

LIFELINE THERAPEUTICS, INC.

Form SB-2/A

May 26, 2006

**Table of Contents**

Registration No. 333-126288

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**AMENDMENT NO 2 TO**  
**FORM SB-2**  
**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**  
**Lifeline Therapeutics, Inc.**  
(Name of small business issuer in its charter)

<b>Colorado</b> (State or Jurisdiction of Incorporation or organization)	<b>6770</b> (Primary Standard Industrial Classification Code Number)	<b>84-1097796</b> (I.R.S. Employer Identification Number)
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**6400 South Fiddler s Green Circle**  
**Suite 1970**  
**Englewood, Colorado 80111**  
**(720) 488-1711**  
(Address and telephone number of principal executive offices)

**Stephen K. Onody**  
**Chief Executive Officer**  
**6400 South Fiddler s Green Circle**  
**Suite 1970**  
**Englewood, Colorado 80111**  
**(720) 488-1711**  
(Name, address and telephone number of agent for service)

Copy of all communications to:  
**Alan Talesnick, Esq.**  
**Jon S. Ploetz, Esq.**  
**Patton Boggs LLP**  
**1660 Lincoln Street, Suite 1900**  
**Denver, Colorado 80264**  
**(303) 830-1776**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

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 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, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered (1)</b>	<b>Proposed Maximum Offering Price Per Unit (2)</b>	<b>Proposed Maximum Aggregate Offering Price (2)</b>	<b>Amount of Registration Fee (3)</b>
Common Stock, Series A, \$0.001 par value per share	6,322,001	\$9.60	\$60,691,210	Previously Paid
Common Stock, Series A, underlying Bridge Warrants	1,592,569	9.60	15,283,507	Previously Paid
Common Stock, Series A, underlying Unit Warrants	4,000,016	9.60	38,400,154	Previously Paid
Common Stock, Series A, underlying Placement Agent Warrants	409,281	9.60	3,929,098	Previously Paid
<b>TOTAL</b>	<b>12,323,867</b>			<b>Previously Paid</b>

(1) In addition to any securities that may be registered hereunder, we are also registering an indeterminable number of additional shares of our common stock, pursuant to Rule 416 under the Securities Act of 1933, as amended, that may be issued to prevent dilution resulting from stock splits, stock dividends, or similar transactions affecting the shares to be offered by the selling stockholders.

(2) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, as amended (the Act ), based on the average of the bid and ask prices for the Registrant's common stock as reported on the OTC Bulletin Board on June 28, 2005.

(3) A registration statement fee of \$13,925 was previously submitted with the Company's Registration Statement on Form SB-2 filed on June 30, 2005.

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 THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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**Table of Contents**

*The information in this prospectus is not complete and may be changed. The selling security holders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and neither the selling security holders nor we are soliciting offers to buy these securities in any state where the offer or sale is not permitted.*

**SUBJECT TO COMPLETION, DATED May 26, 2006**

**PROSPECTUS**

**LIFELINE THERAPEUTICS, INC.**

**12,323,867 SHARES OF CLASS A COMMON STOCK**

This prospectus relates to the sale by certain stockholders of Lifeline Therapeutics, Inc. of up to 12,323,867 shares of our Class A common stock \$0.001 par value per share. The shares of our Class A common stock covered hereby include 6,322,001 shares held by the selling stockholders named in this prospectus, and shares that may be issued to, and transferred by, the selling stockholders upon exercise of 2,001,850 of our warrants to purchase Class A common stock for a price of \$2.00 per share and 4,000,016 of our warrants to purchase Class A common stock for \$2.50 per share.

Our common stock is quoted on the OTC Bulletin Board under the symbol LFLT. On March 31, 2006 the closing bid and ask prices for one share of our common stock were \$2.20 and \$2.25, respectively, as reported by the OTC Bulletin Board website. These over-the-counter quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. Lifeline Therapeutics, Inc. manufactures *Protandim*<sup>®</sup>.

**These securities are speculative and involve a high degree of risk. You should consider carefully the Risk Factors beginning on Page 5 of this prospectus before making a decision to purchase our stock.**

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

The date of this prospectus is \_\_\_\_\_, 2006

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TABLE OF CONTENTS

	Page
<b><u>PROSPECTUS SUMMARY</u></b>	1
<b><u>RISK FACTORS</u></b>	5
<b><u>USE OF PROCEEDS</u></b>	9
<b><u>DILUTION</u></b>	9
<b><u>SELLING SECURITY HOLDERS</u></b>	9
<b><u>PLAN OF DISTRIBUTION</u></b>	23
<b><u>BUSINESS</u></b>	24
<b><u>PROPERTY</u></b>	32
<b><u>LEGAL PROCEEDINGS</u></b>	32
<b><u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION</u></b>	33
<b><u>DIRECTORS AND EXECUTIVE OFFICERS</u></b>	39
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	42
<b><u>EXECUTIVE COMPENSATION</u></b>	44
<b><u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u></b>	48
<b><u>DESCRIPTION OF SECURITIES</u></b>	49
<b><u>MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS</u></b>	51
<b><u>FINANCIAL STATEMENTS</u></b>	52
<b><u>EXPERTS</u></b>	52
<b><u>LEGAL MATTERS</u></b>	52
<b><u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u></b>	52
<b><u>ADDITIONAL INFORMATION</u></b>	53
<u>Agreement with Robert Sgarlata Associates, Inc.</u>	
<u>Agreement with Tatum CFO Partners, LLP</u>	
<u>Agreement with Mr. Baz</u>	
<u>Consent of Independent Registered Public Accounting Firm</u>	

*Lifeline Therapeutics, Inc. has not authorized anyone to give any information or make any representation about the offering that differs from, or adds to, the information in this Prospectus or the documents that are publicly filed with the Securities and Exchange Commission. Therefore, if anyone does give you different or additional information, you should not rely on it. The delivery of this Prospectus does not mean that there have not been any changes in Lifeline Therapeutics, Inc.'s condition since the date of this Prospectus. If you are in a jurisdiction where it is unlawful to offer to purchase or exercise the securities offered by this Prospectus, or if you are a person to whom it is unlawful to direct such activities, then the offer presented by this Prospectus does not extend to you. This Prospectus speaks only as of its date except where it indicates that another date applies.*

**Table of Contents****PROSPECTUS SUMMARY**

This summary presents selected information from this Prospectus. You should carefully read this entire Prospectus and the documents to which the Prospectus refers in order to understand this offering. *See Additional Information.*

**Lifeline Therapeutics, Inc.**

Lifeline Therapeutics, Inc. ( Lifeline Therapeutics or the Company ) was formed under Colorado law in June 1988 under the name Andraplex Corporation. Subsequent to June 1988, the Company's only asset consisted of 91 undeveloped residential lots in the town of Lawrence, Colorado. The undeveloped residential lots were carried in our financial statements at a value of approximately \$25,000. We amended our name to Yaak River Resources, Inc. in January 1992 and to Lifeline Therapeutics, Inc. in October 2004. In November, 2004 we executed a quit claim deed to this property in exchange for forgiveness of debt.

For the period from July 2003 (Lifeline's inception) to June 2005, the Company had been in the development stage. The Company's activities from the inception of Lifeline until February 2005 consisted primarily of organizing the Company, developing a business plan, formulation and testing of product and raising capital. In late February 2005, the Company began sales of its product *Protandim*<sup>®</sup> and commenced principal planned operations. Accordingly, the Company is no longer in the development stage.

Our principal place of business is 6400 South Fiddler's Green Circle, Suite 1970, Englewood, CO 80111, telephone (720) 478-1711, fax (720) 488-1722, or email at [info@Protandim.com](mailto:info@Protandim.com). Our website is [www.lifelinetherapeutics.com](http://www.lifelinetherapeutics.com). Lifeline Therapeutics and its officers, directors, and significant shareholders, file reports with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

**Capitalization.** As a result of the Reorganization (described below), we have a complex equity capital structure. This is summarized in the following table as of March 31, 2006.

	<b>Pro-Forma Fully Diluted Shares as of March 31, 2006</b>
Series A Common Stock <sup>(1)</sup>	22,117,992
Series B Common Stock <sup>(2)</sup>	0
Preferred Stock <sup>(3)</sup>	0
Bridge Warrants issued exercisable at \$2.00 per share <sup>(4)</sup>	1,592,569
Unit Warrants issued exercisable at \$2.50 per share <sup>(4)</sup>	4,000,016
Placement Agent Warrants issued exercisable at \$2.00 per share <sup>(4)</sup>	409,281
Compensatory Securities	1,874,428
<b>Total Issued and Outstanding Series A Shares assuming all options and warrants are exercised</b>	<b>29,994,286</b>

1. The Series A Common Stock is entitled to vote. When we use the term

Common Stock  
in this  
Prospectus, we  
intend to refer  
only to the  
Series A  
Common Stock.  
There are  
250,000,000  
shares of  
Series A  
Common Stock  
authorized. *See*  
*Description of*  
*Securities,*  
below.

2. The Series B  
Common Stock  
is not entitled to  
vote. There are  
250,000,000  
shares of  
Series B  
Common Stock  
authorized and  
no shares  
outstanding. *See*  
*Description of*  
*Securities,*  
below.



**Table of Contents**

3. There are 50,000,000 shares of preferred stock authorized and no shares outstanding. See *Description of Securities*, below.

4. These warrants expire April 18, 2008, unless exercised. We cannot offer any assurance that any warrants will be exercised.

Reorganization. On October 26, 2004, we completed a reorganization by which we acquired approximately 81% of the outstanding common stock of Lifeline Nutraceuticals Corporation ( Lifeline Nutraceuticals ), a privately-held Colorado corporation that was formed in July 2003 (the Reorganization ). In the Reorganization:

We issued 15,385,110 shares of our Common Stock (representing about 94% of our outstanding Common Stock after the Reorganization) to eleven persons in exchange for their ownership interest in Lifeline Nutraceuticals.

We agreed to exchange \$240,000 in new promissory notes for a like amount of convertible debt obligations of Lifeline Nutraceuticals.

We agreed to exchange \$559,000 in new promissory notes for a like amount of bridge loan note obligations of Lifeline Nutraceuticals.

Subsequent Activities. In March 2005, we completed the acquisition of the remaining minority shareholder interest in Lifeline Nutraceuticals by issuing to that person (Michael Barber) 1,000,000 shares of the Company's Common Stock. Mr. Barber also entered into a covenant not to compete with us for which we paid \$250,000.

After the completion of the Reorganization, we raised additional capital through the issuance of bridge warrants to accredited investors. As a result of commitments made to the holders of the bridge warrants, on April 18, 2005, we issued to them warrants to purchase 1,592,569 shares of Common Stock ( Bridge Warrants ), which are exercisable at \$2.00 per share through April 18, 2008.

We conducted a private placement of our securities in March through May 2005. In that placement, we issued units to accredited investors for cash and exchange of bridge loan notes. Each unit consisted of 10,000 shares of our Common Stock and a warrant ( Unit Warrant ) to purchase 10,000 shares of our Common Stock for \$2.50, exercisable through April 18, 2008. After deducting commissions of \$498,563 paid to Keating Securities, LLC ( Keating Securities ), a \$75,000 non-accountable expense allowance paid to Keating Securities, and a fee to the escrow agent, we received net proceeds of approximately \$4,400,000. In that private placement:

We issued 1,507,202 shares of our Common Stock and an equal number of Unit Warrants to satisfy a majority of the principal and interest obligations, \$3,014,404, to holders of outstanding bridge loan notes ( Bridge Notes ) issued by Lifeline Nutraceuticals before, and by Lifeline Therapeutics after, the Reorganization;

We issued 2,492,814 shares of our Common Stock and an equal number of Unit Warrants to persons who invested a total of \$4,985,627 in cash; and

We issued warrants to purchase 404,281 shares of our Common Stock to Keating Securities and warrants to purchase 5,000 shares of our Common Stock to The Scott Group, our placement agents, exercisable at \$2.00 per share through April 18, 2008 (the Placement Agent Warrants ).

We used \$170,733 of the net proceeds from this offering for repayment of the Bridge Notes that were not converted in the private placement (\$160,000 in principal and \$10,733 interest), approximately \$278,400 for costs associated with the Bridge Warrant offering, and \$140,000 for a finder's fee to The Scott Group.

We also issued 536,081 shares of our Common Stock to satisfy principal and interest obligations to holders of \$240,000 of new promissory notes issued in the Reorganization.

*History.* From 1993 through 1998, the Company was a development-stage enterprise that sought to engage in the mining of gold and other precious and base metals. Toward that objective, the Company acquired a number of mining properties located in or near the Yaak Mining district in Lincoln County, Montana.

Together with its other activities, the Company sought to obtain financing for development and operating purposes. Those efforts, however, failed to raise adequate working capital from outside sources. An insufficiency of capital, combined

## **Table of Contents**

with regulatory impediments, prevented commencement of significant mining operations. The Company disposed of its mining properties in July of 1999.

In September of 1999, the Company acquired 91 unimproved lots located in Teller County, Colorado. The lots are zoned for residential development, and comprise a total of approximately 4.7 acres of land. They are located in Pike s Peak region approximately six miles by road from the historic mining town of Cripple Creek, Colorado, and approximately 40 miles by highway from the Colorado Springs metropolitan area. The Company acquired this real estate from Donald J. Smith, who is the former President and a Director of the Company. In connection with the purchase, the Company s board of directors deemed the real estate acquired to have a total value of \$162,000. The purchase price was paid in the form of approximately 23,000,000 shares of its Series A Common Stock. In the fourth quarter of the year ended December 31, 2000, management reached a determination that it would not be feasible for the Company to develop its real estate and the Company disposed of such assets.

### **Our Business**

We developed our product, *Protandim*<sup>®</sup>, a proprietary blend of ingredients that has (through studies on animals and humans) demonstrated the ability to enhance SOD in brain, liver, and blood, the primary battlefields for oxidative stress. *Protandim*<sup>®</sup> is marketed as a dietary supplement as defined in Section 3 of the Dietary Supplement Health and Education Act of 1994 ( DSHEA ), codified as § 201(ff) of the Federal Food, Drug, and Cosmetic Act ( FFDCA ) (21 U.S.C. § 321(ff)). The name *Protandim*<sup>®</sup> is derived from: promoting the tandem co-regulation of two of the body s anti-oxidant enzymes (SOD and CAT). *Protandim*<sup>®</sup> and the related intellectual property are owned by our subsidiary Lifeline Nutraceuticals.

One of the paradoxes of life is that the molecule that sustains aerobic life, oxygen, is not only fundamentally essential for energy metabolism and respiration, but it causes many diseases and degenerative conditions. Oxidative stress is widely believed to play a key role in the aging process and the body s defenses against oxidative stress and free radicals decrease with age, resulting in numerous age-related ailments and diseases.

Oxidative stress results from the fact that we breathe air and utilize oxygen to generate energy. Unfortunately a small percentage of the oxygen we utilize generates toxic oxygen free radicals that damage the cells and tissues of the human body and consequently negatively impact our general health. Oxidative stress refers to the cellular and tissue damage caused by chemically reactive oxygen radicals formed as a natural consequence of cellular metabolism. These reactive oxygen species (ROS) and free radicals can be elevated under a wide variety of conditions, including radiation, UV light, smoking, excessive alcohol consumption, certain medical conditions such as neurodegenerative diseases and diabetes, and advancing age.

Elevated ROS levels inflict structural damage to nucleic acid, lipid and carbohydrate and protein components of cells, thereby directly contributing to or exacerbating tissue dysfunction, disease and age-related debilitation. Normally, cellular anti-oxidant enzymes serve to inactivate ROS and maintain their levels at those compatible with normal cell function. Important among these enzymes are Superoxide Dismutase (SOD) and Catalase (CAT). However, the levels of these protective anti-oxidant enzymes decrease with age and are also reduced in a number of disease conditions.

SOD is the body s most effective natural anti-oxidant. SOD works in conjunction with CAT, and under some circumstances the balance may be important. A by-product of SOD s potent anti-oxidant activity is Hydrogen Peroxide, a dangerous substance that needs to be subsequently converted into water and oxygen by CAT. Together, these three enzymes constitute the first line of defense and repair for the body. Scientists have long realized that increasing our levels of SOD and CAT is the key to fighting oxidative stress, disease and aging.

Current SOD and CAT oral supplements can neither:

1. be absorbed; nor
2. work in conjunction with each other in one safe, orally-available pill.

For the period from July 1, 2003 (inception) to June 30, 2005, Lifeline Nutraceuticals was in the development stage. Nutraceuticals activities from inception until February 2005 consisted primarily of organizing Nutraceuticals, developing a business plan, formulation and testing of product and raising capital. In late February 2005, the Company began sales of its



## **Table of Contents**

product *Protandim*® and commenced principal planned operations. Accordingly, the Company is no longer in the development stage.

### **The Offering**

Lifeline Therapeutics is not offering any securities pursuant to this Prospectus. The selling security holders named below (see *The Selling Security Holders* ) are offering the following:

6,322,001 shares of our Common Stock currently held by the Selling Security Holders;

Each of the foregoing was or will be issued as a restricted security as that term is defined in Rule 144 adopted by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the Securities Act ). The exercise of the warrants is not included in this Prospectus. Holders may exercise the warrants only pursuant to an exemption from registration under the Securities Act of 1933 and applicable state law, if an exemption is available.

We will not receive any proceeds from the sale of common stock by the Selling Security Holders pursuant to this prospectus.

### **A Note About Forward-Looking Statements**

In our effort to make the information in this Prospectus more meaningful, this Prospectus contains both historical and forward-looking statements. All statements other than statements of historical fact are forward-looking statements within the respective meanings of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this Prospectus reflect the current expectations of our management concerning future results and events.

The forward-looking statements are not statements of historical fact, but may use such terms as *may*, *expects to* and other terms denoting future possibilities. Forward-looking statements include, but are not limited to, those statements relating to our future development, development of our intellectual property or products we expect to be developed from our intellectual property, financial condition, and our ability to acquire the additional financing necessary to undertake business operations as contemplated in this Prospectus. The accuracy of these and other statements in this Prospectus cannot be guaranteed as they are subject to a variety of risks which are beyond our ability to predict or control; these Risk Factors and the other factors described in this Prospectus and information incorporated by reference may cause actual results to differ materially from our estimates contained in this Prospectus or in the documents incorporated by reference herein.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements. You should review carefully all information, including the financial statements and the notes to the financial statements included in this Prospectus. In addition to the factors discussed under *Risk Factors*, the following important factors could affect future results, causing the results to differ materially from those expressed in the forward-looking statements in this Prospectus:

our working capital shortage, which has been aggravated by additional research, development, and marketing expenses necessary to expand our existing and new business lines;

demand for, and acceptance of, our materials;

changes in development, distribution, and supply relationships;

the impact of competitive products and technologies and no assurance as to the validity of our intellectual property rights;

**Table of Contents**

dependence on future product development;

the possibility of future customer concentration;

our dependence on key personnel;

the volatility of our stock price and the potential adverse impact on our market which may be caused by future sales of restricted securities;

the possibility of environmental violations relating to our business activities and products; and

the impact of new technologies.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the forward-looking statements in this Prospectus. Other unknown or unpredictable factors also could have material adverse effects on our future results. The forward-looking statements in this Prospectus are made only as of the date of this Prospectus and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances. We cannot assure you that projected anticipated events, objectives, goals or other planned or desired results will occur or otherwise be achieved.

**RISK FACTORS**

You should carefully consider each of the following risk factors and all of the other information provided in this prospectus before purchasing our common stock. The risks described below are those we currently believe may materially affect us. The future development of Lifeline Therapeutics and its technology is and will continue to be dependent upon a number of factors. You should consider the following information as well as the more detailed information concerning Lifeline Therapeutics and its subsidiary contained elsewhere in this Prospectus. An investment in our common stock involves a high degree of risk, and should be considered only by persons who can afford the loss of their entire investment.

***Risk Factors Relating to the Company, its Lack of Operations, and its Financial Condition***

**The Company has a lack of operating history and lack of revenues from operations.**

We did not generate any significant revenues until the last four months of fiscal 2005. For the fiscal years ended June 30, 2004 and 2005 we generated revenues of \$0 and \$2,353,795, respectively. Although Lifeline Nutraceuticals incorporated in July 2003, and even though we have expended in excess of \$4,400,000 on research and development activities and overhead expenses since July 2003, we do not have any significant operating history. We commenced sales of our only product *Protandim*<sup>®</sup> in February 2005, and for the fiscal year ended June 30, 2005, we incurred a net loss of \$5,822,397. For the first quarter ended September 30, 2005, we generated revenues of \$2,964,591 and recorded a net income of \$80,315. For second and third quarters ended December 31, 2005 and March 31, 2006, revenues were \$1,711,752 and \$1,390,623 and the Company's net loss was \$571,044 and \$670,911, respectively. We believe that the circumstances exist that will provide sufficient working capital to meet our cash requirements through June 30, 2007.

**There is no assurance that we will be successful in expanding our operations and, if successful, managing our future growth.**

As a result of the funds available from the completion of our private placement of Common Stock, we will substantially increase the scale of our operations. This increase in scale and expansion of our operations will result in higher operating costs. If we are unable to generate revenues that are sufficient to cover our increased costs, our results of operations will be materially and adversely affected. In addition, we may experience periods of rapid growth, including increased staffing levels. Any such growth will place a substantial strain on our management, operational, financial and other resources, and we will need to train, motivate and manage employees, as well as attract sales, technical, and other professionals. Any failure to expand these areas and implement appropriate procedures and controls in an efficient manner and at a pace consistent with our business objectives would have a material adverse effect on our business, financial condition and results of operations.



**Table of Contents**

**Government regulators and regulations could adversely affect our business.**

The formulation, manufacturing, packaging, labeling, advertising, distribution, and sale of our product, as well as other dietary supplements, are subject to regulation by a number of federal, state, and local agencies, including but not limited to the Federal Food and Drug Administration (FDA) and the Federal Trade Commission (FTC). These agencies have a variety of procedures and enforcement remedies available to them, including but not limited to:

- Initiating investigations;
- Issuing warning letters and cease and desist orders;
- Demanding recalls;
- Initiating adverse publicity;
- Requiring corrective labeling or advertising;
- Requiring consumer redress and/or disgorgement;
- Seeking injunctive relief or product seizures;
- Initiating judicial actions; and

Imposing civil penalties or commencing criminal prosecution.

Federal and state agencies have in the past used these types of remedies in regulating participants in the dietary supplement industry, including the imposition by federal agencies of monetary redress in the millions of dollars. In addition, adverse publicity related to dietary supplements may result in increased regulatory scrutiny, as well as the initiation of private lawsuits.

Our failure to comply with applicable laws could subject us to severe legal sanctions that could have a material adverse effect on our business and results of operations. Specific action taken against us could result in a material adverse effect on our business and results of operations. Additionally, a state could interpret claims presumptively valid under federal law as illegal under that state's regulations.

**Future laws or regulations may hinder or prohibit the production or sale of our products.**

We may be subject to additional laws or regulations in the future, such as those administered by the FDA, FTC, or other federal, state, or local regulatory authorities. Laws or regulations that we consider favorable may be modified or repealed. Current laws or regulations may be interpreted more stringently. We are unable to predict the nature of such future laws, regulations or interpretations, nor can we predict what effect they may have on our business. Possible effects or requirements could include, but are not limited to, the following:

- The reformulation of products to meet new standards;
- Additional ingredient restrictions;
- Additional claim restrictions;
- The recall or discontinuance of products unable to be reformulated;
- Imposition of additional good manufacturing practices and/or record keeping requirements;
- Expanded documentation of the properties of products; and
- Expanded or different labeling or scientific substantiation.



Any such requirements could have material adverse effects on our business or results of operations.

**Unfavorable publicity could materially hurt our business and the value of your investment.**

We are highly dependent upon consumers' perceptions of the safety and quality of our products, as well as products distributed by other companies. Future scientific research or publicity may not be favorable to our industry or any particular product, or consistent with earlier research or publicity. Future reports or research that are perceived less favorably or that question such earlier research could have a material adverse effect on use. Because of our dependence upon consumer perceptions, adverse publicity associated with illness or other adverse effects resulting from the consumption of our product or any similar products distributed by other companies could have a material adverse impact on us. Such adverse publicity could arise even if the adverse effects associated with such products resulted from failure to consume such products as directed. In addition, we may be unable to counter the effects of negative publicity concerning the efficacy of our product. Adverse publicity could also increase product liability exposure.

## **Table of Contents**

### **We are and will continue to be subject to the risk of investigatory and enforcement action by the FTC, which could have a negative impact upon the price of our stock.**

We will always be subject to the risk of investigatory and enforcement action by the FTC based on our advertising claims and marketing practices. The FTC routinely reviews product advertising, including websites, to identify significant questionable advertising claims and practices. The FTC has brought many actions against dietary supplement companies based upon allegations that applicable advertising claims or practices were deceptive and/or not substantiated. If the FTC initiates an investigation, the FTC can initiate pre-complaint discovery that may be nonpublic in nature. Such an investigation: (i) may be very expensive to defend, (ii) may be lengthy, and (iii) may result in an adverse ruling by a court, administrative law judge, or in a publicly disclosed consent decree.

### **Worsening economic conditions may adversely affect our business.**

The demand for dietary supplements tends to be sensitive to consumers' disposable income, therefore a decline in general economic conditions may lead to our consumers having less discretionary income with which to purchase such products. This could cause a reduction in our projected revenues and have a material adverse effect on operating results.

### **Our business is susceptible to product liability claims, which could adversely affect our working capital, shareholders' equity and profitability.**

The manufacture and sale of any product for human consumption raises the risk of product liability claims if a customer alleges an adverse reaction after using the product. These claims may derive from the product itself or a contaminant found in the product from the manufacturing, packaging, or sales process. Even with the product liability/completed operations insurance we have obtained, there will be a risk that insurance will not cover completely or would fail to cover a claim, in which case we may not have the financial resources to satisfy such claims, and the payment of claims would require us to use funds that are otherwise needed to conduct our business and make our products.

### **We have no manufacturing capabilities and we are dependent upon other companies to manufacture our product.**

We are dependent upon our relationship with an independent manufacturer to fulfill our product needs. We currently only use one manufacturer for the manufacturing process for our product. Our ability to market and sell our product requires that the product be manufactured in commercial quantities and in compliance with applicable federal and state regulatory requirements. In addition, we must be able to manufacture our product at a cost that permits us to charge a price acceptable to the customer while also accommodating any distribution costs or third-party sales compensation. If our current manufacturer is unable for any reason to fulfill our requirements, or seeks to impose unfavorable terms, we will have to seek out other contract manufacturers. While we believe there are other manufacturers available to meet our requirements, a change could result in us having to obtain additional raw materials and testing a new manufacturer's quality control standards. Competitors who perform their own manufacturing may have an advantage over us with respect to pricing, availability of product, and in other areas through their control of the manufacturing process.

### **We have a risk of environmental liabilities due to our past operations and property ownership.**

Because of our prior ownership of mining properties in Montana and residential lots near the mining town of Victor, Colorado, there is a risk that a governmental agency or a private individual may assert liability against us for violation of environmental laws.

### ***Risks Related to Intellectual Property and Obsolescence***

### **Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brand.**

We have attempted to protect *Protandim*® through a combination of trade secrets, confidentiality agreements, patents and other contractual provisions. Our technology is covered by three U.S. utility patent applications on file in the U.S. Patent and Trademark Office. A Patent Cooperation Treaty (PCT) International Patent Application is also on file. These patent applications claim the benefit of priority of seven U.S. provisional patent applications. Even considering our existing patents and any others that we may apply for, patents only provide a limited protection against infringement, and patent infringement suits are complex, expensive, and not always successful. William

Driscoll and Paul Myhill, the original

**Table of Contents**

inventors, have assigned all patent filings to Lifeline Nutraceuticals and the assignment has been filed with the United States Patent and Trademark Office.

**If we do not continue to innovate and provide products that are useful to users, we may not remain competitive, and our revenues and operating results could suffer.**

Scientists, research institutions, and commercial institutions are making advances and improvements in nutritional supplements and issues relating to oxidative stress and aging very quickly both domestically and internationally. It is possible that future developments may occur, and these developments may render *Protandim*<sup>®</sup> non-competitive. We believe that our future success will depend in large part upon our ability to develop, to commercialize, and to market products that address issues relating to aging and oxidative stress, and to anticipate successfully or to respond to technological changes in manufacturing processes on a cost-effective and timely basis. We cannot guarantee that our continuing development efforts will be successful. In the future, we may face substantial competition, and we may not be able to compete successfully against present or future competitors.

**If we are unable to protect our proprietary information against unauthorized use by others, our competitive position could be harmed.**

Our proprietary information is critically important to our competitive position and is a significant aspect of the products and services we provide. We generally enter into confidentiality or non-compete agreements with most of our employees and consultants, and control access to, and distribution of, our documentation and other proprietary information. Despite these precautions, these strategies may not be adequate to prevent misappropriation of our proprietary information. Therefore, we could be required to expend significant amounts to defend our rights to proprietary information in the future if a breach were to occur.

***Risk Factors Relating to our Common Stock***

**Sales of a substantial number of shares of our common stock into the public market by the selling stockholders may result in significant downward pressure on the price of our common stock and could affect the ability of our stockholders to realize the current trading price of our common stock.**

At the time of effectiveness of the registration statement, the number of shares of our Common Stock eligible to be immediately sold in the market will increase approximately from 990,000 to 13,300,000. If the selling security holders sell significant amounts of our stock, our stock price could drop. Even a perception by the market that selling security holders will sell in large amounts after the registration statement is effective could place significant downward pressure on our stock price.

In addition to the 13,300,000 shares described above, as of March 31, 2006, approximately 15,000,000 shares of Common Stock held by existing stockholders constitute restricted shares as defined in Rule 144 under the Securities Act. The restricted shares may only be sold if they are registered under the Securities Act, or sold under Rule 144, or another exemption from registration under the Securities Act. All of these shares are eligible for trading under Rule 144, except that pursuant to Rule 144, a stockholder owning more than one percent of the total outstanding shares cannot sell, during any 90-day period, restricted securities constituting more than one percent of the Company's total outstanding shares.

**Our management and larger stockholders exercise significant control over our Company and may approve or take actions that may be adverse to your interests.**

As of March 31, 2006, our named executive officers, directors, and 5% stockholders beneficially owned approximately 69% of our voting power. For the foreseeable future, to the extent that our current stockholders vote all their shares in the same manner, they will be able to exercise control over many matters requiring approval by the board of directors or our stockholders. As a result, they will be able to:

Control the composition of our board of directors;

Control our management and policies;

Determine the outcome of significant corporate transactions, including changes in control that may be beneficial to stockholders; and



**Table of Contents**

Act in each of their own interests, which may conflict with, or be different from, the interests of each other or the interests of the other stockholders.

**Our common stock could be classified as penny stock and is extremely illiquid, so investors may not be able to sell as much stock as they want at prevailing market prices.**

Our Common Stock is subject to additional disclosure requirements for penny stocks mandated by the Penny Stock Reform Act of 1990. The SEC Regulations generally define a penny stock to be an equity security that is not traded on the NASDAQ Stock Market and has a market price of less than \$5.00 per share. Depending upon our stock price, we may be included within the SEC Rule 3a-51 definition of a penny stock and have our common stock considered to be a penny stock, with trading of our common stock covered by Rule 15c-9 promulgated under the Securities Exchange Act of 1934. Under this rule, broker-dealers who recommend such securities to persons other than established customers and accredited investors must make a special written disclosure to, and suitability determination for, the purchaser and receive the purchaser's written agreement to a transaction prior to sale. The regulations on penny stocks limit the ability of broker-dealers to sell our common stock and thus may also limit the ability of purchasers of our common stock to sell their securities in the secondary market. Our common stock will not be considered penny stock if our net tangible assets exceed \$5,000,000 or our average revenue is at least \$6,000,000 for the previous three years. The average daily trading volume of our Common Stock on the over-the-counter market was approximately 33,000 shares per day over the three months ended March 31, 2006. If limited trading in our stock continues, it may be difficult for investors to sell their shares in the public market at any given time at prevailing prices.

**USE OF PROCEEDS**

We will not receive proceeds from the sale of shares under this prospectus by the selling security holders.

**DILUTION**

We are not selling any Common Stock in this offering. The selling security holders are current stockholders of Lifeline Therapeutics. As such, there is no dilution resulting from the Common Stock to be sold in this offering.

**SELLING SECURITY HOLDERS**

The securities are being offered by the named selling security holders below. The table below assumes the immediate exercise of all warrants to purchase Common Stock, without regard to other factors that may determine whether such rights of conversion or purchase are exercised. These factors include but are not limited to the other rights associated with the terms of the warrant agreements, whether there is a specific exemption to registration under federal and state securities laws for the exercise, and the specific exercise price of the securities held by each selling security holder and its relation to the market price.

The selling security holders may from time to time offer and sell pursuant to this prospectus up to an aggregate of 6,322,001 shares of our Common Stock now owned by them, 1,592,569 shares of Common Stock issuable to them upon the exercise, at \$2.00 per share, of the Bridge Warrants, 409,281 shares of Common Stock issuable to them upon the exercise, at \$2.00 per share, of the Placement Agent Warrants, and 4,000,016 shares of Common Stock issuable to them upon the exercise, at \$2.50 per share, of the Unit Warrants. Through March 31, 2006, approximately 375,000 shares of the Common Stock held by the selling security holders have been sold. Of the 6,322,001 shares of our Common Stock originally held by the selling security holders, (i) one selling security holder acquired 1,000,000 shares of Common Stock in connection with the Reorganization, (ii) one selling security holder acquired 500,000 shares of Common Stock as grants of Common Stock, (iii) eight selling security holders acquired 245,734 shares of Common Stock pursuant to Assignments and Stock Powers with Mr. Driscoll, the Company's former President, CEO, and director, and (iv) the remaining selling security holders acquired 4,576,267 shares of Common Stock pursuant to the private placements discussed herein. The selling security holders may, from time to time, offer and sell any or all of the shares that are registered under this prospectus, although they are not obligated to do so.

We do not know when or in what amounts the selling security holders may offer the shares described in this Prospectus for sale. The selling security holders may decide not to exercise any warrants or sell any of the shares that this

**Table of Contents**

Prospectus covers. Because the selling security holders may offer all or some of the shares pursuant to this Prospectus, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the shares that the selling security holders will hold after completion of the offering, we cannot estimate the number of the shares that the selling security holders will hold after completion of the offering. However, for purposes of the following tables, we have assumed that, after completion of the offering, the selling security holders will hold none of the securities that this Prospectus covers.

The following table sets forth, to the Company's best knowledge and belief, with respect to the selling security holders:

the number of shares of common stock beneficially owned as of March 31, 2006 and prior to the offering contemplated hereby,

<b>Selling security holders<sup>(A)</sup></b>	<b>Number of Shares of Common Stock Owned Before Offering<sup>(B)</sup></b>	<b>Number of Shares To Be Offered<sup>(C)</sup></b>	<b>Number of Shares Owned After Offering</b>	<b>Percentage of Shares of Common Stock Owned After Offering</b>
Aaseby, Joel	75,765	75,765		0%
Anderson, Charles R. & Stacy J.	15,000	15,000		0%
Andrews, Jeff L. <sup>(1)</sup>	40,000	40,000		0%
Arrington, G. William	20,000	20,000		0%
Atlis Accredited Capital <sup>(51)</sup>	27,021	27,021		0%
Bansali, Abe	39,360	39,360		0%
Barber, Michael	750,000	750,000		0%
Barish, Michael S.	100,000	100,000		0%
Bartoletti, Andy	10,000	10,000		0%
Bartoletti, Mike	5,000	5,000		0%
Bates, Timothy G. & Lisa G.	92,099	92,099		0%

10

**Table of Contents**

<b>Selling security holders<sup>(A)</sup></b>	<b>Number of Shares of Common Stock Owned Before Offering<sup>(B)</sup></b>	<b>Number of Shares To Be Offered<sup>(C)</sup></b>	<b>Number of Shares Owned After Offering</b>	<b>Percentage of Shares of Common Stock Owned After Offering</b>
Baz, Javier W. <sup>(2)</sup>	1,050,725	990,725	60,000	0%
Beard, William J. & R. Jean, CO-TTEES, FBO William J. & R. Jean Beard UA DTD 07/24/81 <sup>(31)</sup>	120,000	120,000		0%
Beeman Insurance Agency Inc. <sup>(32)</sup>	10,000	10,000		0%
Boatright, Mark	10,000	10,000		0%
Botti, John	25,000	25,000		0%
Bradley, John	210,850	10,000	200,850	1%
Britton, Joseph C.	20,000	20,000		0%
Brown, Robert	10,000	10,000		0%
Brown, David H.	10,000	10,000		0%
Campbell, Delores	15,493	15,493		0%
Card, Allyce M.	30,510	30,510		0%
Charles, David	5,000	5,000		0%
Childers, Robert L.	50,000	50,000		0%
Cohen, Robert L. <sup>(3)</sup>	20,000	20,000		0%
Colleran, Timothy P.	54,973	54,973		0%
Conn, Michael L.	80,816	80,816		0%
Coors, Joe Jr. <sup>(4)</sup>	100,000	100,000		0%
Crapo, James D. & Kathleen D. <sup>(5)</sup>	624,000	50,000	574,000	3%
Dannhausen, Norma J.	39,525	39,525		0%
Dartois, Leon B.	30,495	30,495		0%
Datsopolous, Joan	25,000	25,000		0%



**Table of Contents**

Selling security holders <sup>(A)</sup>	Number of Shares of Common Stock Owned Before Offering <sup>(B)</sup>	Number of Shares To Be Offered <sup>(C)</sup>	Number of Shares Owned After Offering	Percentage of Shares of Common Stock Owned After Offering
Datsopoulos, Milton	152,877	152,877		0%
De La Rosa, Carlos	30,000	30,000		0%
Dean, David J. & Luane I	76,275	76,275		0%
Dexter, John	20,000	20,000		0%
Dihle, Joshua	6,661	6,661		0%
Dihle, Kelsey	6,661	6,661		0%
Dillon, Jack C.	53,292	53,292		0%
Dimaio, Michael	20,000	20,000		0%
Disesa, William & Julie	20,000	20,000		0%
Brad Dobski, Revocable Trust <sup>(33)</sup>	5,000	5,000		0%
Donnelley II, Elliot	32,723	32,723		0%
Donnelly, Lloyd	5,000	5,000		0%
Douglas, Donald R.	4,000	4,000		0%
Sterling Trust Company Cust F.B.O. Donald Richard Douglas IRA 78393	6,000	6,000		0%
Erigero, Gregory J.	40,000	40,000		0%
Martin Samuel & Mary C. Favero CO-TTEE, Favero Family Trust DTD 06/02/98	30,510	30,510		0%
Carol Stolpe & Walter Featherly	10,000	10,000		0%
Ferber, Valerie	10,000	10,000		0%
Francis, Nicholas D.	50,000	50,000		0%

**Table of Contents**

<b>Selling security holders<sup>(A)</sup></b>	<b>Number of Shares of Common Stock Owned Before Offering<sup>(B)</sup></b>	<b>Number of Shares To Be Offered<sup>(C)</sup></b>	<b>Number of Shares Owned After Offering</b>	<b>Percentage of Shares of Common Stock Owned After Offering</b>
G2 Holding Corporation <sup>(6)</sup>	25,000	25,000		0%
Gadola, Larry P. & Christine L.	20,000	20,000		0%
GERDZ Investment Limited Partnership RLLLP <sup>(34)</sup>	20,374	20,374		0%
GGV Investors LLC <sup>(35)</sup>	45,792	45,792		0%
Gibson, James H.	30,594	30,594		0%
Goldberg, Marvin	5,000	5,000		0%
Goldstein, Joel & Elaine	25,000	25,000		0%
Grandfield, Jay & Amanda <sup>(7)</sup>	30,000	30,000		0%
Grasch, David A.	50,000	50,000		0%
Gugino, Girard A.	25,243	25,243		0%
Hadley, Barbara	115,589	115,589		0%
Hallmark, B. Douglas & Marie	20,000	20,000		0%
Hammond, Theodore A. & Carol J.	39,330	39,330		0%
Harlow, Thomas E.	38,139	38,139		0%
Harris, David	10,000	10,000		0%
Harutunian, Alfred	25,000	25,000		0%
Pensco Trust Company Custodian FBO Kenneth D.Haxby	50,000	50,000		0%
Hazelet, John	25,000	25,000		0%
Hazelet, Robert P.	62,884	62,884		0%
Hazelet, Robert P. Jr.	30,000	30,000		0%

**Table of Contents**

Selling security holders <sup>(A)</sup>	Number of Shares of Common Stock Owned Before Offering <sup>(B)</sup>	Number of Shares To Be Offered <sup>(C)</sup>	Number of Shares Owned After Offering	Percentage of Shares of Common Stock Owned After Offering
He, Song <sup>(8)</sup>	5,000	5,000		0%
Hendrickson, Mark	25,000	25,000		0%
Hendrickson, Mark & Celeste	39,609	39,609		0%
Pensco Trust Company Custodian F.B.O. Mark Hendrickson Roth IRA	60,906	60,906		0%
Hendrickson, Robert L.	20,000	20,000		0%
Hipsher, Michael	54,255	54,255		0%
Hollis, Stephen H.	25,000	25,000		0%
Hopper, Richard M.	20,000	20,000		0%
Hornecker, Greg	61,020	61,020		0%
Iseman, Andrew J. & Shelly D. <sup>(9)</sup>	50,000	50,000		0%
Jaro, Sara J.	206,899	206,899		0%
Juarez, Ben <sup>(10)</sup>	60,000	60,000		0%
JW Holdings Corporation <sup>(36)</sup>	5,000	5,000		0%
Kacludis, Dean	10,000	10,000		0%
Keating, Michael J. <sup>(8)</sup>	10,000	10,000		0%
Keating, Timothy J. <sup>(8)</sup>	100,000	100,000		0%
Kerstien, Tom	7,617	7,617		0%
Fiserv ISS & CO FBO Michael Kieler <sup>(37)</sup>	10,000	10,000		0%
Kirkham, Brian	100,000	100,000		0%
Kouostas, Gus J.	20,000	20,000		0%
Kouostas, Nicholas	20,000	20,000		0%
Kovacich, John D.	5,000	5,000		0%

**Table of Contents**

Selling security holders <sup>(A)</sup>	Number of Shares of Common Stock Owned Before Offering <sup>(B)</sup>	Number of Shares To Be Offered <sup>(C)</sup>	Number of Shares Owned After Offering	Percentage of Shares of Common Stock Owned After Offering
Kuney, John R.	20,000	20,000		0%
Lapidus, Robert & Donna Lapidus	20,000	20,000		0%
Larson, Kenneth <sup>(13)</sup>	38,529	38,529		0%
Laskowski, Joe	10,000	10,000		0%
Lewand, Chris	25,000	25,000		0%
Lewis, Dorothy M.	45,000	45,000		0%
Lewis, Martha	30,000	30,000		0%
Lewis, Paul W.	40,543	40,543		0%
Lifeline Orphan Foundation <sup>(50)</sup>	500,000	500,000		0%
Lippa, David	20,000	20,000		0%
Lucas, Robert C.	25,000	25,000		0%
Lyday, Carl <sup>(10)</sup>	10,000	10,000		0%
Madison, H. Reed <sup>(14)</sup>	105,133	105,133		0%
Sterling Trust Company, Custodian FBO Harold Reed Madison <sup>(14)</sup>	20,000	20,000		0%
Madison, Ralph P.	20,000	20,000		0%
Manovich, Dave	130,537	130,537		0%
Manrique, Hernando	25,000	25,000		0%
Mara, William	20,000	20,000		0%
Martin, Robert	10,000	10,000		0%
Masta, Michelle A. & David D.	39,546	39,546		0%
May, Roger P.	20,000	20,000		0%
McGregor, Daniel	176,879	176,879		0%

**Table of Contents**

Selling security holders <sup>(A)</sup>	Number of Shares of Common Stock Owned Before Offering <sup>(B)</sup>	Number of Shares To Be Offered <sup>(C)</sup>	Number of Shares Owned After Offering	Percentage of Shares of Common Stock Owned After Offering
Pensco Trust Co Cust. FBO Daniel B. McGregor-Roth IRA, A/C #MC1BR	51,740	51,740		0%
McIntyre, Dr. James F.	20,000	20,000		0%
McLeod, Bill	10,000	10,000		0%
McLuckie, Tracy & David <sup>(15)</sup>	20,000	20,000		0%
Menk Family Investments, LLC <sup>(38)</sup>	10,000	10,000		0%
MGL Holding LLC <sup>(39)</sup>	25,000	25,000		0%
Millennium Connection, LLC <sup>(40)</sup>	5,000	5,000		0%
Miller, Andrew	10,000	10,000		0%
Mills, Michael J.	304,770	304,770		0%
Mista, Paul	105,282	105,282		0%
Mitchell, Michael P.	30,543	30,543		0%
Mlinarski, Dan <sup>(10)</sup>	10,000	10,000		0%
Moyle, Heather <sup>(10)</sup>	15,000	15,000		0%
Murphy, Eve <sup>(10)</sup>	8,034	8,034		0%
Nelson, Sally & Kevin Nelson	371,846	50,486	321,360	1%
Ossello, Guy J.	20,000	20,000		0%
Ossello s of Butte Profit Sharing Trust, FBO Guy J. Ossello, Guy J. Ossello Trustee, DTD 1974	60,537	60,537		0%
Ossello, Jack L.	30,543	30,543		0%
Ossello, Mark	10,000	10,000		0%

**Table of Contents**

Selling security holders <sup>(A)</sup>	Number of Shares of Common Stock Owned Before Offering <sup>(B)</sup>	Number of Shares To Be Offered <sup>(C)</sup>	Number of Shares Owned After Offering	Percentage of Shares of Common Stock Owned After Offering
Sterling Trust Company, Custodian FBO Steve Ossello <sup>(16)</sup>	30,000	30,000		0%
James Dascalos & Steve Ossello Tenants in Common <sup>(16)</sup>	30,477	30,477		0%
Ossello, Steven J. <sup>(16)</sup>	97,906	97,906		0%
Paoli, David R.	20,000	20,000		0%
Parish, Beth	10,000	10,000		0%
Perkins, Daniel S. & Patrice M. <sup>(17)</sup>	50,000	50,000		0%
Peterson, Jerry	20,000	20,000		0%
Peterson, Phillip C. <sup>(18)</sup>	39,822	39,822		0%
Peterson, William F. & Nancy E.	252,262	252,262		0%
Pettit, C. Alan & Karen M.	40,000	40,000		0%
Pihl, Jo & Doug <sup>(19)</sup>	20,000	20,000		0%
Pollack, Walter & Barbara	20,000	20,000		0%
Pool, Thomas A.	5,000	5,000		0%
Potter, David H. & Lise B.	20,000	20,000		0%
Pyramid Partners, LP <sup>(20)</sup>	100,000	100,000		0%
Race Place Investments Corporation, LLC <sup>(21)</sup>	50,000	50,000		0%
Ranieri, Rose	5,000	5,000		0%
Ridgway, Hugh Randolph	10,000	10,000		0%
Rocky Mountain Pulmonary & Critical Care Profit Sharing Plan F.B.O. Robert J. Lapidus <sup>(53)</sup>	38,181	38,181		0%

**Table of Contents**

<b>Selling security holders<sup>(A)</sup></b>	<b>Number of Shares of Common Stock Owned Before Offering<sup>(B)</sup></b>	<b>Number of Shares To Be Offered<sup>(C)</sup></b>	<b>Number of Shares Owned After Offering</b>	<b>Percentage of Shares of Common Stock Owned After Offering</b>
Rogers, Kyle L. <sup>(8)</sup>	25,000	25,000		0%
Salinas, Melissa D. <sup>(8)</sup>	1,015	1,015		0%
Samuel, Don <sup>(10)</sup>	7,700	7,700		0%
Leah Kaplan-Samuels & Leonard Samuels JTWROS	250,000	250,000		0%
Santana Partners, LLC <sup>(41)</sup>	10,000	10,000		0%
Sauber, Gregory G.	20,000	20,000		0%
Savage, Marshall	5,000	5,000		0%
Trust Management, Inc Cust FBO Molly M Scharig, IRA <sup>(22)</sup>	2,000	2,000		0%
Trust Management, Inc Cust FBO Terry D Scharig, IRA <sup>(22)</sup>	3,000	3,000		0%
Scheffler, Kelly L.	20,000	20,000		0%
Schmitz, Jeffrey	25,000	25,000		0%
Schmitz, Richard V. <sup>(23)</sup>	25,000	25,000		0%
Schweiger, Frederic M. <sup>(8)</sup>	15,000	15,000		0%
Scott, Stephen <sup>(24)</sup>	2,500	2,500		0%
Severance, H. Leigh <sup>(25)</sup>	1,088,506	1,028,506	60,000	0%
Seymour, Eugene H.	100,000	100,000		0%

**Table of Contents**

<b>Selling security holders<sup>(A)</sup></b>	<b>Number of Shares of Common Stock Owned Before Offering<sup>(B)</sup></b>	<b>Number of Shares To Be Offered<sup>(C)</sup></b>	<b>Number of Shares Owned After Offering</b>	<b>Percentage of Shares of Common Stock Owned After Offering</b>
Shader, Scott & Anna	10,000	10,000		0%
Shatwell, G. Kenneth	7,629	7,629		0%
Shazam Stocks, Inc. <sup>(42)</sup>	25,000	25,000		0%
Simonson, Gerry	10,000	10,000		0%
Skalkowski, Steven M. <sup>(10)</sup>	60,000	60,000		0%
Solly, Pamela A. <sup>(8)</sup>	1,000	1,000		0%
Stegemoeller, Sarah	20,000	20,000		0%
Streets, Carol H. <sup>(26)</sup>	1,004,250		1,004,250	5%
Pensco Trust Company Custodian F.B.O. Carol H. Streets Roth IRA <sup>(26)</sup>	131,448	131,448		0%
Streets, Daniel <sup>(26)</sup>	287,893	83,643	204,250	1%
Streets, Daniel Trustee <sup>(26)</sup>	600,000		600,000	3%
Pensco Trust Company Custodian F.B.O. Jeffrey A. Streets IRA	93,009	93,009		0%
Strohmeier & Associates Profit Sharing Plan Luis M. Strohmeier <sup>(27)</sup>	25,000	25,000		0%
Stonedahl, Dale	26,220	26,220		0%
Taft, Alex <sup>(28)</sup>	10,000	10,000		0%
Tafoya, Duane H.	39,984	39,984		0%
Tafoya, Gerald W.	39,984	39,984		0%
Talesnick, Alan <sup>(29)</sup>	50,000	50,000		0%



**Table of Contents**

<b>Selling security holders<sup>(A)</sup></b>	<b>Number of Shares of Common Stock Owned Before Offering<sup>(B)</sup></b>	<b>Number of Shares To Be Offered<sup>(C)</sup></b>	<b>Number of Shares Owned After Offering</b>	<b>Percentage of Shares of Common Stock Owned After Offering</b>
Thompson, Jack R.	152,877	152,877		0%
Timberman, Si	5,000	5,000		0%
Toscani, Luca <sup>(8)</sup>	50,000	50,000		0%
Toy, Thomas C.	10,000	10,000		0%
Ulland, William	38,109	38,109		0%
Uncompagre Enterprises, Ltd. <sup>(43)</sup>	10,000	10,000		0%
Vicis Capital Master Fund <sup>(44)</sup>	100,000	100,000		0%
Wallace Family Partnership <sup>(45)</sup>	50,000	50,000		0%
Walters, William & Julie	39,483	39,483		0%
Weiner, Lili	30,000	30,000		0%
Weiner, Norton D.	311,530	311,530		0%
Werner, Greg <sup>(10)</sup>	25,000	25,000		0%
Wexler, Richard <sup>(24)</sup>	154,762	154,762		0%
White Sand Investor Group LP <sup>(46)</sup>	154,504	154,504		0%
WMS Enterprises <sup>(52)</sup>	11,690	11,690		0%
Wood, George F.	252,715	252,715		0%
Wood, George Tod	50,000	50,000		