

Vargas Michael  
 Form 4  
 November 30, 2011

**FORM 4**

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

OMB APPROVAL

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

**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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Vargas Michael

2. Issuer Name and Ticker or Trading Symbol  
 SOUTHWALL TECHNOLOGIES INC /DE/ [SWTX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 11/28/2011

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 OFFICER

C/O SOUTHWALL TECHNOLOGIES INC., 3788 FABIAN WAY

(Street)

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

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

PALO ALTO, CA 94303

(City) (State) (Zip)

**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 Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	

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

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SEC 1474 (9-02)

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

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Non-Qualified Stock Option	\$ 6.1	11/28/2011		D		14,000		12/09/2005 <sup>(1)</sup>	12/09/2014	Common Stock
Non-Qualified Stock Option	\$ 2.9	11/28/2011		D		10,000		12/09/2006 <sup>(2)</sup>	12/09/2015	Common Stock
Non-Qualified Stock Option	\$ 3.55	11/28/2011		D		6,000		05/11/2007 <sup>(3)</sup>	05/10/2016	Common Stock
Non-Qualified Stock Option	\$ 2.25	11/28/2011		D		10,000		02/06/2008 <sup>(4)</sup>	02/05/2017	Common Stock
Non-Qualified Stock Option	\$ 2.55	11/28/2011		D		3,000		02/12/2008 <sup>(5)</sup>	02/11/2017	Common Stock
Incentive Stock Option	\$ 4.2	11/28/2011		D		16,000		02/26/2009 <sup>(6)</sup>	02/25/2018	Common Stock
Incentive Stock Option	\$ 3.15	11/28/2011		D		14,000		04/28/2010 <sup>(7)</sup>	04/28/2019	Common Stock
Incentive Stock Option	\$ 7.95	11/28/2011		D		11,000		03/24/2011 <sup>(8)</sup>	03/23/2020 <sup>(8)</sup>	Common Stock
Incentive Stock Option	\$ 11	11/28/2011		D		11,000		03/25/2012 <sup>(9)</sup>	03/24/2021	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Vargas Michael C/O SOUTHWALL TECHNOLOGIES INC. 3788 FABIAN WAY PALO ALTO, CA 94303			OFFICER	

## Signatures

/s/ Michael  
Vargas 11/30/2011

\*\*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) The option provided for vesting over 4 years with 25% vesting after 6 months and the remainder vesting monthly thereafter. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated October 6, 2011, among the Registrant, Solutia Inc. and Backbone Merger Sub, Inc.
  - (2) The option provided for vesting over 4 years with 25% vesting after 6 months and the remainder vesting monthly thereafter. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.
  - (3) The option provided for vesting over 4 years with 25% vesting after 6 months and the remainder vesting monthly thereafter. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.
  - (4) The option provided for vesting over 4 years with 25% vesting after 6 months and the remainder vesting monthly thereafter. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.
  - (5) The option provided for vesting over 4 years with 25% vesting after 6 months and the remainder vesting monthly thereafter. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.
  - (6) The option provided for vesting over 4 years with 25% vesting after 6 months and the remainder vesting monthly thereafter. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.
  - (7) The option provided for vesting over 4 years with 25% vesting after 6 months and the remainder vesting monthly thereafter. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.
  - (8) The option provided for vesting over 4 years with 25% vesting after 6 months and the remainder vesting monthly thereafter. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.
  - (9) The option provided for vesting over 4 years with 25% vesting after 6 months and the remainder vesting monthly thereafter. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.. The vesting was fully accelerated pursuant to the Merger Agreement.
  - (10) The reporting person received cash consideration for the cancellation of the option pursuant to the Merger Agreement equal to the number of shares of the Registrant's common stock underlying such option multiplied by the difference between the exercise price of the option and the per share purchase price of \$13.60 in accordance with the Merger Agreement.

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.