P COM INC
Form S-2
April 29, 2005

**AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 29, 2005**
**REGISTRATION NO.: 333-**

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

**FORM S-2**
**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

**P-COM, INC.**
(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| DELAWARE | 77-0289371 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**P-COM, INC.**
**3175 S. WINCHESTER BLVD.**
**CAMPBELL, CA 95008**
(408) 866-3666
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**DANIEL W. RUMSEY**
**CHIEF RESTRUCTURING OFFICER**
**P-COM, INC.**
**3175 S. WINCHESTER BOULEVARD**
**CAMPBELL, CA 95008**
(408) 866-3666
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copy to:
C. Thomas Hopkins, Esq.
Sheppard, Mullin, Richter & Hampton LLP
800 Anacapa Street
Santa Barbara, CA 93101
(805) 568-1151

---

**APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:**

As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [X]

If the Registrant elects to deliver its latest annual report to security holders, or a complete and legible facsimile thereof, pursuant to Item 11(a)(1) of this Form, check the following box. [_]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [_]

CALCULATION OF REGISTRATION FEE

| TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED | AMOUNT TO BE REGISTERED(1)(2) | PROPOSED MAXIMUM OFFERING PRICE PER UNIT | PROPOSED MAXIMUM AGGREGATE OFFERING PRICE | AMOUNT OF REGISTRATION FEE(3) |
|---|---|---|---|---|
| Common stock, par value $0.0001 per Share | 6,978,571 | $ 0.15(3) | $ 1,046,785.65(3) | $ 123.21 |

(1) Pursuant to Rule 416 under the Securities Act of 1933, as amended, this Registration Statement also covers an additional indeterminate number of shares of Common Stock that may be issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) Each share includes one right to purchase shares of the Registrant's series A junior participating preferred stock pursuant to the Registrant's rights agreement dated October 1, 1997, as amended.

(3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based upon the average of the bid and asked prices per share of the registrant's common stock, as reported on the OTC Bulletin Board on April 28, 2005.

PURSUANT TO RULE 429 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, THE PROSPECTUS CONTAINED IN THIS REGISTRATION STATEMENT RELATES TO 6,978,571 SHARES OF COMMON

STOCK BEING REGISTERED UNDER THIS REGISTRATION STATEMENT AND TO 13,242,309 SHARES OF COMMON STOCK PREVIOUSLY REGISTERED UNDER THE REGISTRATION STATEMENT ON FORM S-1 (FILE NO. 333-111405). AS SUCH, THIS REGISTRATION STATEMENT CONSTITUTES TO POST-EFFECTIVE AMENDMENT NO. 1 TO THE PREVIOUSLY FILED REGISTRATION STATEMENT ON FORM S-1 (FILE NO. 333-111405).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Subject to Completion, Dated April 29, 2005**

**P COM**

**22,220,880 SHARES**

**P-COM, INC.**

**COMMON STOCK**

This prospectus relates to the offering of 22,220,880 shares of our common stock that may be sold from time to time by the selling stockholders named in this prospectus. The shares covered by this prospectus include the following shares that were previously registered on our Form S-1:

o 5,569,524 shares that are currently outstanding;

o 4,365,214 shares that may be issued upon conversion of our outstanding convertible preferred stock;

o 3,945,072 shares that may be issued upon exercise of outstanding warrants; and

o 1,362,499 shares that the Company is required to reserve and register for resale under an agreement between the Company and the holders of the Series C Convertible Preferred Stock, the Series D Convertible Preferred Stock and the Series C Warrants.

The shares covered by this Prospectus also include:

o 978,571 shares that may be issued upon exercise of outstanding warrants or warrants that will be outstanding prior to the effectiveness of the registration statement of which this prospectus is a part; and

o 6,000,000 shares that may be issued as payment of principal and interest due under our outstanding promissory notes.

As of April 28, 2005, the total number of shares of common stock that are issued and outstanding and reserved for issuance under all plans and commitments of P-Com, is approximately 15,357,881 million shares.

The selling stockholders are offering the shares of common stock pursuant to this prospectus. The selling stockholders may sell all or any portion of the shares from time to time in market transactions through any market on which our common shares are then traded, in negotiated transactions or otherwise, and at prices and on terms that will be determined by the then prevailing market price or at negotiated prices directly or through a broker or brokers, who may act as agent or as principal or by a combination of such methods of sale. The timing and amount of any sale are within the sole discretion of the selling stockholders. For additional information on the methods of sale, you should refer to the section entitled "Plan of Distribution".

The selling stockholders will receive all proceeds from the sale of the common stock. We will not receive any of the proceeds from the sale of the shares of common stock by the selling stockholders. We may receive proceeds from the exercise of warrants held by the selling stockholders if they opt to pay the exercise price in cash rather than executing a cashless exercise. Any net proceeds that we receive from the exercise of warrants will be used for general corporate purposes, including working capital for our business.

Our common stock is quoted on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. under the symbol "PCMC." The last sale price of our common stock, as report on the OTC Bulletin Board on April 28, 2005, was $0.15 per share.

AN INVESTMENT IN THE SHARES OFFERED BY THIS PROSPECTUS ENTAILS A HIGH DEGREE OF RISK, INCLUDING THE RISK THAT THE COMPANY MAY NOT BE ABLE TO CONTINUE AS A GOING CONCERN. BEFORE PURCHASING ANY OF THE SHARES COVERED BY THIS PROSPECTUS, YOU SHOULD CAREFULLY READ AND CONSIDER THE RISKS AND UNCERTAINTIES DISCUSSED IN THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 29, 2005.

**TABLE OF CONTENTS**



YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT. THIS DOCUMENT MAY ONLY BE USED WHERE IT IS LEGAL TO SELL THESE SECURITIES. THE INFORMATION IN THIS DOCUMENT MAY ONLY BE ACCURATE ON THE DATE OF THIS DOCUMENT.

## STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. In some cases you can identify these statements by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "will," and "would" or similar words. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. The factors discussed in the section entitled "Risk Factors," as well as any other cautionary language in this prospectus and the information incorporated by reference into this prospectus (see the section entitled "Incorporation by Reference"), provide examples of risks, uncertainties and events that may cause our actual results to differ materially from any expectations that we describe. Some of the risks, uncertainties and other factors that may cause the actual results or outcomes to differ materially from those predicted in our forward-looking include the following:

o our ability to continue as a going concern given our deteriorating cash position and receivables;

o our need to raise additional equity capital during the next sixty days and whether that capital is available on acceptable terms, if at all;

o our current sales levels and sales trends;

o our ability to achieve positive cash flow given our existing and anticipated operating and other costs, and current sales trends;

o our ability to increase sales in our unlicensed product lines;

o the risk that any of our customers may seek alternative suppliers to provide repair and maintenance services for their existing products;

o competitive market conditions, including the lack of diversity in our product lines;

o our reliance upon subcontractors; and

o the timing of new technology and product introductions.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. We do not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

## PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and it may not contain all of the information that you should consider before investing in the securities offered by this prospectus. You should read this entire prospectus carefully, including the section entitled "Risk Factors" and the information incorporated by reference into to this prospectus (see the section entitled "Incorporation by Reference") before making an investment decision.

## THE COMPANY

Historically, P-Com's business involved the development, manufacture, marketing and distribution of microwave radios for point-to-point, spread spectrum and point-to-multipoint applications for telecommunications networks worldwide. P-Com's most successful product, Tel-Link, was first shipped in 1992. The product was very successful, shipping over 100,000 radios during the life of the product line. While these radios have been a reliable part of our customer's networks, over time many of them experience failures, requiring repair and maintenance. As a result, a substantial portion of P-Com's current business involves the sale of refurbished Tel-Link radios, in connection with P-Com's repair and maintenance business (the "RMA Business").

On December 10, 2003, we acquired the Wave Wireless Networking division of SPEEDCOM Wireless Corporation. Wave Wireless Networking specializes in manufacturing, configuring and delivering custom broadband wireless access networking equipment, including the SPEEDLAN family of wireless Ethernet bridges and routers, for business and residential customers internationally. The acquisition provides us with unlicensed point-to-point and spread spectrum wireless access systems. We currently intend to expand our SPEEDLAN family of products to include additional "next-generation" products that meet customers' demands for security, surveillance and other applications.

On March 10, 2005, the Registrant appointed its Vice President, General Counsel and Acting Chief Financial Officer, Daniel W. Rumsey, as its Chief Restructuring Officer. Mr. Rumsey, 44, was appointed Vice President and General Counsel of the Registrant in March 2003. In April 2003, he became Acting Chief Financial Officer. Mr. Rumsey will assume responsibilities as principal executive officer of the Registrant.

In April 2005, P-Com announced a formal restructuring plan that will significantly curtail current spending, and substantially reduce liabilities and operating and other costs (the "Restructuring Plan"). The Restructuring Plan was caused by the substantial operating losses incurred by P-Com, and management's assessment that substantial operating losses would continue in the short term absent a plan to restructure the business, and substantially reduce its cost structure. In addition, absent such a plan, P-Com would likely be unable to attract financing on reasonable terms, if at all.

The Restructuring Plan includes the divestiture of certain unprofitable product lines, which includes certain of our licensed point-to-point microwave products. P-Com will, however, continue the sale of its unlicensed radio products, and certain of its licensed radio products, including refurbished licensed products in connection with our RMA Business. The Restructuring Plan also currently includes a reduction in work force from approximately 130 full and part-time employees to approximately 60 employees worldwide by the end of the third quarter 2005. The anticipated cost of the Restructuring Plan is approximately $5.0 million, and includes severance and related liabilities, costs associated with the cancellation of purchase order commitments, the write-down of certain inventory, and the loss anticipated from the divestiture of P-Com's Italian operations. Management currently anticipates that the Restructuring Plan will be completed by the end of the third quarter of 2005. The Plan was approved by the Company's Board of Directors on April 27, 2005.

Our executive offices are located at 3175 S. Winchester Boulevard, Campbell, California 95008, and our telephone number is (408) 866-3666. In this prospectus, references to "P-Com," the "Company," "we," "us" and "our" refer to

P-Com, Inc. and its subsidiaries.

**THIS OFFERING**

| | |
|---|---|
| Shares offered by the selling Stockholders | 22,220,880 shares of common stock, including 5,569,524 shares currently outstanding, 4,365,214 shares issuable upon conversion of outstanding convertible preferred stock, 4,923,643 shares issuable upon exercise of outstanding warrants and warrants that will be outstanding prior to the effectiveness of the registration statement of which this prospectus is a part, and 6,000,000 shares that may be issued as payment of principal and interest due under outstanding promissory notes. |
| Plan of Distribution | The selling stockholders are offering these shares of common stock. The selling stockholders may sell all or any portion of the shares from time to time in market transactions through any market on which our common shares are then traded, in negotiated transactions or otherwise, and at prices and on terms that will be determined by the then prevailing market price or at negotiated prices directly or through a broker or brokers, who may act as agent or as principal or by a combination of such methods of sale. The timing and amount of any sale are within the sole discretion of the selling stockholders. See the section entitled "Selling Stockholders" on page 16 and the section entitled "Plan of Distribution" on page 23. |
| Use of proceeds | The selling stockholders will receive all proceeds from the sale of the common stock. We will not receive any of the proceeds from the sale of the shares of common stock by the selling stockholders. We may receive proceeds from the exercise of warrants held by the selling stockholders if they opt to pay the exercise price in cash rather than executing a cashless exercise. Any net proceeds that we receive from the exercise of warrants will be used for general corporate purposes, including working capital for our business. |
| Risk factors | The purchase of our common stock involves a high degree of risk, including the risk that the Company may not be able to continue as a going concern. You should carefully review and consider "Risk Factors" beginning on page 6. |
| OTC Bulletin Board Trading Symbol | "PCMC" |

Our selected financial data, set forth below, should be read in conjunction with our "Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 2004, incorporated by reference into this prospectus. All share and per share amounts have been restated to reflect the one for thirty reverse stock split effective July 19, 2004.

**STATEMENT OF OPERATIONS DATA**
(IN THOUSANDS, EXCEPT PER SHARE DATA)

| | 2004 | 2003 (2) | 2002 (3) | 2001(4) | 2000(5) (6) |
|---|---|---|---|---|---|
| Sales | $ 24,175 | $ 20,841 | $ 29,686 | $ 73,236 | $ 183,606 |
| Cost of sales | 18,720 | 20,604 | 30,777 | 94,890 | 160,965 |
| Gross profit (loss) | 5,455 | 237 | (1,091) | (21,654) | 22,641 |
| | | | | | |
| Operating expenses: | | | | | |
| Research and development | 4,976 | 6,099 | 12,745 | 19,800 | 20,241 |
| Selling and marketing | 6,772 | 3,557 | 6,621 | 7,636 | 11,371 |
| General and administrative | 4,552 | 5,607 | 10,750 | 26,070 | 18,181 |
| Goodwill impairment / amortization | -- | -- | 11,409 | 8,034 | 19,550 |
| Restructuring and other charges | -- | 3,712 | -- | -- | -- |
| Total operating expenses | 16,300 | 18,975 | 41,525 | 61,540 | 69,343 |
| Income (loss) from operations | (10,845) | (18,733) | (42,616) | (83,194) | (46,702) |
| Interest expense | (687) | (2,249) | (2,457) | (1,946) | (4,629) |
| Gain on sale of a subsidiary(8) | -- | -- | -- | 9,814 | -- |
| Gain on redemption of notes | -- | 6,499 | 1,393 | -- | 1,890 |
| Other income (expense), net | 8,252 | 3,739 | (1,312) | (619) | (3,736) |
| Income (loss) from continuing operations before income taxes, and cumulative effect of change in accounting principle | (3,280) | (10,749) | (44,992) | (75,945) | (53,177) |
| Provision (benefit) for income taxes | -- | -- | (470) | (618) | 10,917 |
| Loss from continuing operations before cumulative effect of change in accounting principle | (3,280) | (10,749) | (44,522) | (75,327) | (64,094) |
| Discontinued operations(9): | | | | | |
| Loss from operations | (40) | (581) | (4,284) | (211) | (4,321) |
| Loss on disposal | -- | (1,556) | -- | -- | -- |
| | (3,320) | (12,886) | (48,806) | (75,538) | (68,415) |
| Cumulative effect of change in accounting principle(3) | -- | -- | (5,500) | -- | (1,534) |
| Net loss | (3,320) | (12,886) | (54,306) | (75,538) | (69,949) |
| Preferred Stock accretions | (2,392) | (1,521) | -- | -- | -- |
| Preferred Stock dividends | (156) | -- | -- | -- | -- |
| Net loss attributable to Common Stockholders | $ (5,868) | $ (14,407) | $ (54,306) | $ (75,538) | $ (69,949) |
| | | | | | |
| Basic income (loss) from Continuing Operations (1)(10) | $ (.56) | $ (6.80) | $ (52.28) | $ (136.54) | $ (123.15) |
| Diluted income (loss) from Continuing Operations (1)(10) | $ (.56) | $ (6.80) | $ (52.28) | $ (136.54) | $ (123.15) |
| Basic net loss applicable to Common Stockholders (1)(10) | $ (.56) | $ (7.98) | $ (63.77) | $ (136.92) | $ (134.40) |
| Diluted net loss applicable to Common Stockholders (1)(10) | $ (.56) | $ (7.98) | $ (63.77) | $ (136.92) | $ (134.40) |

-4-

---

**BALANCE SHEET DATA (IN THOUSANDS)**

| | 2004 | 2003 | 2002 (3) | 2001 (4) | 2000 (5)(6) |
|---|---|---|---|---|---|
| Cash and cash equivalents | $ 2,280 | $ 6,185 | $ 1,616 | $ 7,103 | $ 27,541 |
| Working capital | 1,283 | (2,075) | (2,356) | (10,185) | 76,823 |
| Total assets | 25,423 | 34,565 | 35,723 | 92,234 | 216,219 |
| Long-term debt | 0 | 0 | 24,488 | 769 | 30,290 |
| Mandatory redeemable referred Stock | 6,106 | 4,231 | -- | -- | -- |
| Mandatory Redeemable Common Stock Warrants | -- | -- | -- | -- | -- |
| Accumulated deficit | (368,885) | (363,174) | (348,766) | (294,460) | (218,922) |
| Stockholders' equity (deficit) | 7,508 | $ 9,753 | $ (15,350) | $ 24,256 | $ 95,247 |

(1) See Note 10 of Notes to Consolidated Financial Statements for an explanation of the method used to determine share and per share amounts.

(2) In 2003, we recorded charges to cost of sales of approximately $3.4 million related to excess and obsolete inventory, offset by credits of $1.8 million related to write-back of accounts payable and purchase commitment liabilities arising from vendor settlements.

(3) In 2002, we recorded charges of approximately $5.8 million related to excess and obsolete inventory and a write-down of goodwill carrying value relating to services business of $16.9 million.

(4) In 2001, we recorded charges of approximately $30 million related to excess inventory and inventory purchase commitments, $5.8 million related to a write-down of goodwill and other intangibles, and a $11.6 million increase in bad debt expense related to a customer bankruptcy.

(5) We recorded a non-cash charge of approximately $1.5 million on January 1, 2000 to account for the cumulative effect of the accounting change made to comply with SAB 101. See Note 2 of Notes to Consolidated Financial Statements.

(6) In 2000, we recorded charges of approximately $21.7 million related to excess inventory and inventory purchase commitments, $15.0 million related to a write-down of goodwill, and a $9.9 million increase in the valuation allowance against the carrying value of deferred tax assets.

(8) The gain on disposal in 2001 was from the sale of RT Masts in February 2001.

(9) The Company discontinued its services business unit, P-Com Network Services in the first quarter of 2003, and accordingly reported its results on one line as a discontinued operations.

(10) The per share numbers have been adjusted to reflect the one for thirty reverse stock split effective July 19, 2004.

## CERTAIN RISK FACTORS AFFECTING P-COM

An investment in our Common Stock is subject to many risks. You should carefully consider the risks described below, together with all of the other information included in this Prospectus, including the financial statements and the related notes, before you decide whether to invest in our Common Stock. Our business, operating results and financial condition could be harmed by any of the following risks. The trading price of our Common Stock could decline due to any of these risks, and you could lose all or part of your investment.

## RISKS RELATED TO P-COM'S FINANCIAL CONDITION AND OPERATIONS

### WE MAY NEED ADDITIONAL FINANCING.

Our core business product sales are still significantly below levels necessary to achieve positive cash flow, and are anticipated to deteriorate significantly as a result of the execution of the Restructuring Plan. From inception to December 31, 2004, our aggregate net loss is approximately $368 million. Our cash position has declined to $1.2 million at March 31, 2005. We had negative working capital of $6.2 million as of March 31, 2005. In November 2004, we obtained a commitment for an additional $5.0 million in debt financing (the "Debenture Facility"), and have borrowed $3.3 million as of December 31, 2004 under the Debenture Facility. Since December 31, 2004, an additional $850,000 has been borrowed under the Debenture Facility. To continue as a going concern, we may be required to secure additional debt or equity capital prior to the end of the third quarter of 2005. To address our liquidity requirements, we are aggressively reducing expenses in connection with the implementation of our Restructuring Plan. We also currently plan to raise additional equity and/or debt capital prior to the end of the third quarter of 2005. No assurances can be given that we will be successful in our Restructuring Plan, or in our attempts to raise additional debt or equity financing.

### OUR CURRENT BUSINESS AND FINANCIAL CONDITION RAISE DOUBTS ABOUT OUR ABILITY TO CONTINUE AS A GOING CONCERN.

Our independent accountants' opinion on our 2004 consolidated financial statements includes an explanatory paragraph indicating substantial doubt about our ability to continue as a going concern. The financial statements incorporated in this prospectus by reference have been prepared assuming that we will continue as a going concern. The financial statements do not include adjustments that might result if we were required to cease operations. These adjustments would include, among other things, a write-down in the value of our assets from book value to liquidation value. To continue as a going concern, we will have to significantly increase our sales, and we may be required to raise additional equity and/or debt financing. We may not accomplish these tasks. If we are unable to raise additional debt or equity financing, we may not be unable to continue as a going concern.

### OUR PROSPECTS FOR OBTAINING ADDITIONAL FINANCING ARE UNCERTAIN AND FAILURE TO OBTAIN NEEDED FINANCING MAY AFFECT OUR ABILITY TO CONTINUE AS A GOING CONCERN.

In the event we are unable to raise additional debt or equity financing prior to the end of the third quarter of 2005, or otherwise improve our liquidity position, we may not be able to continue as a going concern. Our future capital requirements will depend upon many factors, including the success of our Restructuring Plan, the continuation of our RMA Business, development costs of new products and related software, potential acquisition opportunities, maintenance of adequate manufacturing facilities and contract manufacturing agreements, progress of research and development efforts, expansion of marketing and sales efforts, and status of competitive products. Additional financing may not be available in the future on acceptable terms or at all. Our history of substantial operating losses could also severely limit our ability to raise additional financing.

**WE MAY NOT BE ABLE TO REPAY OUR EXISTING DEBT AND ANY REPAYMENT OF OUR DEBT WITH SHARES OR BY RAISING ADDITIONAL FUNDS MAY RESULT IN SIGNIFICANT DILUTION TO OUR STOCKHOLDERS.**

At December 31, 2004, we owed, excluding accrued but unpaid interest, an aggregate amount of $3.3 million to SDS Capital Group SPC, Ltd ("SDS"), and it is anticipated that such indebtedness will increase to $5.0 million prior to the end of the second quarter of 2005. Interest accrues on such debt at an annual interest rate of 7%, increasing to 8% on July 1, 2005 and 10% on April 1, 2006 through the maturity date of the loan, December 31, 2006. If we are unable to generate sufficient cash flow from our operations, secure funds from the capital markets or lenders or restructure our debt to SDS, we will not be able to continue as a going concern.

We may make the principal and interest payments under our Debenture Facility in either shares of our common stock, cash or a combination of both. The number of shares of common stock that may be used to pay the quarterly installments is capped at 6,000,000 shares of common stock. We currently do not have enough cash to make the required payments under the Debenture Facility and anticipate making the vast majority if not all of the payments in shares of our common stock. In addition, given the recent price for our common stock, if we make the required amortization payments on the Debenture Financing using our common stock, or raise additional funds by issuing equity securities, additional significant dilution to our stockholders will result.

**WE MAY NOT BE ABLE TO REPAY THE DEBENTURE FACILITY INSTALLMENT PAYMENTS IN SHARES OF OUR COMMON STOCK.**

Under our Debenture Facility, we may not issue shares of common stock to make the quarterly installment payments if the issuance of such shares would result in SDS beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act) more than 9.9% of all of the common stock outstanding at such time. SDS may waive this ownership blocker but it is not obligated to do so. In the event that we are prevented from making an installment payment in shares of common stock due to the ownership blocker and SDS does not waive compliance with this provision, then we may default on our payment obligations under the Debenture Facility. Also, the terms of the Debenture Facility limit the number of shares of common stock that we may issue as quarterly installment payments to 6,000,000 shares. If we make the required payments in shares of common stock, given the Company's current stock price, we will exceed the share cap. In such event, if SDS does not waive the share cap, then we may default on our payment obligations under the Debenture Facility.

**AS A RESULT OF THE RESTRUCTURING PLAN, OUR REVENUE WILL DECREASE SUBSTANTIALLY.**

As a result of the Restructuring Plan, our revenue is anticipated to decrease substantially. While we believe that a consequence of the Restructuring Plan will be to return P-Com to profitability prior to the end of 2005, no assurances can be given that we will achieve the objectives of the Restructuring Plan, or that the sales in our remaining product lines can sufficiently increase to allow us to achieve positive cash flow from operations. Until sales levels in our remaining product lines can sufficiently increase, our business, financial condition and results of operations will continue to be adversely affected.

**WE RELY ON A LIMITED NUMBER OF CUSTOMERS FOR A MATERIAL PORTION OF OUR SALES. THE LOSS OF OR REDUCTION IN SALES TO ANY OF OUR CUSTOMERS COULD HARM OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATION.**

For the year ended December 31, 2004 and December 31, 2003, sales to our top four customers accounted for 65% and 56% of total sales, respectively. We expect that a limited number of customers will continue to account for a significant portion of our sales for the foreseeable future. The loss of any one of these customers would have an immediate and material adverse effect on our sales. If we are unsuccessful in obtaining significant new customers or if one of our top customers or several small customers cancel or delay their orders for our products, then our business and prospects could be harmed which may cause the price of our common stock to decline. Our customer concentration also results in concentration of credit risk. As of December 31, 2004, five customers accounted for 56% of our total accounts receivable balances. If any one of these customers is unable to fulfill its payment obligations to us, our revenue could decline significantly.

**AS A RESULT OF THE RESTRUCTURING PLAN, WE ARE SUBSTANTIALLY DEPENDENT ON THE SALE OF REFURBISHED LICENSED PRODUCTS, AND A REDUCTION IN SUCH SALES WILL MATERIALLY HARM P-COM'S RESULTS OF OPERATIONS.**

Sales of refurbished licensed products in 2004 were $11.2 million, or 46% of total sales, and 58% of total sales of licensed products. As a percentage of total sales and total sales of licensed products, sales of refurbished licensed products will substantially increase in 2005 relative to 2004 as a result of the substantial decrease in sales of new licensed products anticipated in 2005 as a result of the Restructuring Plan. Total sales of refurbished licensed products will decline over time in the event our customers determine to replace existing radios with new product, rather than send them to us for continued repair and maintenance. In addition, our customers may elect to source refurbished licensed products from third parties rather than us, as was the case in the fourth quarter of 2004 when one of our customers elected to contract with a third party for its refurbished licensed product requirements. Although we were ultimately able to recapture that customer's business, no assurances can be given that we will not lose customers in the future, or that customers will not elect to purchase new licensed products rather than send them to us for repair and maintenance. In the event of a reduction in the sale of refurbished licensed products, our results of operations will be materially harmed.

**P-COM FACES SUBSTANTIAL COMPETITION AND MAY NOT BE ABLE TO COMPETE EFFECTIVELY.**

We face intense competition worldwide from a number of leading telecommunications equipment and technology suppliers. These companies offer a variety of competitive products and services. These companies include Alcatel Network Systems, Alvarion, Stratex Networks, Ceragon, Ericsson Limited, Harris Corporation-Farinon Division, NEC, Sagem, Nortel, Nokia Telecommunications, SIAE, Siemens, and Proxim. Many of these companies have greater installed bases, financial resources and production, marketing, manufacturing, engineering and other capabilities than P-Com. We face actual and potential competition not only from these established companies, but also from start-up companies that are developing and marketing new commercial products and services. Some of our current and prospective customers and partners have developed, are currently developing or could manufacture products competitive with our products.

The principal elements of competition in our market and the basis upon which customers may select our systems include price, performance, software functionality, perceived ability to continue to be able to meet delivery requirements, and customer service and support. Recently, certain competitors have announced the introduction of new competitive products, including related software tools and services, and the acquisition of other competitors and competitive technologies. We expect competitors to continue to improve the performance and lower the price of their current products and services and to introduce new products and services or new technologies that provide added functionality and other features. New product and service offerings and enhancements by our competitors could cause a decline in our sales or loss of market acceptance of our systems. New offerings could also make our systems, services or technologies obsolete or non-competitive. In addition, we are experiencing significant price competition and we expect that competition will intensify.

**P-COM'S OPERATING RESULTS HAVE BEEN ADVERSELY AFFECTED BY DETERIORATING GROSS MARGINS AND SALES VOLUMES.**

The intense competition for our licensed products has resulted in a continued reduction in average selling prices. These reductions have not been offset by a corresponding decrease in cost of goods sold, resulting in deteriorating gross margins in some of our product lines. These deteriorating gross margins will continue in the short term. Reasons for the decline include the maturation of the systems, the effect of volume price discounts in existing and future contracts, the intensification of competition, and the recent decrease in sales volumes.

If we cannot significantly reduce costs, develop new products in a timely manner or in the event we fail to achieve increased sales of new products at a higher average selling price, then we will be unable to offset declining average selling prices in many of our product lines. If we are unable to offset declining average selling prices, or achieve corresponding decreases in manufacturing operating expenses, our gross margins will continue to decline.

**P-COM DOES NOT HAVE THE CUSTOMER BASE OR OTHER RESOURCES OF MORE ESTABLISHED COMPANIES, WHICH MAKES IT DIFFICULT FOR IT TO ADDRESS THE LIQUIDITY AND OTHER CHALLENGES IT FACES.**

Although we have installed and have in operation over 150,000 radio units globally, we have not developed a large installed base of our equipment or the kind of close relationships with a broad base of customers of a type enjoyed by larger, more developed companies, which would provide a base of financial performance from which to launch strategic initiatives and withstand business reversals. In addition, we have not built up the level of capital often enjoyed by more established companies, so from time to time, it faces serious challenges in financing its continued operations. We may not be able to successfully address these risks.

**WE RELY ON THIRD PARTY MANUFACTURERS AND SUPPLIERS AND ANY FAILURE OF OR INTERRUPTION IN THE MANUFACTURING, SERVICES OR PRODUCTS PROVIDED BY THESE THIRD PARTIES COULD HARM OUR BUSINESS.**

We rely on third-party manufacturers for the manufacturing, repair and maintenance of a substantial portion of our products. We have limited internal manufacturing, repair and maintenance capacity, which may not be sufficient to fulfill customers' requirements. Our contract service providers may not be able to react to our demands on a timely basis. In addition, certain components and subassemblies necessary for the manufacture of our systems are obtained from a sole supplier or a limited group of suppliers.

Our reliance on third-party manufacturers, service providers and suppliers involves risks. From time to time, we have experienced an inability to obtain, or to receive in a timely manner, an adequate supply of finished products and required components and subassemblies. This inability has been due to a variety of factors, including, in some cases, our financial condition. As a result of our reliance on these third parties, we have reduced control over the price, timely delivery, reliability and quality of finished products, components and subassemblies. Any failure by us, or our contract manufacturers to repair, maintain, manufacture, assemble and ship systems and meet customer demands on a timely and cost-effective basis could damage relationships with customers and have a material adverse effect on our business, financial condition and results of operations.

**P-COM'S BUSINESS DEPENDS ON THE ACCEPTANCE OF ITS PRODUCTS AND SERVICES, AND IT IS UNCERTAIN WHETHER THE MARKET WILL ACCEPT AND DEMAND ITS PRODUCTS AND SERVICES AT LEVELS NECESSARY FOR SUCCESS.**

Our future operating results depend upon the continued growth and increased availability and acceptance of our products in the U.S. and internationally. The volume and variety of wireless telecommunications services or the markets for and acceptance of the services may not continue to grow as expected. The growth of these services may also fail to create anticipated demand for our systems. Predicting which segments of these markets will develop and at what rate these markets will grow is difficult.

**DUE TO OUR INTERNATIONAL SALES AND OPERATIONS, WE ARE EXPOSED TO BUSINESS, POLITICAL, REGULATORY, OPERATIONAL, FINANCIAL AND ECONOMIC RISKS, ANY OF WHICH COULD INCREASE OUR COSTS AND HINDER OUR GROWTH.**

As a result of our current heavy dependence on international markets, especially in the United Kingdom, the European continent, the Middle East, China, and Latin America, we face business, political, regulatory, operational, financial and economic risks that are often more volatile than those commonly experienced in the United States. Approximately 92% and 89% of our sales in the year ended December 31, 2003 and December 31, 2004, respectively, were made to customers located outside of the United States.

Due to political and economic instability in new markets, economic, political and foreign currency fluctuations may be even more volatile than conditions in developed countries. Countries in the Asia/Pacific, African, and Latin American regions have in recent years experienced weaknesses in their currency, banking and equity markets. These weaknesses have adversely affected and could continue to adversely affect demand for our products.

**WE FACE RISKS ASSOCIATED WITH CURRENCY EXCHANGE RATE FLUCTUATIONS.**

Approximately 89% and 92% of our sales in the year ended December 31, 2004 and December 31, 2003 were made to customers located outside of the United States and a larger portion of our revenues is denominated in foreign currencies. Historically, our international sales have been denominated in British pounds sterling, Euros or United States dollars. Conducting business in currencies other than U.S. dollars subjects us to fluctuations in currency exchange rates that could have a negative impact on our reported operating results. Fluctuations in the value of the U.S. dollar relative to other currencies impact our revenues, cost of revenues and operating margins and result in foreign currency translation gains and losses. For example, a decrease in the value of British pounds or Euros relative to United States dollars, if not hedged, will result in an exchange loss for us if we have Euro or British pounds sterling denominated sales. Conversely, an increase in the value of Euro and British pounds sterling will result in increased margins for us on Euro or British pounds sterling denominated sales as our functional currency is in United States dollars. For international sales that we would require to be United States dollar-denominated, such a decrease in the value of foreign currencies could make our systems less price-competitive if competitors choose to price in other currencies and could adversely affect our financial condition. We fund our Italian subsidiary's operating expenses, which are denominated in Euros. The current strength of the value of the Euro relative to the U.S. dollar results in more costly funding for our Italian operations, and, as a result, higher cost of production to it as a whole. Conversely, a decrease in the value of the Euro will result in cost savings for us.

Historically, we have not engaged in exchange rate-hedging activities. Although we may implement hedging strategies to mitigate this risk, these strategies may not eliminate our exposure to foreign exchange rate fluctuations and involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategy and potential accounting implications.

**GOVERNMENTAL REGULATIONS AFFECTING MARKETS IN WHICH P-COM COMPETES COULD ADVERSELY AFFECT ITS BUSINESS AND RESULTS OF OPERATIONS.**

Radio communications are extensively regulated by the United States and foreign governments as well as by international treaties. P-Com's systems must conform to a variety of domestic and international requirements established to, among other things, avoid interference among users of radio frequencies and to permit interconnection of equipment. Historically, in many developed countries, the limited availability of radio frequency spectrum has inhibited the growth of wireless telecommunications networks. Each country's regulatory process differs. To operate in a jurisdiction, P-Com must obtain regulatory approval for its systems and comply with differing regulations.

Regulatory bodies worldwide continue to adopt new standards for wireless telecommunications products. The delays inherent in this governmental approval process may cause the cancellation, postponement or rescheduling of the installment of communications systems by P-Com's customers and P-Com. The failure to comply with current or future regulations or changes in the interpretation of existing regulations could result in the suspension or cessation of operations. Those regulations or changes in interpretation could require P-Com to modify its products and services and incur substantial costs in order to comply with the regulations and changes.

In addition, P-Com is also affected by domestic and international authorities' regulation of the allocation and auction of the radio frequency spectra. Equipment to support new systems and services can be marketed only if permitted by governmental regulations and if suitable frequency allocations are auctioned to service providers. Establishing new regulations and obtaining frequency allocation at auction is a complex and lengthy process. If PCS operators and others are delayed in deploying new systems and services, P-Com could experience delays in orders. Similarly, failure by regulatory authorities to allocate suitable frequency spectrum could have a material adverse effect on P-Com's results. In addition, delays in the radio frequency spectra auction process in the United States could delay P-Com's ability to develop and market equipment to support new services. P-Com operates in a regulatory environment subject to significant change. Regulatory changes, which are affected by political, economic and technical factors, could significantly impact P-Com's operations by restricting its development efforts and those of its customers, making current systems obsolete or increasing competition. Any such regulatory changes, including changes in the allocation of available spectra, could have a material adverse effect on P-Com's business, financial condition and results of operations. P-Com may also find it necessary or advisable to modify its systems and services to operate in compliance with these regulations. These modifications could be expensive and time-consuming.

**P-COM MAY ENTER INTO AGREEMENTS TO MERGE OR CONSOLIDATE WITH OTHER COMPANIES, AND IT MAY INCUR SIGNIFICANT COSTS IN THE PROCESS, WHETHER OR NOT THESE TRANSACTIONS ARE COMPLETED.**

P-Com is currently evaluating options to consolidate, seek a strategic partner or engage in some other corporate transaction intended to increase stockholder value, any of which could be material to our business, operating results and financial condition. Corporate transactions, including mergers and acquisitions, are risky, are subject to a lengthy process to close and could divert management's time and focus from operating our business. P-Com may not be able to close any strategic transaction on the timetable it anticipates, if at all. If P-Com is unable to complete a corporate transaction, P-Com will incur significant non-recoverable expenses that may have a material adverse effect on P-Com's financial position. If a transaction is completed, it could result in unanticipated operating difficulties and expense and the anticipated benefits of the transaction may not materialize.

**OUR BUSINESS AND GROWTH MAY SUFFER IF WE ARE UNABLE TO HIRE AND RETAIN KEY PERSONNEL WHO ARE IN HIGH DEMAND.**

We depend on the continued contributions of our senior management and other key personnel, including Daniel W. Rumsey, the Chief Restructuring Officer, and Don Meiners, the Company's President. The loss of the services of any of either of these executives, or any of our key personnel could harm our business. We do not maintain key person life insurance policies on any of our executive officers. Competition for senior management in our industry is intense and we may not be able to retain our senior management or attract and retain new personnel in the future. Volatility or lack of performance in our stock price may also affect our ability to attract and retain our key personnel. Our future success also depends on our ability to identify, attract and retain highly skilled technical, managerial, finance and marketing personnel. Qualified individuals are in high demand, and we may incur significant costs to attract them. If we are unable to attract or retain the personnel we need to succeed, our business may suffer.

**OUR OPERATING RESULTS IN THE PAST ARE NOT ANTICIPATED TO REFLECT OUR OPERATING RESULTS IN THE FUTURE, WHICH MAKES OUR RESULTS OF OPERATIONS DIFFICULT TO PREDICT.**

As a result of Restructuring Plan, our future operating results will vary significantly from our past operating results. Factors that will significantly affect our operating results include the following:

o the divesture of certain licensed product lines, that in the year ended December 31, 2004, contributed approximately $10.2 in revenue to P-Com;

o the increased reliance on our RMA Business, that in the year ended December 31, 2004, contributed approximately $11.2 in revenue to P-Com; and

o the increased reliance on the sale of unlicensed radio products, that in the year ended December 31, 2004, contributed approximately $2.8 in revenue to P-Com.

As we execute our Restructuring Plan, these factors will cause our operating expenses to be disproportionately high or our gross revenues to be substantially lower in future periods.

**THIRD PARTIES MAY SUE US FOR INTELLECTUAL PROPERTY INFRINGEMENT THAT, IF SUCCESSFUL, COULD REQUIRE US TO PAY SIGNIFICANT DAMAGE AWARDS OR LICENSING FEES.**

We cannot be certain that we do not and will not infringe the intellectual property rights of others. We may be subject to legal proceedings and claims in the ordinary course of our business and third parties may sue us for intellectual property infringement or initiate proceedings to invalidate our intellectual property. Any intellectual property claims, whether or not meritorious, could result in costly litigation and could divert management resources and attention. Moreover, should we be found liable for infringement, we may be required to enter into licensing agreements (if available on acceptable terms or at all), pay damages or limit or curtail our product or service offerings. Moreover, we may need to redesign some of our products to avoid future infringement liability. Any of the foregoing could prevent us from competing effectively and harm our business and results of operations.

**IF WE FAIL TO KEEP PACE WITH RAPIDLY CHANGING TECHNOLOGIES, WE COULD LOSE CUSTOMERS AND OUR SALES MAY DECLINE.**

The telecommunications equipment industry is characterized by rapidly changing technologies, evolving industry standards, frequent new product and service introductions and changing customer demands. The introduction of new products and services embodying new technologies and the emergence of new industry standards and practices can render existing products and services obsolete and unmarketable or require unanticipated investments in technology. Our future success will depend on our ability to internally develop, source or license leading technologies to enhance our existing products and services, to develop new products and services that address the changing demands of our customers, and to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. We may experience difficulties that could delay or prevent the successful design, development, introduction or marketing of new products and services. Any new products, services or enhancement that we develop will need to meet the requirements of our current and prospective customers and may not achieve significant market acceptance.

**RISK RELATING TO CAPITAL MARKETS AND P-COM COMMON STOCK**

**THE NASDAQ SMALL CAP MARKET HAS DELISTED OUR STOCK AND OUR COMMON STOCK IS DEEMED TO BE "PENNY STOCK," WHICH MAY SEVERELY LIMIT THE ABILITY OF STOCKHOLDERS TO SELL OUR COMMON STOCK.**

NASDAQ moved our stock listing from the NASDAQ National Market to the NASDAQ Small Cap Market effective August 27, 2002 due to our failure to meet certain listing requirements, including a minimum bid price of $1.00 per share. We subsequently failed to meet certain NASDAQ Small Cap Market quantitative listing standards, including a minimum $1.00 per share bid price requirement, and the NASDAQ Listing Qualifications Panel determined that our stock would no longer be listed on the NASDAQ Small Cap Market. Effective March 10, 2003, our Common Stock commenced trading electronically on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. This move could result in a less liquid market available for existing and potential stockholders to trade shares of our Common Stock and could ultimately further depress the trading price of our Common Stock.

Our Common Stock is subject to the Securities Exchange Commission's "penny stock" regulation. For transactions covered by this regulation, broker-dealers must make a special suitability determination for the purchase of the securities and must have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, the rules generally require the delivery, prior to the transaction, of a risk disclosure document mandated by the SEC relating to the penny stock market. The broker-dealer is also subject to additional sales practice requirements. Consequently, the penny stock rules may restrict the ability of broker-dealers to sell the company's Common Stock and may affect the ability of holders to sell the Common Stock in the secondary market, and the price at which a holder can sell the Common Stock.

**OUR STOCK PRICE HAS BEEN VOLATILE AND HAS EXPERIENCED SIGNIFICANT DECLINE, AND MAY CONTINUE TO BE VOLATILE AND DECLINE.**

Our common stock currently trades sporadically on the OTC Bulletin Board. The market for our common stock may continue to be an inactive market, and the market price of our common stock may experience significant volatility. In recent years, the stock market in general, and the market for shares of small capitalization technology stocks in particular, have experienced extreme price fluctuations. These fluctuations have often negatively affected small cap companies such as ours, and may impact our ability to raise equity capital in periods of liquidity crunch. Companies with liquidity problems also often experience downward stock price volatility. We believe that factors such as announcements of developments related to our business (including any financings or any resolution of liabilities), announcements of technological innovations or new products or enhancements by us or our competitors, developments in the emerging countries' economies, sales by competitors, sales of significant volumes of our Common Stock into the public market, developments in our relationships with customers, partners, lenders, distributors and suppliers, shortfalls or changes in revenues, gross margins, earnings or losses or other financial results that differ from analysts' expectations, regulatory developments, fluctuations in results of operations could and have caused the price of our Common Stock to fluctuate widely and decline over the past two years. The market price of our Common Stock may continue to decline, or otherwise continue to experience significant fluctuations in the future, including fluctuations that are unrelated to our performance, and our stockholders may not be able to resell shares of our Common Stock at or above the price paid for those shares.

**ISSUING SECURITIES AS A MEANS OF RAISING CAPITAL AND THE FUTURE SALES OF THESE SECURITIES IN THE PUBLIC MARKET COULD LOWER P-COM'S STOCK PRICE AND ADVERSELY AFFECT ITS ABILITY TO RAISE ADDITIONAL CAPITAL IN SUBSEQUENT FINANCINGS.**

P-Com has traditionally relied on debt and equity financings to meet its working capital needs including the issuances of Series B Convertible Preferred Stock in August 2003 and Series C Convertible Preferred Stock in October and December 2003. In addition, as a result of borrowings under the Debenture Facility, P-Com anticipates issuing up to an additional 6.0 million shares of Common Stock in connection with the scheduled amortization payments. When the shares of Common Stock that are issuable upon conversion of our preferred stock, or paid in connection with required amortization payments, are subsequently sold in the public market, the trading price of P-Com Common Stock may be negatively affected. As of December 31, 2004, the last reported sale price of P-Com common stock was $0.44. Future sales of P-Com's Common Stock or the perception that future sales will occur could have a significant negative effect on the market price of P-Com's Common Stock. If the market price of P-Com Common Stock continues to decrease, P-Com may not be able to conduct additional financings in the future on acceptable terms or at all, and its ability to raise additional capital will be significantly limited.

**THE CONVERSION OR EXERCISE OF P-COM'S OUTSTANDING CONVERTIBLE SECURITIES WILL HAVE A SIGNIFICANT DILUTIVE EFFECT ON P-COM'S EXISTING STOCKHOLDERS.**

In March, May and July 2003, P-Com issued warrants to purchase approximately 293,333 shares of its Common Stock. In August 2003, P-Com's remaining 7% Convertible Subordinated Notes due 2005 were converted into approximately one million shares of Series B Convertible Preferred Stock, of which approximately 891,594 shares were converted into approximately 3.1 million shares of Common Stock in December 2003. The remaining outstanding shares of Series B Convertible Preferred Stock are convertible into approximately 381,916 shares of P-Com Common Stock.

In October and December 2003, P-Com issued approximately 10,000 shares of Series C Convertible Preferred Stock together with warrants to purchase approximately 4.64 million shares of Common Stock. These shares of Series C Convertible Preferred Stock are convertible into approximately 5.8 million shares of Common Stock. In December 2003, P-Com issued 2,000 shares of Series D Convertible Preferred Stock, which, in turn, are convertible into approximately 444,444 shares of Common Stock. The conversion or exercise of these securities will result in substantial dilution to P-Com's existing stockholders.

In December 2003, P-Com also issued 2,116,667 shares of its Common Stock in connection with the SPEEDCOM Acquisition. This issuance resulted in substantial dilution to P-Com's existing stockholders. P-Com may issue additional shares of common stock in the future, which would further dilute its stockholders.

## USE OF PROCEEDS

We will not receive any of the proceeds from the sale of our common stock by the selling stockholders. If and when our outstanding convertible preferred stock is converted by the selling stockholders into shares of our common stock, we will not receive any proceeds from the conversion. If and when the warrants are exercised by the selling stockholders for shares of our common stock, we will receive the proceeds from the exercise of those warrants, but only to the extent that the exercise price of the warrants is paid in cash. The warrants held by the selling stockholders may be exercised through a cashless exercise, in which event, we will not receive any proceeds from the exercise. If these warrants are exercised and the exercise price is paid in cash, we will receive net proceeds of approximately $1.2 million, which we will use for general corporate purposes, including working capital for our business.

## SELLING STOCKHOLDERS

The following table sets forth the names of the selling stockholders and the number of shares of common stock being registered for sale as of the date of this prospectus and sets forth the number of shares of common stock known by us to be beneficially owned by the selling stockholders. The following table assumes that each selling stockholder will sell all of the shares of common stock being offered by this prospectus for its account. However, we are unable to determine the exact number of shares that will actually be sold. The shares of common stock offered by this prospectus may be offered from time to time by the selling stockholders. This information is based upon information provided by the selling stockholders, and is not necessarily indicative of beneficial ownership for any other purpose. The number of shares of common stock beneficially owned by the selling stockholders is determined in accordance with the rules of the Securities and Exchange Commission.

For some of the selling stockholders, the number of shares of common stock being sold in the offering will be greater than the number of shares of common stock beneficially owned prior to the offering. This is due to a limitation on the number of shares of common stock that these selling stockholders can hold at any given time. Under the terms of our convertible preferred stock and some of our warrants, no holder of these securities may convert or exercise these securities into shares of our common stock, and we may not issue shares of our common stock to any of these holders, if the conversion or exercise would cause the holder or any of its affiliates, individually or in the aggregate, to beneficially own more than 4.99% or 9.999%, as the case may be, of our outstanding common stock. Due to this limitation, some of the selling stockholders do not beneficially own all of the shares of common stock that are issuable upon conversion of their convertible preferred stock or upon exercise of some of their warrants. However, regardless of this limitation, we are obligated to register the resale of all of the shares of common stock that are issuable upon conversion or exercise of these securities. Consequently, some of the selling stockholders are shown in the table below as selling a greater number of shares of common stock than they beneficially own.

Except with respect to George Roberts, our Chairman of the Board, Daniel W. Rumsey, our Chief Restructuring Officer and one of our directors, Fred Fromm, one of our directors, and R. Craig Roos, one of our directors, none of the selling stockholders has had a material relationship with us within the past three years other than as a result of its ownership of our securities.

The term "selling stockholder" includes the stockholders listed below and their transferees, assignees, pledgees, donees or other successors. The percent of beneficial ownership for each selling stockholder is based on 11,810,280 shares of common stock outstanding as of January 10, 2005. Shares of common stock subject to warrants, options and other convertible securities that are currently exercisable or exercisable within 60 days of January 10, 2005, are considered outstanding and beneficially owned by the selling stockholder who holds those warrants, options or other convertible securities for the purpose of computing the percentage ownership of that selling stockholder but are not treated as outstanding for the purpose of computing the percentage ownership of any other selling stockholder.

| NAME OF SELLING STOCKHOLDER | SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING NUMBER (2) | % | SHARES OF COMMON STOCK BEING SOLD IN THE OFFERING COMMON STOCK | UPON CONVERSION OF SERIES C PREFERRED STOCK (2)(3) | UPON EXERCISE OF C WARRANTS (2)(3) |
|---|---|---|---|---|---|
| North Sound Legacy Fund LLC(5)(6) | 1,621,031 | 13.73% | 78,733 | 62,147 | -- |
| North Sound Legacy Institutional Fund LLC (5)(6) | 1,621,031 | 13.73% | 708,875 | 573,990 | -- |
| North Sound Legacy International Ltd. (5)(6) | 1,621,031 | 13.73% | 833,423 | 724,197 | -- |
| SDS Capital Group SPC, Ltd. | 1,274,548 | 9.98% | 319,548 | 155,000 | -- |
| CGA Resources LLC | 338,319 | 2.86% | 338,319 | -- | -- |
| SF Capital Partners | 464,166 | 3.86% | 259,998 | 204,168 | -- |
| Alpha Capital | 336,666 | 2.79% | 91,665 | 136,112 | 108,889 |
| Crestview Capital Fund II LP | 313,099 | 2.61% | 124,799 | 148,167 | 40,133 |
| Castle Creek Technology Partners LLC | 301,350 | 2.49% | -- | 167,417 | 133,933 |
| Cagan McAfee Capital Partners | 253,333 | 2.10% | -- | -- | 133,333 |
| Jerdan Enterprises | 216,610 | 1.83% | 216,610 | -- | -- |
| Sam Eyde | 185,666 | 1.56% | 103,999 | 81,667 | -- |
| Agilent Financial Services, Inc. | 178,571 | 1.49% | -- | -- | -- |
| Samuel Smookler & Miriam Smookler | 175,889 | 1.48% | 9,167 | 13,611 | 10,889 |
| Brian M. Herman | 117,925 | * | 56,999 | 27,222 | -- |
| Bryan Family Partnership LLP II | 116,123 | * | 33,333 | 45,994 | 36,795 |
| Paul A. Kruger | 96,831 | * | 23,331 | 40,834 | 32,667 |
| Gamma Opportunity Capital Partners, LP | 93,667 | * | 22,778 | 33,334 | 37,556 |
| Charles P Strogen | 92,833 | * | 52,000 | 40,834 | -- |
| Platinum Partners Arbitrage Fund LP | 87,111 | * | -- | -- | 87,111 |
| Julie L. Michel | 86,166 | * | 45,332 | 40,834 | -- |
| HeliOss Communications, Inc. | 80,000 | * | 80,000 | -- | -- |
| George Roberts (8) | 78,966 | * | 17,333 | 13,611 | -- |
| Michel Pokel | 67,671 | * | 67,671 | -- | -- |
| Allan Rothstein | 49,000 | * | -- | 27,222 | 21,778 |

| | | | | | |
|---|---|---|---|---|---|
| Arnold E. Ditri | 49,000 | * | -- | 27,222 | 21,778 |
| Bridges & Pipes LLC | 67,333 | * | 18,333 | 27,222 | 21,778 |
| Wardenclyffe Micro Cap Fund | 67,333 | * | 18,333 | 27,222 | 21,778 |
| Global eMedicine, Inc., MPPP | 67,333 | * | 45,555 | -- | 21,778 |
| Bristol Investment Fund | 66,669 | * | -- | 66,669 | -- |
| RHP Master Fund LTD | 66,122 | * | 66,122 | -- | -- |
| Harry Falterbauer | 65,334 | * | 24,500 | 40,834 | -- |
| Stuart Jacobson | 64,027 | * | 64,027 | -- | -- |
| Bullbear Capital Partners LLC | 61,889 | * | 34,666 | 27,222 | -- |

| NAME OF SELLING STOCKHOLDER | SHARES OF COMMON STOCK BEING SOLD IN THE OFFERING | | | SHARES BENEFICIALLY OWNED AFTER THE OFFERING(1) | |
|---|---|---|---|---|---|
| | UPON EXERCISE OF OTHER WARRANTS | UPON CONVERSION OF SERIES B OR SERIES DPREFERRED STOCK (2)(3) | PAYMENT OF DEBENTURE FACILITY(4) | NUMBER | % |
| North Sound Legacy Fund LLC(5)(6) | -- | 48,741 | | -- | * |
| North Sound Legacy Institutional Fund LLC (5)(6) | -- | 368,679 | | -- | * |
| North Sound Legacy International Ltd. (5)(6) | -- | 408,940 | | -- | * |
| SDS Capital Group SPC, Ltd. | 800,000 | -- | 6,000,000 | -- | * |
| CGA Resources LLC | -- | -- | | -- | * |
| SF Capital Partners | | -- | | -- | -- |
| Alpha Capital | -- | -- | | -- | * |
| Crestview Capital Fund II LP | -- | | | -- | * |
| Castle Creek Technology Partners LLC | -- | -- | | -- | * |
| Cagan McAfee Capital Partners | 120,000 | -- | | | * |
| Jerdan Enterprises | -- | -- | | | * |
| Sam Eyde | -- | -- | | | * |
| Agilent Financial Services, Inc. | 178,571 | | | -- | * |
| Vitel Ventures Corporation | -- | -- | | -- | * |
| Leviticus Partners LP | -- | -- | | -- | * |
| Samuel Smookler & Miriam Smookler (7) | 86,667 | -- | | -- | * |
| Brian M. Herman | 33,703 | -- | | -- | * |
| Bryan Family Partnership LLP II | 2,000,000 | -- | | -- | * |
| Ellis International | -- | -- | | -- | * |
| Paul A. Kruger | -- | -- | | -- | * |
| Gamma Opportunity Capital Partners, LP | -- | -- | | -- | * |
| Charles P Strogen | -- | -- | | -- | * |
| Platinum Partners Arbitrage Fund LP | -- | -- | | -- | * |
| Julie L. Michel | -- | -- | | -- | * |
| HeliOss Communications, Inc. -- | -- | -- | | -- | * |
| George Roberts (8) | -- | -- | | -- | * |

| | | | | |
|---|---|---|---|---|
| Michel Pokel | -- | -- | -- | * |
| Allan Rothstein | -- | -- | -- | * |
| Arnold E. Ditri | -- | -- | -- | * |
| Bridges & Pipes LLC | -- | -- | -- | * |
| Wardenclyffe Micro Cap Fund | -- | -- | -- | * |
| Global eMedicine, Inc., MPPP | -- | -- | -- | * |
| Bristol Investment Fund | -- | -- | -- | * |
| RHP Master Fund LTD | -- | -- | -- | * |
| Harry Falterbauer | -- | -- | -- | * |
| Stuart Jacobson | -- | -- | -- | * |
| Bullbear Capital Partners LLC | -- | -- | -- | * |

| NAME OF SELLING STOCKHOLDER | SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING NUMBER (2) | % | SHARES OF COMMON STOCK BEING SOLD IN THE OFFERING COMMON STOCK | UPON CONVERSION OF SERIES C PREFERRED STOCK (2)(3) | UPON EXERCISE OF C WARRANTS (2)(3) |
|---|---|---|---|---|---|
| Capela Overseas LTD | 61,889 | * | 34,666 | 27,222 | -- |
| John M. Somody | 61,889 | * | 34,666 | 27,222 | -- |
| Ralph Rybaki | 61,889 | * | 34,666 | 27,222 | -- |
| Richard & Beverly Mehrlich | 61,888 | * | 61,888 | -- | -- |
| Alfred J. Anzalone Family Limited Partnership | 61,500 | * | 8,250 | 12,250 | 41,000 |
| Spectra Capital Management LLC | 60,000 | * | -- | 33,333 | 26,667 |
| First Mirage, Inc. | 59,850 | * | 33,250 | -- | 26,600 |
| Frederic M. Bauthier | 56,889 | * | 29,666 | 27,222 | -- |
| Eric T. Singer | 56,213 | * | 10,519 | 15,619 | 12,495 |
| Jules Nordlicht | 54,445 | * | -- | -- | 54,445 |
| Stonestreet LP | 54,445 | * | -- | -- | 54,445 |
| Joseph R. McCandless | 50,500 | * | 34,167 | -- | 16,333 |
| Liviakis Financial Communications | 50,000 | * | 50,000 | -- | -- |
| George Manos | 49,511 | * | 27,733 | 21,778 | -- |
| Dana Ennis | 46,417 | * | 26,000 | 20,417 | -- |
| UMAI | 45,455 | * | 45,455 | -- | -- |
| Vitel Ventures Corporation | 43,556 | * | -- | -- | 43,556 |
| Carlos Belfiore | 43,134 | * | -- | -- | -- |
| Al Pokel | 41,606 | * | 41,606 | -- | -- |
| Robert and Sandra Neborsky | 41,458 | * | 27,030 | 14,428 | -- |
| Harry Rosen FBO Rosen Rosen Kreiling PA 401K PSP | 40,400 | * | 11,000 | 16,333 | 13,067 |
| Leviticus Partners LP | 39,200 | * | -- | -- | 39,200 |
| Fred & Delay Vallen | 37,133 | * | 20,800 | 16,333 | -- |
| Robert W. Duggan | 35,933 | * | -- | -- | 35,933 |
| Ronald Shear | 35,350 | * | 9,625 | 14,292 | 11,433 |
| Scot A. Kane | 34,039 | * | 19,067 | 14,972 | -- |
| Philip C. Bird | 33,888 | * | 16,874 | 17,014 | -- |
| Charles Pradilla | 33,667 | * | 9,167 | 13,611 | 10,889 |
| Daryl Demsko | 33,666 | * | 22,778 | -- | 10,889 |
| Robert Melnick | 33,666 | * | 22,778 | -- | 10,889 |
| WEC Partners LLC | 33,666 | * | 22,778 | -- | 10,889 |
| West End Convertible Fund LP | 33,666 | * | 22,778 | -- | 10,889 |
| Whalehaven Fund Ltd. | 32,667 | * | -- | -- | 32,667 |
| Ellis International | 32,667 | * | -- | -- | 32,667 |

| | | | | | |
|---|---|---|---|---|---|
| James K. Lehman | 31,660 | * | 31,660 | -- | -- |
| Christopher P. Choma | 30,944 | * | 17,333 | 13,611 | -- |
| Craig Roos (11) | 30,944 | * | 17,333 | 13,611 | -- |
| David Wilstein and Susan Wilstein (12) | 30,944 | * | 17,333 | 13,611 | -- |
| Don Zoltan | 30,944 | * | 17,333 | 13,611 | -- |
| John O. Johnston | 30,944 | * | 17,333 | 13,611 | -- |
| Doug Levine | 30,944 | * | 30,944 | -- | -- |
| Michael Rucker (13) | 30,944 | * | 30,944 | -- | -- |
| Jack Gilbert | 30,944 | * | 30,944 | -- | -- |
| Michael Liss | 30,944 | * | 30,944 | -- | -- |

| NAME OF SELLING STOCKHOLDER | SHARES OF COMMON STOCK BEING SOLD IN THE OFFERING UPON EXERCISE OF OTHER WARRANTS | UPON CONVERSION OF SERIES B OR SERIES D PREFERRED STOCK (2)(3) | UPON PAYMENT OF DEBENTURE FACILITY (4) | SHARES BENEFICIALLY OWNED AFTER THE OFFERING(1) NUMBER | % |
|---|---|---|---|---|---|
| Capela Overseas LTD | -- | -- | | -- | * |
| John M. Somody | -- | -- | | -- | * |
| Ralph Rybaki | -- | -- | | -- | * |
| Richard & Beverly Mehrlich | -- | -- | | -- | * |
| Alfred J. Anzalone Family Limited Partnership | -- | -- | | -- | * |
| Spectra Capital Management LLC | -- | -- | | -- | * |
| First Mirage, Inc. | -- | -- | | -- | * |

| | |
|---|---|
| Frederic M. Bauthier | |
| | -- |
| | -- |
| | -- |
| | * |
| Eric T. Singer | |
| | 17,581 |
| | -- |
| | -- |
| | * |
| Jules Nordlicht | |
| | -- |
| | -- |
| | -- |
| | * |
| Stonestreet LP | |
| | -- |
| | -- |
| | -- |
| | * |
| Joseph R. McCandless | |
| | -- |
| | -- |
| | -- |
| | * |
| Liviakis Financial Communications | |

--

--

--

*

George Manos

--

--

--

*

Dana Ennis

--

--

--

*

Margaret Josling (9)

--

--

--

*

TKB Ventures Ltd. (Brian Josling) (9)

--

--

--

*

UMAI

--

--

--

*

Al Pokel

--

--

--

*

Robert and Sandra Neborsky

--

--

--

*

Fred Fromm (10)

--

--

--

*

Harry Rosen FBO Rosen Rosen Kreiling PA 401K PSP

--

--

--

*

Fred & Delay Vallen

--

--

--

*

Robert W. Duggan

--

--

--

*

Ronald Shear

--

--

--

*

Scot A. Kane

--

--

--

*

Philip C. Bird

--

--

--

*

Charles Bradley

--

--

--

*

Charles Pradilla

--

--

--

*

Justin Yue Tang

--

--

--

*

Daryl Demsko

--

--

--

*

David & Marilyn Balk JT WR0S

--

--

--

*

Jeffrey Schnipper

--

--

--

*

Mark Capital LLC

--

--

--

*

Richard Melnick

--

--

--

*

Robert Melnick

--

--

--

*

WEC Partners LLC

--

--

--

*

West End Convertible Fund LP

--

--

--

*

Strategic Partners Ltd.

--

--

--

*

Whalehaven Fund Ltd.

--

--

--

*

James K. Lehman

--

--

--

*

Christopher P. Choma

--

--

--

*

Craig Roos (11)

--

--

--

*

David Wilstein and Susan Wilstein (12)

--

--

--

*

Don Zoltan

--

--

--

*

John O. Johnston

--

--

--

*

Doug Levine

--

--

--

*

Michael Rucker (13)

--

--

--

*

Jack Gilbert

--

--

--

*

Michael Liss

--

--

--

*

-18-

| NAME OF SELLING STOCKHOLDER | SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING NUMBER (2) | % | SHARES OF COMMON STOCK BEING SOLD IN THE OFFERING COMMON STOCK | UPON CONVERSION OF SERIES C PREFERRED STOCK (2)(3) | UPON EXERCISE OF C WARRANTS (2)(3) |
|---|---|---|---|---|---|
| Michael P. Rucker | 30,944 | * | 30,944 | -- | -- |
| Philip R. Clark | 30,944 | * | 30,944 | -- | -- |
| Thomas Contino | 30,944 | * | 30,944 | -- | -- |
| Alan Ennis, Sandra Ennis | 30,750 | * | 4,125 | 6,125 | 20,500 |
| Ronald H. Wise | 27,850 | * | 15,600 | 12,250 | -- |
| Peter & Janis Hillcoff | 27,822 | * | 15,584 | 12,238 | -- |
| F. Berdon Defined Benefit Plan | 27,332 | * | 10,999 | 16,333 | -- |
| Allen Solomon (14) | 26,933 | * | 18,222 | -- | 8,711 |
| Matthew Balk | 25,471 | * | -- | -- | -- |
| David Wiener (15) | 24,756 | * | 13,867 | 10,889 | -- |
| Paul Blizman | 24,756 | * | 13,867 | 10,889 | -- |
| Charles Bradley | 24,500 | * | -- | 13,611 | 10,889 |
| Justin Yue Tang | 24,500 | * | -- | 13,611 | 10,889 |
| Randy Tuggle | 23,832 | * | 12,943 | -- | 10,889 |
| Allen Weiss | 22,443 | * | 22,443 | -- | -- |
| Gerald Ferro | 21,778 | * | 8,167 | 13,611 | -- |
| Platinum Partners Global Macro Fund LP | 21,778 | * | -- | -- | 21,778 |
| Walter Kuharchik | 21,778 | * | 8,167 | 13,611 | |

| | |
|---|---|
| | -- |
| Dennis & Cindy Pak | |
| | 21,777 |
| | * |
| | 8,166 |
| | 13,611 |
| | -- |
| Rodd Friedman | |
| | 21,000 |
| | * |
| | 11,667 |
| | -- |
| | 9,333 |
| Fred Fromm (10) | |
| | 20,883 |
| | * |
| | 6,925 |
| | 5,438 |
| | -- |
| Brad Reifler | |
| | 20,237 |
| | * |
| | -- |
| | -- |
| | -- |

| | | | | | |
|---|---|---|---|---|---|
| Hilary Bergman | 20,237 | * | -- | -- | -- |
| Elaine Dines | 20,200 | * | 13,667 | -- | 6,533 |
| Michael Loew | 20,200 | * | 13,667 | -- | 6,533 |
| Rudolf Konegan | 20,200 | * | 5,500 | 8,167 | 6,533 |
| Greenwich Growth Fund LTD | 20,055 | | | | |

*

9,167

--

10,889

Nathaniel Orme (IRA)

19,556

*

12,750

6,806

--

C/F Sean M. Callahan SEP/IRA

19,038

*

8,149

10,889

--

Dan Foley

18,900

*

10,500

--

8,400

Dana Bowler

18,567

*

| | |
|---|---|
| | 10,400 |
| | 8,167 |
| | -- |
| Louis Cristan, Kathy Cristan | |
| | 18,567 |
| | * |
| | 10,400 |
| | 8,167 |
| | -- |
| Thomas K. Beard | |
| | 18,567 |
| | * |
| | 10,400 |
| | 8,167 |
| | -- |
| Nathaniel Orme | |
| | 17,695 |
| | * |
| | 4,083 |
| | 13,611 |
| | -- |
| Riaz Don | |
| | 17,448 |
| | * |
| | 17,448 |
| | -- |

| | |
|---|---|
| | -- |
| James R and Diane R Fisher (16) | |
| | 17,019 |
| | * |
| | 9,533 |
| | 7,486 |
| | -- |
| Scott C. Paston | |
| | 5,444 |
| | * |
| | -- |
| | -- |
| | 5,444 |
| Salvatore Ianuzzi, Bonita Ianuzzi | |
| | 16,833 |
| | * |
| | 4,583 |
| | 6,806 |
| | 5,444 |
| Gregg Sedun | |
| | 16,823 |
| | * |
| | 4,581 |
| | 6,802 |
| | 5,441 |

Bruce Newberg (17)

16,667

*

16,667

--

--

Woodmont Investments Limited

16,667

*

16,667

--

--

Julius H. Roma (18)

15,944

*

10,500

--

5,444

Mark Collins

15,622

*

10,569

--

5,052

Andrew J. Dauro

15,473

*

15,473

--

--

-19-

| NAME OF SELLING STOCKHOLDER | SHARES OF COMMON STOCK BEING SOLD IN THE OFFERING UPON EXERCISE OF OTHER WARRANTS | UPON CONVERSION OF SERIES B OR SERIES D PREFERRED STOCK (2)(3) | UPON PAYMENT OF DEBENTURE FACILITY (4) | SHARES BENEFICIALLY OWNED AFTER THE OFFERING(1) NUMBER | % |
|---|---|---|---|---|---|
| Michael P. Rucker | -- | -- | | -- | * |
| Philip R. Clark | -- | -- | | -- | * |
| Thomas Contino | -- | -- | | -- | * |
| Alan Ennis, Sandra Ennis | -- | -- | | -- | * |
| Ronald H. Wise | -- | -- | | -- | * |
| Peter & Janis Hillcoff | -- | -- | | -- | * |
| F. Berdon Defined Benefit Plan | -- | -- | | -- | * |
| Allen Solomon (14) | -- | -- | | -- | * |
| Matthew Balk | 25,471 | -- | | -- | * |
| David Wiener (15) | -- | -- | | -- | * |
| Paul Blizman | -- | -- | | -- | * |
| Randy Tuggle | -- | -- | | -- | * |
| Allen Weiss | -- | -- | | -- | * |
| Gerald Ferro | -- | -- | | -- | * |
| Platinum Partners Global Macro Fund LP | | | | | |
| | | | | | -- |
| | | | | | -- |
| | | | | | -- |
| | | | | | * |
| Walter Kuharchik | | | | | |
| | | | | | -- |
| | | | | | -- |
| | | | | | -- |
| | | | | | * |

| | |
|---|---|
| Dennis & Cindy Pak | |
| | -- |
| | -- |
| | -- |
| | * |
| Rodd Friedman | |
| | -- |
| | -- |
| | -- |
| | * |
| Brad Reifler | |
| | 20,237 |
| | -- |
| | -- |
| | * |
| Hilary Bergman | |
| | 20,237 |
| | -- |
| | -- |
| | * |
| Elaine Dines | |
| | -- |
| | -- |
| | -- |
| | * |
| Michael Loew | |

--

--

--

*

Rudolf Konegan

--

--

--

*

Greenwich Growth Fund LTD

--

--

--

*

Nathaniel Orme (IRA)

--

--

--

*

Hudson Valley Capital Management

--

--

--

*

C/F Sean M. Callahan SEP/IRA

--

--

--

*

Dan Foley

--

--

--

*

Dana Bowler

--

--

--

*

Louis Cristan, Kathy Cristan

--

--

--

*

Thomas K. Beard

--

--

--

*

Nathaniel Orme

--

--

--

*

Riaz Don

--

--

--

*

James R and Diane R Fisher (16)

--

--

--

*

Alan Sheinwald

--

--

--

*

Gary Ziegler

--

--

--

*

Jared Shaw

--

--

--

*

Jeff Hermanson

--

--

--

*

John C. Buser

--

--

--

*

Michael J. Weiss

--

--

--

*

Michael Kooper

--

--

--

*

Northbar Capital Inc.

--

--

--

*

RA Schafer

--

--

--

*

Richard L. Taney

--

--

--

*

Scott C. Paston

--

--

--

*

Salvatore Ianuzzi, Bonita Ianuzzi

--

--

--

*

Gregg Sedun

--

--

--

*

Bruce Newberg (17)

--

--

--

*

Woodmont Investments Limited

--

--

--

*

Julius H. Roma (18)

--

--

--

*

Mark Collins

--

--

--

*

Andrew J. Dauro

--

--

--

*

-20-

| SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING | SHARES OF COMMON STOCK |
|---|---|