

APPLIED SIGNAL TECHNOLOGY INC  
Form SC 13G  
February 09, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. )

APPLIED SIGNAL TECHNOLOGY INC

-----  
(Name of Issuer)  
Common Stock

-----  
(Title of Class of Securities)  
038237103

-----  
(CUSIP Number)  
12/31/2010

-----  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)  
 Rule 13d-1(c)  
 Rule 13d-1(d)

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 038237103  
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1. NAME OF REPORTING PERSON  
Water Island Capital, LLC  
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2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
Not Applicable  
(a)   
(b)   
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3. SEC USE ONLY  
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4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

795216

6. SHARED VOTING POWER

None

7. SOLE DISPOSITIVE POWER

795216

8. SHARED DISPOSITIVE POWER

None

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

795216

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

Not Applicable

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

5.936

12. TYPE OF REPORTING PERSON

IA

CUSIP No. 038237103

Item 1(a) Name of Issuer:

APPLIED SIGNAL TECHNOLOGY INC

Item 1(b) Address of Issuer's Principal Executive Offices:

460 W CALIFORNIA AVE

SUNNYVALE CA 94086

Item 2(a) Name of Person(s) Filing:

WATER ISLAND CAPITAL LLC ("WIC")

Item 2(b) Address of Principal Business Office:

41 MADISON AVE FLOOR 42

NEW YORK NY 10010

Item 2(c) Citizenship:

WIC is a Delaware limited liability company.

Item 2(d) Title of Class of Securities:

Common Stock

Item 2(e) CUSIP Number:

038237103

Item 3 Type of Person:

(e) WIC is an Investment Adviser in accordance with Rule 13d-1(b)(1)(ii)(F).

Item 4 Ownership:

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- (a) Amount beneficially owned:  
795216
- (b) Percent of class:  
5.936
- (c) Number of shares as to which such person has:  
  - (i) Sole power to vote or to direct the vote:  
795216
  - (ii) Shared power to vote or to direct the vote:  
None
  - (iii) Sole power to dispose or direct the disposition of:  
795216
  - (iv) Shared power to dispose or direct the disposition of:  
None

Item 5 Ownership of Five Percent or Less of a Class:  
Not Applicable

Item 6 Ownership of More than Five Percent on Behalf of Another Person:  
Not Applicable

Item 7 Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company:

WIC is an Investment Adviser registered under section 203 of the Investment Advisers Act of 1940, as amended.

CUSIP No. 038237103  
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Item 8 Identification and Classification of Members of the Group:  
Not Applicable

Item 9 Notice of Dissolution of Group:  
Not Applicable

Item 10 Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: 1/3/2011

WATER ISLAND CAPITAL LLC

BY: /S/ MATTHEW HEMBERGER  
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Matthew Hemberger

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Chief Financial Officer and Chief Compliance Officer