

Edgar Filing: NEEDHAM & CO INC - Form SC 13D

NEEDHAM & CO INC
Form SC 13D
March 08, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
RULE 13d-2(a)

SOUTHWALL TECHNOLOGIES INC.

(Name of Issuer)

COMMON STOCK, PAR VALUE \$.001 PER SHARE

(Title of Class of Securities)

844909101

(CUSIP Number)

SAUL S. COHEN
PROSKAUER ROSE LLP
1585 BROADWAY
NEW YORK, NEW YORK 10036
212-969-3000

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

FEBRUARY 23, 2004

(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

The information required on 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 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).

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1 NAME OF REPORTING PERSONS
Needham & Company, Inc.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

| | |
|--------------|-----------------------------|
| 7 | SOLE VOTING POWER |
| 1,678,182 | |
| NUMBER OF | |
| SHARES | |
| BENEFICIALLY | 8 SHARED VOTING POWER |
| OWNED BY | 0 |
| EACH | 9 SOLE DISPOSITIVE POWER |
| REPORTING | 1,678,182 |
| PERSON | 10 SHARED DISPOSITIVE POWER |
| WITH | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,678,182

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

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13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
13.38%

14 TYPE OF REPORTING PERSON*
BD

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1 NAME OF REPORTING PERSONS
Needham Management Partners, L.P.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

7 SOLE VOTING POWER
0
NUMBER OF
SHARES

8 SHARED VOTING POWER
700,000
BENEFICIALLY

OWNED BY
EACH 9 SOLE DISPOSITIVE POWER

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0

REPORTING

PERSON

WITH

10 SHARED DISPOSITIVE POWER
700,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

700,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.58%

14 TYPE OF REPORTING PERSON*

PN

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1 NAME OF REPORTING PERSONS

Needham Emerging Growth Partners, L.P.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) OR 2(e)

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6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

7 SOLE VOTING POWER
0

NUMBER OF
SHARES

8 SHARED VOTING POWER
300,000

BENEFICIALLY

OWNED BY

9 SOLE DISPOSITIVE POWER
0

REPORTING

PERSON

10 SHARED DISPOSITIVE POWER
300,000

WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

300,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.39%

14 TYPE OF REPORTING PERSON*

PN

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1 NAME OF REPORTING PERSONS
Needham Contrarian Fund, L.P.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)
(b)

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3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2 (d) OR 2 (e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

7 SOLE VOTING POWER
0

NUMBER OF
SHARES

8 SHARED VOTING POWER
300,000

OWNED BY

9 SOLE DISPOSITIVE POWER
0

EACH
REPORTING

10 SHARED DISPOSITIVE POWER
300,000

PERSON
WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

300,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.39%

14 TYPE OF REPORTING PERSON*

PN

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1 NAME OF REPORTING PERSONS
Needham Emerging Growth Partners (Caymans), L.P.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

7 SOLE VOTING POWER
0

NUMBER OF
SHARES

8 SHARED VOTING POWER
100,000

OWNED BY

9 SOLE DISPOSITIVE POWER
0

REPORTING

10 SHARED DISPOSITIVE POWER
100,000

PERSON

WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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100,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
.80%

14 TYPE OF REPORTING PERSON*

PN

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1 NAME OF REPORTING PERSONS
George A. Needham
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
PF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

7 SOLE VOTING POWER
30,000
NUMBER OF
SHARES

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BENEFICIALLY 8 SHARED VOTING POWER
5,000

OWNED BY

EACH 9 SOLE DISPOSITIVE POWER
30,000

REPORTING

PERSON 10 SHARED DISPOSITIVE POWER
WITH 5,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
35,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
[X]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
.28%

14 TYPE OF REPORTING PERSON*
IN

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1 NAME OF REPORTING PERSONS
Needham Capital Partners II, L.P.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

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5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2 (d) OR 2 (e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

| | |
|--------------|-----------------------------|
| 7 | SOLE VOTING POWER |
| 0 | |
| NUMBER OF | |
| SHARES | |
| BENEFICIALLY | 8 SHARED VOTING POWER |
| OWNED BY | 3,312,406 |
| EACH | 9 SOLE DISPOSITIVE POWER |
| REPORTING | 0 |
| PERSON | |
| WITH | 10 SHARED DISPOSITIVE POWER |
| | 3,312,406 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
3,312,406

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
20.91%

14 TYPE OF REPORTING PERSON*
PN

CUSIP No.844909101

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1 NAME OF REPORTING PERSONS
Needham Capital Partners II (Bermuda), L.P.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2 (d) OR 2 (e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

7 SOLE VOTING POWER
0

NUMBER OF
SHARES

8 SHARED VOTING POWER
464,317

BENEFICIALLY
OWNED BY

9 SOLE DISPOSITIVE POWER
0

EACH
REPORTING
PERSON

10 SHARED DISPOSITIVE POWER
464,317

WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
464,317

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
3.57%

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14 TYPE OF REPORTING PERSON*

PN

CUSIP No.844909101

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1 NAME OF REPORTING PERSONS
Needham Capital Partners III, L.P.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

7 SOLE VOTING POWER
0

NUMBER OF

SHARES

8 SHARED VOTING POWER
5,798,843

BENEFICIALLY

OWNED BY

EACH

REPORTING

PERSON

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER

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WITH 5,798,843

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,798,843

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

31.64%

14 TYPE OF REPORTING PERSON*

PN

CUSIP No.844909101

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1 NAME OF REPORTING PERSONS

Needham Capital Partners IIIA L.P.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

U.S.

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| | |
|--------------|-----------------------------|
| 7 | SOLE VOTING POWER |
| 0 | |
| NUMBER OF | |
| SHARES | |
| BENEFICIALLY | 8 SHARED VOTING POWER |
| | 598,878 |
| OWNED BY | |
| EACH | 9 SOLE DISPOSITIVE POWER |
| REPORTING | 0 |
| PERSON | |
| WITH | 10 SHARED DISPOSITIVE POWER |
| | 598,878 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

598,878

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

4.56%

14 TYPE OF REPORTING PERSON*

PN

CUSIP No.844909101

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1 NAME OF REPORTING PERSONS
Needham Capital Partners III (Bermuda), L.P.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

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4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

7 SOLE VOTING POWER
0

NUMBER OF
SHARES

8 SHARED VOTING POWER
1,155,727

BENEFICIALLY
OWNED BY

9 SOLE DISPOSITIVE POWER
0

EACH
REPORTING
PERSON

10 SHARED DISPOSITIVE POWER
1,155,727

WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,155,727

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
8.45%

14 TYPE OF REPORTING PERSON*
PN

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1 NAME OF REPORTING PERSONS
Needham Capital Management L.L.C.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

7 SOLE VOTING POWER
0

NUMBER OF
SHARES

8 SHARED VOTING POWER
9,710,127

BENEFICIALLY

OWNED BY

9 SOLE DISPOSITIVE POWER
0

EACH
REPORTING

PERSON

10 SHARED DISPOSITIVE POWER
9,710,127

WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9,710,127

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

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[_]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
43.67%

14 TYPE OF REPORTING PERSON*

PN

CUSIP No.844909101

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1 NAME OF REPORTING PERSONS
Needham Capital Management (Bermuda) L.L.C.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(Intentionally Omitted)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) [_]
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6 CITIZENSHIP OR PLACE OF ORGANIZATION
U.S.

| | | |
|--------------|---|---------------------|
| | 7 | SOLE VOTING POWER |
| | | 0 |
| NUMBER OF | | |
| SHARES | | |
| | 8 | SHARED VOTING POWER |
| BENEFICIALLY | | 1,620,044 |
| OWNED BY | | |

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EACH 9 SOLE DISPOSITIVE POWER
0
REPORTING

PERSON
WITH 10 SHARED DISPOSITIVE POWER
1,620,044

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,620,044

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
11.45%

14 TYPE OF REPORTING PERSON*
PN

STATEMENT ON SCHEDULE 13D
PURSUANT TO RULE 13d-1 UNDER THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

ITEM 1. SECURITY AND ISSUER.

This Statement on Schedule 13D (this "Statement") relates to the common stock, par value \$0.001 per share (the "Common Stock"), of Southwall Technologies Inc., a Delaware corporation (the "Company"). The principal executive offices of the Company are located at 1029 Corporation Way, Palo Alto, California 94303.

ITEM 2. IDENTITY AND BACKGROUND.

(a)-(c) and (f) This Statement is filed by Needham & Company, Inc., a Delaware corporation ("Needham & Co."), Needham Management Partners, L.P., a Delaware limited partnership ("NMP"), Needham Emerging Growth Partners, L.P., a Delaware limited partnership ("NEGP"), Needham Contrarian Fund, L.P., a Delaware limited partnership ("NCF"), Needham Emerging Growth Partners (Caymans), L.P., a Cayman Islands limited partnership ("NEGPC"), George A. Needham, a natural person who is a U.S. citizen, Needham Capital Partners II, L.P., a Delaware limited partnership ("NCPII"), Needham Capital Partners II (Bermuda), L.P., a Bermuda limited partnership ("NCPIIB"), Needham Capital Partners III, L.P., a Delaware limited partnership ("NCPIII"), Needham Capital Partners IIIA, L.P., a Delaware limited partnership ("NCPIIIA"), Needham Capital Partners III (Bermuda), L.P., a Bermuda limited partnership ("NCPIIIB"), Needham Capital Management L.L.C., a Delaware limited liability company ("NCM"), and Needham

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Capital Management (Bermuda) L.L.C., a Bermuda limited liability company ("NCMB"). Needham & Co., NMP, NEGP, NCF, NEGPC, George A. Needham, NCPII, NCPIIB, NCPIII, NCPIIIA, NCPIIIB, NCM and NCMB are collectively referred to in this Statement as the "Reporting Persons."

The principal business office and mailing address of the Reporting Persons is c/o Needham & Company, Inc., 445 Park Avenue, New York, New York 10022. Needham & Co. is an investment banking, securities and asset management firm. The business of NMP is serving as the general partner of NEGP, NCF and NEGPC, each of which are private investment partnerships. The business of NCM is serving as the general partner of NCPII, NCPIII and NCPIIIA, each of which are private investment partnerships. The business of NCMB is serving as the general partner of NCPIIB and NCPIIIB, each of which are private investment partnerships. The present principal occupation of George A. Needham is Chairman of the Board and Chief Executive Officer of Needham & Co. The name and principal occupation or employment of the executive officers, directors or general partners of the Reporting Persons who are corporations, limited partnerships and limited liability companies are set forth on Schedule I to this Statement.

(d) and (e) During the past five years, none of the Reporting Persons or, to the best knowledge of the Reporting Persons, any of the persons listed on Schedule I, (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent

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jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

On February 23, 2004, the Company entered into an Amended and Restated Investment Agreement (the "Amended Investment Agreement") with Needham & Co., NCPII, NCPIIB, NCPIII, NCPIIIA, NCPIIIB and Dolphin Direct Equity Partners, LP ("Dolphin"). The Amended Investment Agreement amended and restated an Investment Agreement, dated as of December 18, 2003 (the "Prior Investment Agreement"), for a new bank loan guarantee and equity financing package of up to \$7,500,000 from Needham & Co., certain of its affiliates and Dolphin. As more fully described below, on February 23, 2004, NCPII, NCPIIB, NCPIII, NCPIIIA and NCPIIIB (the "Note Purchasers") collectively purchased \$3,000,000 of Secured Convertible Promissory Notes (the "Notes") from the Company for an aggregate purchase price of \$3,000,000, and, in connection with the issuance of the Notes and certain anti-dilution protections, the Company issued warrants to the Note Purchasers (the "Warrants") for an aggregate of 8,330,171 shares of Common Stock. The source of funds used to purchase the Notes by each Note Purchaser was the working capital of such Note Purchaser.

On December 29, 2003, Needham & Co. filed a Schedule 13D with the Securities and Exchange Commission (the "Commission") reporting the ownership by the Reporting Persons of the shares of Common Stock reported herein, subject to the disclaimers therein and herein, and a warrant issued by the Company to Needham & Co. and the shares of Common Stock issuable upon exercise of that warrant. The source of funds used to purchase the shares of Common Stock owned by each of Needham & Co., NEGP, NCF, and NEGPC was the working capital of such Reporting Person. The source of funds used to purchase the shares of Common

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Stock owned by George A. Needham and members of his family held in custodial accounts for which Mr. Needham is the custodian was the personal funds of Mr. Needham. The warrant was issued to Needham & Co. pursuant to the terms of the Prior Investment Agreement in consideration for providing loan guaranties described in the Schedule 13D filed by Needham & Co. on December 29, 2003.

ITEM 4. PURPOSE OF TRANSACTION.

On February 23, 2004, the Company entered into the Amended Investment Agreement, which amended the Prior Investment Agreement to provide, among other things, for the purchase by the Note Purchasers and Dolphin of the Notes in one tranche rather than shares of Series A 10% Cumulative Preferred Stock, par value \$0.001 per share (the "Series A Preferred Stock"), of the Company in two tranches. Pursuant to the Amended Investment Agreement, on February 23, 2004, the Note Purchasers purchased from the Company an aggregate principal amount of \$3,000,000 of Notes for an aggregate purchase price of \$3,000,000. The Notes pay interest at an annual interest rate equal to the lower of 10% or the highest rate permitted by applicable law, compounded daily.

2

The Notes are convertible, in whole or in part, at the option of the holder into shares of Preferred Stock at a rate of one share of Series A Preferred Stock for each \$1.00 of debt converted, subject to specified adjustments. The Notes are secured by a pledge of a portion of the stock of the Company's subsidiary, Southwall Europe GmbH, pursuant to a Pledge Agreement between the Company and the Note Purchasers. Upon conversion of a majority of the aggregate principal outstanding under the Notes, the remaining Notes will automatically convert. The Notes are due and payable February 20, 2009, or earlier upon the occurrence of an event of default under the Notes, as specified in the Amended Investment Agreement. The approval of the holders of the Notes will be required for the Company to take certain actions, including the consummation of any merger or sale of the Company or all or substantially all of its assets. The Series A Preferred Stock into which the Notes are convertible are in turn convertible on a one-for-one basis into Common Stock, have a preference over the Common Stock in the event of a liquidation or winding up of the Company, and carry a cumulative dividend of 10% per annum along with other protective and anti-dilution provisions. The approval of a majority of the holders of the outstanding shares of Series A Preferred Stock will be required for the Company to take certain actions, including the consummation of any merger or sale of the Company or all or substantially all of its assets.

In connection with the purchase of the Notes and in satisfaction of the anti-dilution rights of the Note Purchasers relating to the issuance by the Company of debt and equity to certain creditors, the Company issued the Warrants to the Note Purchasers for an aggregate of 8,330,171 shares of Common Stock with an exercise price of \$0.01 per share. The Warrants are immediately exercisable and expire on February 20, 2009.

Pursuant to the Amended Investment Agreement, the Company has granted Needham & Co. board observer rights. The Company also granted certain registration rights to the Note Purchasers with respect to the shares of Common Stock underlying the Notes and the Warrants.

Other than as specified in this Item 4, the Reporting Persons have no plans or proposals which relate to or which would result in or relate to any of the actions specified in paragraphs (a) through (j) of Item 4 of Schedule 13D.

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ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

(a) (1) Needham & Co. owns of record and beneficially 737,067 shares of Common Stock and a warrant, which is immediately exercisable for 941,115 shares of Common Stock. Assuming the full exercise of the warrant, Needham & Co. would own of record 1,678,182 of Common Stock, which would constitute 13.38% of the issued and outstanding Common Stock.

(2) NEGP owns of record and beneficially 300,000 shares of Common Stock, which constitutes 2.39% of the issued and outstanding Common Stock.

(3) NCF owns of record and beneficially 300,000 shares of Common Stock, which constitutes 2.39% of the issued and outstanding Common Stock.

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(4) NEGPC owns of record and beneficially 100,000 shares of Common Stock, which constitutes 0.80% of the issued and outstanding Common Stock.

(5) NMP may be deemed to own beneficially the aggregate amount of 700,000 shares of Common Stock owned by NEGP, NCF and NEGPC by virtue of its position as general partner of those Reporting Persons, which amount constitutes 5.58% of the issued and outstanding Common Stock. NMP disclaims beneficial ownership of all of the reported shares of Common Stock owned by NEGP, NCF and NEGPC, and the inclusion of these shares of Common Stock in this report shall not be deemed an admission by it of beneficial ownership of such shares for any purpose.

(6) George A. Needham owns of record and beneficially 30,000 shares of Common Stock. He also may be deemed to beneficially own (i) the shares of Common Stock and the warrant owned by Needham & Co. by virtue of his position in and share ownership of Needham & Co., (ii) the shares of Common Stock owned by NEGP, NCF and NEGPC by virtue of his position as general partner of NMP, the general partner of NEGP, NCF and NEGPC, (iii) the Notes and Warrants owned by NCPPII, NCPPIII and NCPPIIIA by virtue of his position as a manager of NCM, the general partner of NCPPII, NCPPIII and NCPPIIIA, (iv) the Notes and Warrants owned by NCPPIIB and NCPPIIIB by virtue of his position as a manager of NCMB, and (v) 5,000 shares of Common Stock owned by family members of Mr. Needham. The aggregate amount of shares of Common Stock owned by Mr. Needham and his family members is 35,000, which constitutes 0.28% of the issued and outstanding shares of Common Stock. Mr. Needham disclaims beneficial ownership of all of the reported shares of Common Stock and the Warrants, except the shares of Common Stock he owns of record, and the inclusion of these shares in this report shall not be deemed an admission by him of beneficial ownership for any purpose.

(7) NCPPII owns of record and beneficially (i) a Note in the principal amount of \$877,058, which is convertible to 877,058 shares of Preferred Stock, which in turn is convertible to 877,058 shares of Common Stock, subject to adjustments applicable to the Note and Preferred Stock, and (ii) a Warrant which is exercisable for 2,435,348 shares of Common Stock.

(8) NCPPIIB owns of record and beneficially (i) a Note in the principal amount of \$122,942, which is convertible to 122,942 shares of Preferred Stock, which in turn is convertible to 122,942 shares of Common Stock, subject to adjustments applicable to the Note and Preferred Stock, and (ii) a Warrant which is exercisable for 341,375 shares of Common Stock.

(9) NCPPIII owns of record and beneficially (i) a Note in the principal amount of \$1,535,416, which is convertible to 1,535,416 shares of Preferred

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Stock, which in turn is convertible to 1,535,416 shares of Common Stock, subject to adjustments applicable to the Note and Preferred Stock, and (ii) a Warrant which is exercisable for 4,263,427 shares of Common Stock.

(10) NCPIIIA owns of record and beneficially (i) a Note in the principal amount of \$158,571, which is convertible to 158,571 shares of Preferred Stock, which in turn is

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convertible to 158,571 shares of Common Stock, subject to adjustments applicable to the Note and Preferred Stock, and (ii) a Warrant which is exercisable for 440,307 shares of Common Stock.

(11) NCPIIIB owns of record and beneficially (i) a Note in the principal amount of \$306,013, which is convertible to 306,013 shares of Preferred Stock, which in turn is convertible to 306,013 shares of Common Stock, subject to adjustments applicable to the Note and Preferred Stock, and (ii) a Warrant which is exercisable for 849,714 shares of Common Stock.

(12) NCM may be deemed to own beneficially the Notes and Warrants owned by NCPII, NCPIII and NCPIIIA by virtue of its position as general partner of those Reporting Persons, and accordingly may be deemed to beneficially own the 9,710,127 shares of Common Stock underlying those convertible securities, which amount constitute 43.67% of the issued and outstanding Common Stock. NCM disclaims beneficial ownership of all of the reported shares of Common Stock underlying the Notes and Warrants owned by NCPII, NCPIII and NCPIIIA, and the inclusion of these shares of Common Stock in this report shall not be deemed an admission by it of beneficial ownership of such shares for any purpose.

(13) NCMB may be deemed to own beneficially the Notes and Warrants owned by NCPIIB and NCPIIIB by virtue of its position as general partner of those Reporting Persons, and accordingly may be deemed to beneficially own the 1,620,044 shares of Common Stock underlying those convertible securities, which amount constitute 11.45% of the issued and outstanding Common Stock. NCMB disclaims beneficial ownership of all of the reported shares of Common Stock underlying the Notes and Warrants owned by NCPIIB and NCPIIIB, and the inclusion of these shares of Common Stock in this report shall not be deemed an admission by it of beneficial ownership of such shares for any purpose.

(b) Needham & Co. has the sole power to direct the vote and disposition of 737,067 shares of Common Stock directly owned by it, and, assuming the exercise of the Warrant in full, Needham & Co. will have the sole power to direct the vote and disposition of 941,115 shares of Common Stock issuable upon the exercise of the Warrant. NMP, the general partner of NEGP, and NEGP have shared power to direct the vote and disposition of 300,000 shares of Common Stock directly owned by NEGP. NMP, the general partner of NCF, and NCF have shared power to direct the vote and disposition of 300,000 shares of Common Stock directly owned by NCF. NMP, the general partner of NEGPC, and NEGPC have shared power to direct the vote and disposition of 100,000 shares of Common Stock directly owned by NEGPC. NCM, the general partner of NCPII, and NCPII have shared power to direct the vote and disposition of 3,312,406 shares of Common Stock issuable upon the conversion of the Note (assuming the simultaneous conversion of the shares of Series A Preferred Stock underlying the Note into shares of Common Stock) and the exercise of the Warrant owned by NCPII. NCMB, the general partner of NCPIIB, and NCPIIB have shared power to direct the vote and disposition of 464,317 shares of Common Stock issuable upon the conversion of the Note (assuming the simultaneous conversion of the shares of Series A

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Preferred Stock underlying the Note into shares of Common Stock) and the exercise of the Warrant owned by NCPIIB. NCM, the general partner of NCPIII, and NCPIII have shared power to direct the vote and disposition of 5,798,843 shares of

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Common Stock issuable upon the conversion of the Note (assuming the simultaneous conversion of the shares of Series A Preferred Stock underlying the Note into shares of Common Stock) and the exercise of the Warrant owned by NCPIII. NCM, the general partner of NCPIIIA, and NCPIIIA have shared power to direct the vote and disposition of 598,878 shares of Common Stock issuable upon the conversion of the Note (assuming the simultaneous conversion of the shares of Series A Preferred Stock underlying the Note into shares of Common Stock) and the exercise of the Warrant owned by NCPIIIA. NCMB, the general partner of NCPIIIB, and NCPIIIB have shared power to direct the vote and disposition of 1,155,727 shares of Common Stock issuable upon the conversion of the Note (assuming the simultaneous conversion of the shares of Series A Preferred Stock underlying the Note into shares of Common Stock) and the exercise of the Warrant owned by NCPIIIB. George A. Needham has the sole power to direct the vote and disposition of 30,000 shares of Common Stock directly owned by him. Mr. Needham has shared power to direct the vote of 5,000 shares of Common Stock owned directly by members of his immediate family. George A. Needham may be deemed to have shared power to direct the vote and disposition of (i) the shares of Common Stock owned by Needham & Co., and the shares of Common Stock issuable upon exercise of the Warrant, by virtue of his position in and share ownership of Needham & Co., (ii) the shares of Common Stock owned directly by NEGP, NCF and NEGPC because he serves as managing general partner of NMP, the general partner of NEGP, NCF and NEGPC, (iii) the shares of Common Stock issuable upon the conversion of the Notes (assuming the simultaneous conversion of the shares of Series A Preferred Stock underlying the Notes into shares of Common Stock) and the exercise of the Warrants owned directly by NCPII, NCPIII and NCPIIIA because he serves as a manager of NCM, the general partner of NCPII, NCPIII and NCPIIIA, and (iv) the shares of Common Stock issuable upon the conversion of the Notes (assuming the simultaneous conversion of the shares of Series A Preferred Stock underlying the Notes into shares of Common Stock) and the exercise of the Warrants owned directly by NCPIIB and NCPIIIB because he serves as a manager of NCMB, the general partner of NCPIIB and NCPIIIB. Mr. Needham disclaims beneficial ownership of the shares of Common Stock owned by Needham & Co., NEGP, NCF, NEGPC, NCPII, NCPIIB, NCPIII, NCPIIIA and NCPIIIB.

(c) Except as noted above, the Reporting Persons did not effect any transactions in the securities of the Company during the past 60 days.

(d) and (e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Other than as described in Item 4 above, to the knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 with respect to any securities of the Company.

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ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

| EXHIBIT NO. | DESCRIPTION |
|-------------|--|
| 1 | Joint Filing Agreement |
| 2 | Amended and Restated Investment Agreement, dated February 20, 2003, incorporated herein by reference to Exhibit 99.2 to the Company's Form 8-K/A filed with the SEC on March 3, 2004. |
| 3 | Form of Warrant. |
| 4 | Form of Secured Convertible Promissory Note, incorporated herein by reference to Exhibit 99.2 to the Company's Form 8-K/A filed with the SEC on March 3, 2004. |
| 5 | Amended and Restated Registration Rights Agreement, dated February 20, 2004, incorporated herein by reference to Exhibit 99.2 to the Company's Form 8-K/A filed with the SEC on March 3, 2004. |
| 6 | Pledge Agreement, dated February 20, 2004, , incorporated herein by reference to Exhibit 99.2 to the Company's Form 8-K/A filed with the SEC on March 3, 2004. |

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SIGNATURE

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

Dated: March 8, 2004

NEEDHAM & COMPANY, INC.

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: Chief Financial Officer

/s/ George A. Needham

George A. Needham

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NEEDHAM EMERGING GROWTH PARTNERS, L.P.

By: Needham Management Partners, L.P.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CONTRARIAN FUND, L.P.

By: Needham Management Partners, L.P.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM EMERGING GROWTH PARTNERS
(CAYMANS), L.P.

By: Needham Management Partners, L.P.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM MANAGEMENT PARTNERS, L.P.

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL PARTNERS II, L.P.

By: Needham Capital Management L.L.C.,
its general partner

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By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL PARTNERS II
(BERMUDA), L.P.

By: Needham Capital Management
(Bermuda) L.L.C., its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL PARTNERS III, L.P.

By: Needham Capital Management L.L.C.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL PARTNERS IIIA, L.P.

By: Needham Capital Management L.L.C.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL PARTNERS III
(BERMUDA), L.P.

By: Needham Capital Management
(Bermuda) L.L.C., its general
partner

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By: /s/Glen W. Albanese

 Name: Glen W. Albanese
 Title: General Partner

NEEDHAM CAPITAL MANAGEMENT, L.L.C.

By: /s/Glen W. Albanese

 Name: Glen W. Albanese
 Title: General Partner

NEEDHAM CAPITAL MANAGEMENT
 (BERMUDA), L.L.C.

By: /s/Glen W. Albanese

 Name: Glen W. Albanese
 Title: General Partner

SCHEDULE I

EXECUTIVE OFFICERS AND DIRECTORS OF NEEDHAM & COMPANY, INC.

| NAME OF OFFICER OR DIRECTOR ----- | BUSINESS ADDRESS ----- | PRINCIPAL EMPLOYMENT/OFFICE WITH NEEDHAM & COMPANY, INC. ----- |
|---|--|--|
| George A. Needham | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Chairman of the Board & Chief Executive Officer |
| John C. Michaelson | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | President of Needham Funds |
| John J. Prior, Jr. | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Corporate Finan |
| Chad W. Keck | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Corporate Finan West Coast |
| Warren M. Foss | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Institutional S |

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| | | |
|----------------------|--|---|
| Vincent J. Keney | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, OTC Trading |
| Theodor J. Kundtz | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Equity Research |
| Glen W. Albanese | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Chief Financial Officer |
| Andre R. Horn | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Chairman Emeritus |
| Edgar F. Heizer, Jr. | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Director Chairman of the Board of Heizer Corporation |
| Eugene R. White | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Director |
| Joseph H. Reich | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Director Managing General Partner of Centen Associates |

SCHEDULE I

Needham Management Partners, L.P. is the sole general partner of: (a) Needham Emerging Growth Partners, L.P., (b) Needham Contrarian Fund, L.P., and (c) Needham Emerging Growth Partners (Caymans), L.P. Needham Capital Management L.L.C. is the sole general partner of (a) Needham Capital Partners II, L.P., (b) Needham Capital Partners III, L.P. and (c) Needham Capital Partners IIIA, L.P. Needham Capital Management (Bermuda) L.L.C. is the sole general partner of (a) Needham Capital Partners II (Bermuda), L.P. and (b) Needham Capital Partners III (Bermuda), L.P.

The general partners of Needham Management Partners, L.P. are:

| NAME OF OFFICER OR DIRECTOR ----- | BUSINESS ADDRESS ----- | PRINCIPAL EMPLOYMENT/OFFICE WITH NEEDHAM & COMPANY, INC. ----- |
|---|--|--|
| George A. Needham | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Chairman of the Board & Chief Executive Officer |
| John C. Michaelson | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | President of Needham Funds |
| Jane K. Kloppenburg | c/o Needham & Company, Inc. | Managing Director, Portfolio Manag |

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445 Park Avenue
New York, New York 10022

| | | |
|------------------|--|--|
| Glen W. Albanese | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Chief Financial Officer |
|------------------|--|--|

The general partners of Needham Capital Management L.L.C. are:

| NAME OF OFFICER OR DIRECTOR ----- | BUSINESS ADDRESS ----- | PRINCIPAL EMPLOYMENT/OFFICE WITH NEEDHAM & COMPANY, INC. ----- |
|---|--|--|
| George A. Needham | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Chairman of the Board & Chief Executive Officer |
| John C. Michaelson | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | President of Needham Funds |
| John J. Prior, Jr. | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Corporate Finance |
| Thomas P. Shanahan | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Needham Asset Management |
| | | |
| Glen W. Albanese | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Chief Financial Officer |

The general partners of Needham Capital Management (Bermuda) L.L.C. are:

| NAME OF OFFICER OR DIRECTOR ----- | BUSINESS ADDRESS ----- | PRINCIPAL EMPLOYMENT/OFFICE WITH NEEDHAM & COMPANY, INC. ----- |
|---|--|--|
| George A. Needham | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Chairman of the Board & Chief Executive Officer |
| John C. Michaelson | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | President of Needham Funds |
| John J. Prior, Jr. | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Corporate Finance |
| Glen W. Albanese | c/o Needham & Company, Inc. 445 Park Avenue New York, New York 10022 | Managing Director, Chief Financial Officer |

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EXHIBIT 1

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(f) promulgated under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with all other Reporting Persons (as such term is defined in the Schedule 13D referred to below) on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the common shares of beneficial interest, par value \$.001 per share, of Southwall Technologies Inc., a Delaware corporation, and that this Agreement may be included as an Exhibit to such joint filing. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement as of the 8th day of March, 2004.

NEEDHAM & COMPANY, INC.

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: Chief Financial Officer

/s/ George A. Needham

George A. Needham

NEEDHAM EMERGING GROWTH PARTNERS, L.P.

By: Needham Management Partners, L.P.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CONTRARIAN FUND, L.P.

By: Needham Management Partners, L.P.,
its general partner

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By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM EMERGING GROWTH PARTNERS
(CAYMANS), L.P.

By: Needham Management Partners, L.P.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM MANAGEMENT PARTNERS, L.P.

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL PARTNERS II, L.P.

By: Needham Capital Management L.L.C.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

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NEEDHAM CAPITAL PARTNERS II
(BERMUDA), L.P.

By: Needham Capital Management
(Bermuda) L.L.C., its general

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partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL PARTNERS III, L.P.

By: Needham Capital Management L.L.C.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL PARTNERS IIIA, L.P.

By: Needham Capital Management L.L.C.,
its general partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL PARTNERS III
BERMUDA), L.P.

By: Needham Capital Management
(Bermuda) L.L.C., its general
partner

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

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NEEDHAM CAPITAL MANAGEMENT, L.L.C.

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By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner

NEEDHAM CAPITAL MANAGEMENT
(BERMUDA), L.L.C.

By: /s/Glen W. Albanese

Name: Glen W. Albanese
Title: General Partner