or group of 15% or more (or 19.99% or more for certain designated holders) of the Company's common stock then outstanding.

The Rights approved by our board of directors are designed to protect and maximize the value of the outstanding equity interests in the Company in the event of an unsolicited attempt by an acquirer to take over the Company in a manner or on terms not approved by the board of directors. Takeover attempts frequently include coercive tactics to deprive our board of directors and our stockholders of any real opportunity to determine the destiny of the Company. The Rights have been declared by our board of directors in order to deter such tactics, including a gradual accumulation of shares in the open market of 15% or greater (or 19.99% or greater for certain designated holders) position to be followed by a merger or a partial or two-tier tender offer that does not treat all stockholders equally. We believe that these tactics unfairly pressure stockholders, squeeze them out of their investment without giving them any real choice and deprive them of the full value of their shares.

The Rights are not intended to prevent a takeover of the Company and will not do so. Subject to the restrictions described above, the Rights may be redeemed by the Company at \$0.001 per Right generally on or prior to the fifth day after public announcement that a Person has acquired beneficial ownership of 15% or more (or 19.99% or more for certain designated holders) of the Company's common stock. Accordingly, the Rights should not interfere with any merger or business combination approved by the board of directors.

However, the Rights may have the effect of rendering more difficult or discouraging an acquisition of the Company deemed undesirable by the board of directors. The Rights may cause substantial dilution to a person or group that attempts to acquire the Company on terms or in a manner not approved by the Company's board of directors, except pursuant to an offer conditioned upon the negotiation, purchase or redemption of the Rights.

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Issuance of the Rights does not in any way weaken the financial strength of the Company or interfere with its business plans. The issuance of the Rights themselves has no dilutive effect, will not affect reported earnings per share, should not be taxable to the Company or to its stockholders, and will not change the way in which the Company's shares are presently traded. The Company's board of directors believes that the Rights represent a sound and reasonable means of addressing the complex issues of corporate policy created by the current takeover environment.

The foregoing is a summary of certain principal terms of the Rights Agreement only and is qualified in its entirety by reference to the Rights Agreement, as amended. A copy of the Rights Agreement and the amendments thereto are attached as exhibits to this registration statement and are incorporated herein by reference.

Provisions of Delaware Law Governing Business Combinations

We are subject to the business combination provisions of Section 203 of the Delaware General Corporation Law. In general, such provisions prohibit a publicly held Delaware corporation from engaging in any business combination transactions with any interested stockholder for a period of three years after the date on which the person became an interested stockholder, unless:

prior to such date, the board of directors approved either the business combination or the transaction which resulted in the interested stockholder obtaining such status;

upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (a) persons who are directors and also officers and (b) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66²/₃% of the outstanding voting stock which is not owned by the interested stockholder.

A business combination is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder. In general, an interested stockholder is a person who, together with affiliates and associates, owns 15% or more of a corporation's voting stock or within three years did own 15% or more of a corporation's voting stock. The statute could prohibit or delay mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us.

Limitations on Liability and Indemnification of Officers and Directors

Our fourth amended and restated certificate of incorporation, as amended, limits the liability of our directors to the fullest extent permitted by the Delaware General Corporation Law and provides that we will indemnify them to the fullest extent permitted by such law. We have entered into indemnification agreements with all of our current directors and expect to enter into a similar agreement with any new directors.

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SELLING STOCKHOLDERS

On November 14, 2010, we entered into Subscription Agreements (together, the Subscription Agreement) with accredited and other qualified investors, including certain of our directors, officers, managers and affiliates, in connection with the private placement of an aggregate of 4,097,626 shares of our common stock and warrants to purchase an additional 4,097,626 shares of our common stock for aggregate gross proceeds of approximately \$10.3 million. The private placement closed on November 22-25, 2010. The warrants have an exercise price of \$2.65 per share, are immediately exercisable and expire on the fifth anniversary of the date of issuance. The number of shares issuable upon exercise of the warrants is subject to adjustment for any stock dividends, stock splits or distributions by the Company, or upon any merger or consolidation or sale of assets of the Company, tender or exchange offer for the Company's common stock, or a reclassification of the Company's common stock. In connection with the private placement, we agreed to file within 30 days of the closing a registration statement with the Securities and Exchange Commission covering the resale or other disposition of shares of common stock and the shares of common stock issuable upon exercise of the warrants issued under the Subscription Agreement. We agreed to use our best efforts to have this registration statement declared effective as soon as practicable after filing, and to keep it effective for 24 months.

The following table sets forth the name of each selling stockholder, the number of shares of common stock beneficially owned by each selling stockholder as of November 30, 2010, the number of shares of common stock that each selling stockholder may offer and sell pursuant to this prospectus, and the number of shares of common stock to be beneficially owned by each selling stockholder after completion of the offering. Beneficial ownership is determined in accordance with Rule 13d-3(d) promulgated by the SEC under the Exchange Act, and includes shares of common stock with respect to which the selling stockholders have voting and investment power. Percentage of beneficial ownership is based upon 47,481,990 shares of common stock outstanding on November 30, 2010. As to each person or entity named as beneficial owners, that person's or entity's percentage ownership is determined based on the assumption that any warrants or convertible securities held by such person or entity which are exercisable or convertible within 60 days of November 30, 2010 have been exercised or converted, as the case may be.

Except as may be otherwise described below, to the best of our knowledge, the each selling stockholder beneficially owns and has sole voting and investment authority as to all of the shares set forth opposite his, her or its name, none of the selling stockholders is known to us to be a registered broker-dealer or an affiliate of a registered broker-dealer, and none of the selling stockholders has not held any position or office, or has had any material relationship with us or any of our affiliates within the past three years. Each of the selling stockholders has acquired his, her or its shares solely for investment and not with a view to or for resale or distribution of such securities. The information with respect to beneficial ownership of common stock held by each selling stockholder is based upon information supplied or confirmed by such selling stockholder. For purposes of presentation, we have assumed that the selling stockholders will sell all shares offered hereby, including the shares issuable upon the exercise of warrants.

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Name of Selling Stockholder	Beneficial Ownership Prior to this Offering		Shares to be Sold in this Offering	Beneficial Ownership After this Offering	
	Number	Percentage		Number	Percentage
Ayman S. Ashour (1)	2,585,932	5.4%	200,000	2,385,932	5.0%
Austin Parents Kooh, Mr. Scott Douglas Austin & Mrs. Suzanne Louise Austin (2)	7,920	*	7,920		
Bernd Dietel (3)	1,584,158	3.3%	1,584,158		
Catagonia Capital GmbH (4)	79,208	*	79,208		
Christian Glinz (5)	11,600	*	3,960		
Christine Schmitz-Riol (6)	31,684	*	31,684		
Cleantech Invest AG (7)	792,080	1.6%	792,080		
Clemens Reif (8)	190,100	*	190,100		
Dr. Cornelius Boersch (9)	8,735,313	17.9%	475,248	8,260,065	16.9%
Daniel Wenzel (10)	9,005,270	18.5%	126,732	8,878,538	18.2%
Darien Holding & Finance SA (11)	39,604	*	39,604		
Donner & Reuschel AG (12)	396,040	*	396,040		
European Invest AG (13)	79,208	*	79,208		
Felix Janssen (14)	7,920	*	7,920		
Friedrich Baldinger (15)	237,624	*	237,624		
Guggenheim & Partner Ltd. (16)	20,594	*	20,594		
Dr. Hellmut Kirchner (17)	118,812	*	118,812		
John Piccininni (18)	35,689	*	4,752	30,937	*
John S. Rogers (19)	51,882	*	11,882	40,000	*
Joseph Tassone (20)	340,067	*	79,208	260,859	*
Juerg Stuecki (21)	79,208	*	79,208		
Lincoln Vale European Partners Master Fund, L.P. (22)	3,258,976	6.9%	79,208	3,179,768	6.7%
Manfred Ferber (23)	79,208	*	79,208		
Markus Vollstedt (24)	79,208	*			