Short Alastair A
Form 4
June 03, 2009

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Short Alastair A

(Last) (First) (Middle)

C/O 3PAR INC., 4209 TECHNOLOGY DR.

(Street)

FREMONT, CA 94538

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
3PAR Inc. [PAR]

3. Date of Earliest Transaction (Month/Day/Year)
06/01/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP & Gen'l. Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Securiti (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amou or Numb of Sha
Right to Buy (common stock)	$ 9.36	06/01/2009	06/01/2009	A		50,000		06/01/2010 (1)	06/01/2019	Common Stock	50,0
Restricted Stock Unit	$ 0.001 (2)	06/01/2009	06/01/2009	A		25,000		(3)	(3)	Common Stock	25,0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Short Alastair A C/O 3PAR INC. 4209 TECHNOLOGY DR. FREMONT, CA 94538			VP & Gen'l. Counsel	

Signatures

Ricardo E. Velez, Atty-in-Fact for Alastair A. Short	06/03/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents an option in which 25% of the shares subject to the option shall vest and become exercisable one year after the date of grant, and 25% of the shares subject to the option shall vest each year thereafter on the anniversary of the date of grant.

(2) Represents par value of 3PAR common stock

(3) 25% of the restricted stock unit will vest on June 1, 2010 and shares will be distributed to reporting person on that date. The restricted stock unit will continue to vest as to 25% of the restricted stock unit annually thereafter, and shares will be distributed to the reporting person on each vest date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risks Relating to Our Business," "Description of Business" and elsewhere in this document. See "Forward-Looking Statements." 20 Background SiriCOMM is an application service provider specializing in wireless Internet connectivity and productivity applications tailored to the highway transportation industry. The company is guided by its mission of helping truck fleets to improve productivity, reduce costs, increase safety, and strengthen

security. To achieve that goal, SiriCOMM has deployed a network of SiriCOMM Wi-Fi hot spots at locations convenient to highway travelers. SiriCOMM's proprietary network, the foundation for its applications, delivers wireless broadband connectivity at a fraction of the cost of conventional wireless networks. By providing both Internet access and a robust application host platform, SiriCOMM delivers a more responsive and convenient way for all industry stakeholders to interact with information needed on a regular basis. Presently, SiriCOMM's network is the most widely available wireless Internet access network built for the highway transportation market. To date we have installed over 300 Wi-Fi "hot spots" at major truck stops and weigh stations and have agreements with leading truck stop chains and weigh station operators such as Pilot Travel Centers ("Pilot"), Love's Travel Stops ("Loves"), Petro, Freight and More, Inc./DIS - Direct Internet Services and others to install access points at approximately 430 additional sites. The Company's network technology is built upon a distributed server model that uses satellite for data backhaul. This architecture provides key advantages: 1) the network is truly go-anywhere and operates independently of any terrestrial-based communication infrastructure; 2) the satellite multicast features allows data to be simultaneously available at all SiriCOMM Wi-Fi hot spots; 3) bandwidth management is handled from a single location as opposed to multiple points that would be required by a nationwide terrestrial network; 4) the remote server makes each hot spot an extension of fleet operations; and, 5) proprietary technologies mitigate inherent weaknesses found in conventional satellite networks. SiriCOMM completed phase one installations in 2004 and opened the network for business in December 2004. Initially, network access subscriptions were limited to only credit card sales through the company's web site. By June 2005 Pilot began offering cash point of sales (POS) subscriptions at its in-store registers. We market our products and services principally through assorted value added reseller agreements and a direct sales force. As the trucking industry is highly fragmented and comprises many small to medium-sized fleets, we use numerous resellers to maximize our sales reach. Our direct sales force is focused on the large fleets as well as coordinating the efforts of our value added resellers. Currently we are continuing to concentrate our sales efforts on InTouch(TM) while installing additional hot spots across the country. Sales of Pulse and Beacon will commence once nationwide network density reaches 400-500 sites. Our senior management team, led by CEO Henry (Hank) Hoffman and composed primarily of the founders of the Company, has significant experience in both the transportation and communications industries. We were incorporated as a Delaware corporation under the name DFW Technologies, Inc., Inc., in March 1989. In 1992, DFW Technologies, Inc. changed their name to Fountain Pharmaceuticals, Inc. In approximately November 2002, the shareholders of SiriCOMM, Inc., a privately-held Missouri corporation, incorporated in 2000 ("SiriCOMM Missouri"), exchanged all of the issued and outstanding common stock of SiriCOMM Missouri for a controlling interest in Fountain Pharmaceuticals, Inc. (the "Reverse Transaction"). As part of the Reverse Transaction, all of the then officers and directors of Fountain Pharmaceuticals, Inc. resigned and were replaced by persons designated by SiriCOMM Missouri and the name of Fountain Pharmaceuticals, Inc. was changed to SiriCOMM, Inc. As a result of the Reverse Transaction, SiriCOMM Missouri became a wholly-owned subsidiary of the Company and the prior shareholders of SiriCOMM Missouri became the controlling shareholders, officers and directors of the Company. Our corporate address is 4710 East 32nd Street, Joplin, Missouri 64804, our telephone number is 417-626-9971, and our fax number is 417-782-0475. 21 Critical Accounting Policies and Estimates: Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to contingencies, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policy, among others; involve the more significant judgments and estimates used in the preparation of our consolidated financial statements: The Company accounts for compensation costs associated with stock options and warrants issued to non-employees using the fair-value based method prescribed by Financial Accounting Standard No. 123 - Accounting for Stock-Based Compensation. The Company uses the trinomial options-pricing model to determine the fair value of these instruments as well as to determine the values of options granted to certain lenders by the principal stockholder. The following estimates are used for grants in fiscal year 2006: Expected future volatility over the expected lives of these instruments is estimated to mirror historical experience of 75%; expected lives of 1-2 years is estimated based on management's judgment of the time period by which these instruments will be exercised. Fair Value of Equity Instruments The valuation of certain items, including valuation of warrants or restricted stock that may be offered as compensation for goods or services received within its contracts, involve significant estimations with underlying assumptions judgmentally determined. Warrants are valued using the most reliable measure of fair value, such as the value of the goods or services rendered, if obtainable, if such value is not readily obtainable, the valuation of warrants and stock options are then based upon a trinomial valuation model, which involves estimates of stock volatility, expected life of the instruments and other assumptions. As the Company's stock is thinly traded, the amounts recorded for equity instruments, which are based partly on historical pricing of the Company's stock, are subject to the assumption used by management in determining the fair value. Results of Operations For the Three Months Ended December 31, 2005, and 2004 Revenues SiriCOMM generated revenues of $153,952 for the three months ending December 31, 2005 while generating revenues of only $6,273 during the same period ending December 31, 2004. Revenues were solely derived from the Company's offering of its InTouch Internet service. Limited advertising has been conducted to date and no assurances can be offered that the Company will generate future revenues from the offering of the In Touch service. Operating Expenses Our operating expenses consist of product research and development costs, general and administrative, selling, depreciation and amortization, as well as amortization of long-term intangible assets. During the three months ended December 31, 2005, net operating losses totaled $870,400 as compared to net operating losses of $493,015 for the three months ended December 31, 2004. The Company has increased its number of employees in accounting, software development and customer service which has contributed to the increase in net operating losses. These expenses are necessary to increase the Company's infrastructure, support the InTouch service and improve the Company's administration. 22 General and Administrative Expenses Our General and Administrative expenses consist of corporate overhead costs, administrative support, professional fees and amortization of prepaid consulting fees. For the three months ending December 31, 2005, SiriCOMM's general and administrative expenses totaled $326,100, or 31.8% of total operating expenses, while for the three months ended, December 31, 2004 general and administrative expenses totaled $150,193 or 30.1% of total operating expenses. General and administrative expenses increased as a result of the Company's engaging an investor relations and network maintenance costs which contributed principally to the net operating loss. Salaries For the three months ending December 31, 2005, SiriCOMM incurred salaries of $317,696, representing 31.0% of operating expenses, as compared to $235,337, or 47.1%, of total operating expenses for the three months ended December 31, 2004. The Company has increased its personnel in accounting and customer support to operate its InTouch ISP service. Satellite Access Fees With the opening of the network for introduction of its InTouch service, the Company will incur bandwidth costs associated with providing this service and its other products. The contract with its satellite provider provides for a fixed monthly cost per site which will increase as the Company adds additional sites. Satellite access fees for the three months ending December 31, 2005 were $246,543, or 24.1% of total operating expenses, as compared to $93,870, or 18.8% of total operating expenses, for the three months ending December 31, 2004. With the signing of an agreement with Sat-Net in February 2005, the Company is now amortizing intangible satellite access that was the benefit derived from this agreement. The Company expensed $126,009 as the non-cash amortization for the three months ending December 31, 2005. Depreciation and Amortization Depreciation expense was $127,291 for the three month period ending December 31, 2005 as compared to $7,288 for the same period ending December 31, 2004 due to the increase in the network infrastructure. Interest Expense For the three months ending December 31, 2005, interest expense was $10,477 as compared to $4,460 during the three months ended December 30, 2004. The increase in interest expense is attributable to the Company increasing its borrowing on its equipment line to $385,435 from $309,604 during the same period ending December 31, 2004, and an increase in interest rates. For the years ended September 30, 2005 and 2004 Revenues SiriCOMM generated revenues of $193,741, for the fiscal year ending September 30, 2005 while not generating any revenues during fiscal year 2004. Revenues were solely derived from the Company's offering of its In Touch Internet service. In late June, Pilot Travel Centers introduced the Company's In Touch Service as a cash point of purchase transaction at the registers to facilitate purchases. Previously, the Company was limited to accepting only credit card purchases. Limited advertising has been conducted to date and no assurances can be offered that the Company will generate any meaningful revenues from the offering of the In Touch service in the future. Operating Expenses Our operating expenses consist of product research and development costs, general and administrative, selling, depreciation and amortization, as well as amortization of long-term prepaid assets as compared to the same period in 2004. 23 During fiscal year 2005, net operating losses totaled $3,236,245 as compared to net operating losses of $2,585,327 for 2004. The Company has increased its number of employees in accounting, software development and customer service which have contributed to the increase in net operating losses. These expenses were necessary to build the Company's infrastructure, support the In Touch service and improve the Company's Corporate Governance. General and Administrative Expenses Our General and Administrative expenses consist of corporate overhead costs, administrative support, professional fees and amortization of prepaid consulting fees. For fiscal year 2005, SiriCOMM's general and administrative expenses totaled $1,199,045, or 35.0% of total operating expenses, while for 2004 general and administrative expenses totaled $1,823,959 or 70.6% of total operating expenses. For 2005 and 2004, $300,840 and $0, respectively, of general and administrative expenses represents a non-cash vesting of consulting fees paid by the issuance of stock which was granted in 2004. Accounting and legal fees increased during 2005 by $105,865 due to the Company's filing of a Registration Statement on Form SB-2. Salaries For fiscal year 2005, SiriCOMM incurred salaries of $1,112,889, representing 32.4% of operating expenses, as compared to $663,115, or 25.6%, of total operating expenses for 2004. The Company hired an additional nine employees including a Controller since the same period ending September 30, 2004. Satellite Access Fees Satellite access fees have been incurred as a result of the Company's launching its proprietary network, expenses were realized for fiscal year 2005 of $711,702 or 20.7% of operating expenses. The non-cash component of the satellite access fees for fiscal year 2005 was $378,027. The Company had not yet launched the Network, thus no satellite access fees had been incurred during 2004. Research and Development Research and development costs increased $23,810 during fiscal year 2005 to $50,260 compared to $26,450 for 2004. The 2004 costs were low compared to 2005 due to a credit received for services from a consultant that is aiding in the development of the wireless network. Depreciation and Amortization Depreciation expense was $356,090 or 10.4% of operating expenses for fiscal year 2005 as compared to $21,803 or 0.8% of operating expenses for 2004. The increase is attributable to extensive expansion and installation of network equipment. Interest Expense For fiscal year 2005, interest expense was $26,593 as compared to $26,578 during 2004. The nominal change in interest expense is attributable to the Company increasing its borrowing on its line of credit during 2005 but conversely had paid other notes off during the latter part of 2004 and early in 2005. The valuation of certain items, including valuation of warrants or restricted stock that may be offered as compensation for goods or services received within its contracts, involve significant estimations with underlying assumptions judgmentally determined. Warrants are valued using the most reliable measure of fair value, such as the value of the goods or services rendered, if not obtainable, if such value is not readily obtainable, the valuation of warrants and stock options are then based upon a trinomial valuation model, 24 which involves estimates of stock volatility, expected life of the instruments and other assumptions. As the Company's stock is thinly traded, the amounts recorded for equity instruments, which are based partly on historical pricing of the Company's stock, are subject to the assumptions used by management in determining the fair value. Liquidity We continue to finance our operations entirely from invested funds and limited borrowing for capital expenditures. No assurances can be given that revenues will increase sufficiently to cover operating expenses or that the Company can continue to attract capital under terms favorable to it shareholders. As of December 31, 2005, our current assets including cash and cash equivalents, investments, accounts receivables and other current assets amounted to approximately $780,060. Current liabilities amounted to $1,349,158 and include notes payable to Southwest Missouri Bank and Sunflower Capital, LLC, accounts payable, accrued salaries, and other accrued expenses. On February 13, 2006 we retired the note payable to Southwest Missouri Bank by paying them $389,793, representing the principal and interest due under the note on that date. This loan was secured by various assets of the Company which were released upon making the payment. On February 8, 2006 the Company opened a $500,000 line of credit with Liberty Bank of Springfield, Missouri. The loan is secured by a six month certificate of deposit, which earns interest at the rate of 4.25%, deposited with Liberty Bank in the same amount. The interest rate on this line of credit is 5.25% on the outstanding principal balance. The line of credit has a six month term expiring on August 7, 2006. To date, the Company has not take any advances under this line of credit. The Company anticipates drawing against the line of credit when necessary for general corporate purposes, including the purchase of additional wireless equipment. As an emerging wireless applications services provider, we are involved in a number of business development projects, continued network installation and general operating capital requirements that will continue to require external capital to finance the Company as it introduces its applications within its business model. No assurances can be given as to the industry's willingness to purchase the Company's products or services. As described below, the Company completed a private placement whereby the Company sold Units at an aggregate purchase price of $5,396,103, which netted the Company approximately $5,000,000. The Company believes this capital is sufficient to fund its operations for a period of no less than twelve months, during which time the Company expects to achieve positive cash flow and will not need to raise additional capital to fund its planned operations. The Company to date has only introduced its InTouch Internet Service which is offered through its installations within the 275 Pilot Travel Centers. Month-to-month revenues have increased by 15-20%, evidenced as growth in revenues grew from $6,000 to $154,000 for the same period for periods ended December 2005 and December 2004 respectively With the installation of Love's Travel Centers and Petro Truckstops expected to be completed by April 30, 2006, this will bring total installations to 432. The Company is similarly of the belief that it will achieve positive cash flow for operations from InTouch singularly with these installations as of early summer 2006. Our current rate for using capital for quarter ended December 31, 2005 versus December 31, 2004 was $572,000 compared to $362,000 for the comparable period. The Company has expressed that a density of hotspots of 400-500 sites would enable it to introduce its other product lines through the installation of Love's and Petro thus, enabling the Pulse product to be introduced. The Company believes that orders for its Pulse Box product will generate revenues within 60 days. This will produce recurring subscription revenues as well. As expressed in its Form 8-K, the Company believes that Idling Solutions' orders will generate sales of nearly 20,000 units by calendar year-end 2006. On an annual adjusted basis, this will translate to $6,600,000 with a margin of $600,000 and recurring revenue of $3 per truck per month as installations occur. 25 The Company expects to expend about $2,500,000 to install an additional 625 sites. The Company believes that the nearly $2,000,000 it has in addition to these capital requirements are sufficient to offset non-recurring expenditures or any adverse variances in operating expenses. As we continue to ramp-up our business and obtain new ISP contracts, the Company believes that it has adequate liquidity and that we can achieve profitability in 2006. The Company is dedicating its efforts currently to building its Internet Service and growing its network site density in order to facilitate the launch of its other planned software products. Capital Resources On December 27, 2005, the Company entered into a Loan Agreement with Sunflower Capital, LLC. The loan is in the principal amount of $500,000 and is evidenced by a Convertible Promissory Note due July 1, 2006. As consideration for Sunflower making the loan, the Company issued to Sunflower a warrant to purchase 200,000 shares of the Company's common stock at $1.26 per share. The warrant expires December 15, 2010. The estimated fair value of the warrants required a discount of $76,271 be recorded against the note. This discount will be expensed over the life of the loan. The Note mandatorily converts into the Company's units consisting of one share of common stock and one redeemable common stock purchase warrant exercisable at $1.50 per share during the period commencing on the date of issuance and expiring five (5) years thereafter. As discussed below, the Note converted into such units at the rate of $1.15 per unit on February 1, 2006. On January 31, 2006, the Company consummated the private placement of its securities pursuant to a Placement Agent Agreement entered into between it and Sanders Morris Harris, Inc. as Placement Agent dated December 12, 2005. The securities sold were units consisting of one share of the Company's common stock, $.001 par value and one redeemable Common Stock purchase warrant. At the closing, the Company sold an aggregate of 4,692,263 Units at an aggregate purchase price of $5,396,103 or $1.15 per unit. At the closing, the Company delivered an aggregate of 4,692,263 Shares and 4,692,263 Warrants to the purchasers. Each Warrant entitles the holder to purchase one Share of Common Stock at an exercise price of $1.50 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. The Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers. The Company may redeem the Warrants, at a price of $.10 per Warrant, at any time following the issuance date upon not less than 30 days nor more than 60 days prior written notice if (a) the Common Stock underlying the Warrants has been registered with the SEC, and (b) the closing price of the Common Stock exceeds a 200% premium of the exercise price of the Warrants for 20 out of 30 consecutive trading days. In connection with the private placement, Sanders Morris Harris, Inc., the placement agent in the private placement, received a commission equal to 5% of the offering price of the units sold by them in the private placement, a commission equal to 2 1/2% on the 1,764,872 units by Sunflower Capital and a financial advisory fee equal to 2% of the offering price of the units sold in the private placement and a warrant to purchase 234,613 shares of common stock, or 5% of the units sold in the private placement. The warrants are exercisable for a period of five years at an exercise price of $1.15 per share and contain the same anti-dilution rights as the common stock warrant issued in the January 2006 private placement. As part of the Private Placement, the Company entered into a registration rights agreement with each subscriber who purchased Units in the Private Placement. Under the Registration Rights

Agreement, the Company, as promptly as reasonably practicable after closing of the Private Placement but in no event later than 30 days following the closing, the Company is obligated to file a registration statement on Form SB-2, relating to the resale by the holders of the Common Stock underlying the Units, Warrants and Placement Agent Warrant. If such Registration Statement is not filed within the required time frame, or does not become effective within 90 days after closing (or 120 days after closing, if the Registration Statement is subject to review by the SEC), the Company has agreed to pay to the investors 1% of the gross proceeds of the offering for each month in which the Company fails to comply with such requirements. 26 Sunflower Capital, LLC, a limited liability company managed by William P. Moore, a director of the Company, purchased an aggregate of 1,764,872 Units in the offering, which consisted of a new investment of $1,525,000 to purchase 1,326,087 Units and the conversion of the Note plus accrued interest in the amount of $4,602 to purchase 438,785 Units. The aforementioned securities have been and will be issued under the exemption from registration provided in Section 4(2) of the Act. The cash proceeds of the above sales of securities of the Company will be used for general corporate purposes in developing the Company's planned services. Contractual Obligations and Commercial Commitments Contractual obligations as of December 31, 2005 are as follows: ----------------------------- -- Payments Due by Period ----------------------------- -- Contractual Less than Obligations Total 1 year 1-3 years 4-5 years After 5 years ----------------------------- -------------- ------------- ------------ ------------ -------------- Line of credit and note payable $ 809,164 $ 809,164 $ - $ - $ - ----------------------------- -------------- ------------- ------------ ------------ -------------- Operating leases - - - - - ----------------------------- -------------- ------------- ------------ ------------ -------------- Total contractual cash obligations $ 809,164 $ 809,164 $ - $ - $ - ----------------------------- -------------- ------------- ------------ ------------ -------------- Recent Accounting Pronouncements On December 16, 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123 (revised 2004), Share-Based Payment, which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. The approach to accounting for share-based payments in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values and no longer allows pro forma disclosure as an alternative to financial statement recognition. The Company will be required to adopt Statement 123(R) in the first quarter of its year ending September 30, 2007. The Company has not determined what financial statement impact Statement 123(R) will have on the Company. Off Balance Sheet Arrangements We do not have any off balance sheet arrangements. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE On April 7, 2004, based upon the recommendation of and approval by our board of directors, we dismissed Aidman Piser & Company, P.A. ("Aidman Piser") as our independent auditor and engaged BKD, LLP to serve as our independent auditor for the fiscal year ending September 30, 2004. On May 11, 2004, at the annual shareholders meeting, our shareholders affirmed the engagement of BKD, LLP as our independent auditors. Aidman Piser's reports on our consolidated financial statements for the fiscal year ended September 30, 2003, contained a qualified opinion as to our ability to continue as a "going concern" in our absence of revenues, or the ability to attract additional capital. During the years ended September 30, 2003 and 2002 and through April 7, 2004, there were no disagreements with Aidman 27 Piser on any matter of accounting principle or practice, financial statement disclosure or auditing scope or procedure, which, if not resolved to Aidman Piser's satisfaction, would have caused them to make references to the subject matter in connection with their reports of our consolidated financial statements for such years. In addition, we believe there were no reportable events as defined in Item 304(a)(1)(iv)(B) of Regulation S-B. We provided Aidman Piser with a copy of the foregoing statements and requested that Aidman Piser provide it with a letter addressed to the SEC stating whether it agrees with the foregoing statements. A copy of Aidman Piser's letter, dated April 7, 2004, was filed as Exhibit 16.1 to our Current Report on Form 8-K filed with the SEC on April 12, 2004. 28 MANAGEMENT The Company's Board of Directors currently consists of six directors. Set forth below is certain information regarding our directors and key executive officers. Director Name Age Position Since ---- --- -------- ----- Henry P. (Hank) Hoffman 54 President, CEO and 2002 Chairman David N. Mendez 45 Executive Vice President - 2002 Sales and Marketing; Director Kory S. Dillman 35 Executive Vice President - 2002 Internet Business Development; Director J. Richard Iler 53 Chief Financial Officer; Director 2003 Terry W. Thompson 55 Director 2003 William P. Moore 60 Director 2005 Directors are elected to serve until the next Annual Meeting of shareholders and until their successors have been elected and qualified. The Company's officers are appointed by the Board of Directors and hold office at the will of the Board. Henry P. (Hank) Hoffman Mr. Hoffman was appointed President and CEO of the Company on November 21, 2002. On that same date Mr. Hoffman was elected to the Board of Directors of the Company and to serve as its Chairman. Mr. Hoffman co-founded SiriCOMM in January 2000 and has been its President, CEO and Chairman since SiriCOMM's inception. Mr. Hoffman has over twenty years experience in the transportation industry. From September 1, 1996 to January 21, 2000 Mr. Hoffman was President and Chief Operating Officer of Hook Up, Inc. of Joplin, MO, a small niche motor carrier. From 1990 to 1995 Mr. Hoffman was President and COO of Tri-State Motor Transit, the nation's largest transporter of munitions for the U.S. Government. Prior to his term at Tri-State, he served in several Operations/Management positions with both Schneider National, Inc. and Viking Freight System. As an industry leader he has been a Vice President of the American Trucking Association, President and Chairman of the Board of the Munitions Carriers Conference, member of the Board of Directors of the National Automobile Transporters Association, and Forum Co-Chairman of the National Defense Transportation Association. Prior to his trucking industry career, Mr. Hoffman served as an officer in the United States Army Field Artillery for six years where he completed two command assignments. Mr. Hoffman earned a Bachelor of Science degree from the United States Military Academy, West Point, NY and a Master of Business Administration from the University of Wisconsin, Oshkosh, WI. David N. Mendez Mr. Mendez was appointed Executive Vice President - Sales and Marketing on November 21, 2002. On that same date Mr. Mendez was also elected a director of the Company. Mr. Mendez co-founded SiriCOMM in April 2000 and has been its Executive Vice President Sales and Marketing and a director since SiriCOMM's inception. Mr. Mendez has over nine years experience in telecommunications sales and marketing. Mr. Mendez's telecommunications expertise focuses on domestic and international data communication networks including Frame Relay and ATM infrastructures and Internet and intranet networks. From October 1998 to February 2000 he was National Sales Manager for DRIVERNet where he managed such national accounts as Ford, Kenworth, Peterbilt, Paccar Corporation, and Cue Paging. From 1995 to 1998 Mr. Mendez worked as a Major Account Manager for Sprint. Mr. Mendez graduated with a Bachelor of Science degree from Southwest Missouri State University, Springfield, MO. 29 Kory S. Dillman Mr. Dillman was appointed Executive Vice President - Internet Business Development on November 21, 2002. On that same date Mr. Dillman was also elected a director of the Company. Mr. Dillman co-founded SiriCOMM in April 2000 and has been its Executive Vice President - Internet Business Development and a director since SiriCOMM's inception. From 1996 to 1999 Mr. Dillman was Creative Director for DRIVERNet. In that position he produced intranet and Internet applications for DRIVERNet and its customers. He developed specific web-based products for Volvo Trucks North America, Ambest, Petro Travel Centers, Pilot Travel Centers, Caterpillar Engines, and TravelCenters of America. Prior to joining DRIVERNet, Mr. Dillman was Art Director for Wendfall Productions. In this position he managed development for interactive gaming and mixed-mode CD's for Sony Music and Ardent Records. Mr. Dillman earned a Bachelor of Fine Arts degree from the University of Tulsa, Tulsa, OK. J. Richard Iler Mr. Iler was appointed Chief Financial Officer and elected to the Board of Directors in April 2003. From 2001 through 2003, Mr. Iler was managing director of a private equity fund responsible for financing activities, management consulting and investor relations of the funds portfolio companies and served as a management consultant to SiriCOMM, Inc from June 2002 to the time of his appointment in April 2003. From 1998 through 2001, Mr. Iler was Chief Financial Officer of United American e-Health Technologies, a publicly traded company, which he assisted in raising capital and preparation of regulatory filings. Mr. Iler graduated from Grand Valley State University in Allendale, Michigan with a B.S. and attended South Texas College of Law in Houston, Texas. Terry W. Thompson Mr. Thompson was elected to the Board of Directors in August 2003. In 2002, Mr. Thompson retired as President of Jack Henry and Associates, a provider of integrated computer systems and processor of ATM and debit card transactions for banks and credit unions. Mr. Thompson joined Jack Henry in 1990 as Chief Financial Officer and was appointed President in 2001 guiding the Company from $15 million in revenues to more than $365 million and from 98 employees to 2300 employees. Mr. Thompson was named Chairman of the Company's Audit Committee and serves as its financial expert and will serve on the Company's newly created Compensation Committee. William P. Moore William P. Moore was elected to the Board of Directors in May 2005 and has served as a member of the Audit Committee and will serve on the Company's newly created Compensation Committee. Mr. Moore has pursued a career as an entrepreneur since 1980, when he founded Continental Exploration, Inc., an oil and gas exploration company operating in the Eastern Kansas. In 1990, he acquired a significant ownership position in Crude Marketing, Inc., a newly formed company which purchased crude oil at the wellhead in Eastern Kansas, transported the oil by truck to pipeline terminals, and sold it to major oil refining companies. In 1995, Mr. Moore co-founded Continental Coal, Inc. which operates surface coal mines in Western Missouri and Eastern Kansas. In 2003, Mr. Moore co-founded Watersports, LLC which owns and operates a cable wakeboard lake and other recreational facilities in the Kansas City area. More recently, he co-founded Sunflower Energy, LLC, an oil and gas exploration company operating in Western Kansas. Mr. Moore graduated from the United States Military Academy, West Point, New York, in 1967 with a Bachelor of Science degree. Following four years of military service, including nineteen months in the Republic of South Vietnam, Mr. Moore enrolled at Harvard University where he received a Master of Business Administration degree in 1973. 30 EXECUTIVE COMPENSATION Summary Compensation Table The table below shows certain compensation information for services rendered in all capacities for the fiscal years ended September 30, 2003, 2004 and 2005. Other than as set forth herein, no executive officer's salary and bonus exceeded $100,000 in any of the applicable years. The following information includes the dollar value of base salaries, bonus awards, the number of stock options granted and certain other compensation, if any, whether paid or deferred. SUMMARY COMPENSATION TABLE Long Term Annual Compensation Compensation --- ------------------ Fiscal Year Ended Name and Principal Position September 30 Salary ($) Bonus ($) Options/SARS (#) -------------------------- ------------ ---------- --------- ---------------- Henry P. Hoffman 2005 $ 218,750(a) - - President, CEO and Chairman 2004 175,000(b) - - 2003 150,000 - - David N. Mendez 2005 $ 161,458(a) - - EVP-Sales and Marketing; 2004 125,000(c) - - Director 2003 125,000 - - Kory S. Dillman 2005 $ 161,458(a) - - EVP-Internet Business 2004 125,000(c) - - Development; Director 2003 125,000 - - J. Richard Iler 2005 $ 130,000 - - Chief Financial Officer; 2004 75,831 - - Director 2003 - - - ------------- (a) reflects payments of accrued and unpaid salary of $43,750 to Mr. Hoffman and $36,458 each to Messrs. Dillman and Mendez. (b) includes $93,750 in accrued and unpaid compensation. (c) includes $78,125 each in accrued and unpaid salary. Employment Contracts We have employment agreements with three of our executive officers, Henry P. Hoffman, David N. Mendez and Kory S. Dillman. Mr. Hoffman's employment agreement, dated February 19, 2002 had an initial term of three (3) years and a base annual salary of $150,000 and was increased to $175,000 in 2004. Thereafter, the agreement automatically renews for additional one-year periods. Bonuses, if any, are to be paid at the sole discretion of our Compensation Committee. Mr. Mendez' employment agreement, dated February 19, 2002 had an initial term of three (3) years and a base annual salary of $125,000. Thereafter, the agreement automatically renews for additional one-year periods. Bonuses, if any, are to be paid at the sole discretion of our Compensation Committee . Mr. Dillman's employment agreement, dated February 19, 2002 had an initial term of three (3) years and a base annual salary of $115,000, which has been increased to $125,000. Thereafter, the agreement automatically renews for additional one-year periods. Bonuses, if any, are to be paid at the sole discretion of our Compensation Committee. 31 Stock Options OPTIONS/SAR GRANTS TABLE Option/SAR Grants in the Last Fiscal Year Individual Grants % of Total Options/SARs Granted to Exercise or Fiscal Options/SARs Employees in Fiscal Base Price Expiration Name and Principal Position Year Granted (#) Year ($/Sh) Date -------------------------- ------ ----------- ------------------ ----------- ---------- Henry P. Hoffman 2005 -0- 0.0% -0- -- President, CEO and Chairman of the Board 2004 -0- 0.0% -0- -- David N. Mendez 2005 -0- 0.0% -0- -- EVP- Sales and Marketing and Director 2004 -0- 0.0% -0- -- Kory S. Dillman 2005 -0- 0.0% -0- -- EVP - Internet Business Development and 2004 -0- 0.0% -0- -- Director J. Richard Iler 2005 15,000 11.0% $1.90 4/13/15 Chief Financial Officer and Director 2004 145,000 46.8% $1.07 2/26/14 OPTIONS/SAR EXERCISES AND YEAR-END VALUE TABLE Aggregated Options/SAR Exercises in Last Fiscal Year and FY-End Options/SAR Value Number of Value of Unexercised Unexercised In-the-money Shares Options/SARs at Options/SARs at Acquired on Value FY-End (#) FY-End ($) Fiscal Exercise Realized Exercisable / Exercisable / Name and Principal Position Year (#) ($) Unexercisable Unexercisable -------------------------- ---- --- --- ------------ -------------------- Henry P. Hoffman 2005 -0- -0- (E)-0- / (U)-0- (E)$0 /(U)$0 President, CEO and Chairman of the Board 2004 -0- -0- (E)-0- / (U)-0- (E)$0 /(U)$0 David N. Mendez 2005 -0- -0- (E)-0- / (U)-0- (E)$0 /(U)$0 EVP- Sales and Marketing and Director 2004 -0- -0- (E)-0- / (U)-0- (E)$0 /(U)$0 Kory S. Dillman 2005 -0- -0- (E)-0- / (U)-0- (E)$0 /(U)$0 EVP - Internet Business Development and 2004 -0- -0- (E)-0- / (U)-0- (E)$0 /(U)$0 Director J. Richard Iler 2005 1,500 $ 1,560 (E)155,000/(U)-0- Chief Financial Officer and Director 2004 3,500 $13,045 (E)141,500/(U)-0- (E)$143,400 /(U)$0 32 Compensation of Directors On December 20, 2005, the Board authorized the following compensation package for its independent board members: o Annual Cash Retainer - $5,000 per fiscal year o Meeting Fee - $1,000 plus reasonable travel-related expenses for on-site board meetings and/or on-site committee meetings, and $500 for meetings conducted or attended by telephone. Stock Options. New independent board members receive an initial grant of twenty-five thousand (25,000) options to purchase Common Stock. The options vest over thirty months in the following manner: (i) 10,000 options in six (6) months from date of election; (ii) 7,500 options on the eighteen-month anniversary of the date of election; and (iii)7,500 options on the thirty-month anniversary of the date of election. Each of these options will be priced at 110% of the market price of the Company's common stock at the date of issuance. In addition, on their anniversary of appointment, all board members will receive an annual grant of 10,000 three (3) year options to purchase Common Stock. These options will be priced at market on the date of issuance and shall vest immediately. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS From December 2002 through September 2003, the Company borrowed an aggregate of $375,000 from unaffiliated third parties and $30,000 from the Company's CEO. The loan to its CEO was repaid in 2004. In connection with these loans, the Company issued the lenders an aggregate 137,782 shares of its common stock. In connection with these loans, the Company's CEO issued an aggregate of 375,000 options to purchase shares of his own stock at $1.00 per share. On August 8, 2003, Mr. Terry Thompson, who had lent the Company an aggregate of $50,000 and received 19,684 of these shares and 50,000 of the aforementioned options, was elected a director of the Company. The shares were issued under the exemption from registration provided in Section 4(2) of the Securities Act of 1933. The lenders represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution of the securities and appropriate legends were affixed to the certificates. The Company utilized the proceeds of these loans for general working capital purposes. On February 26, 2004 the Company borrowed $1 million from Southwest Missouri Bank. The loan is federally guaranteed by the United States Department of Agriculture as part of the Rural Development Program. This loan is also guaranteed by Mr. Henry P. Hoffman, the Company's Chairman and CEO, as well as by his wife. The Company has not compensated Mr. Hoffman for providing this guaranty. This loan was subsequently retired as of February 13, 2006