

Edgar Filing: NATUS MEDICAL INC - Form SC 13D/A

NATUS MEDICAL INC
Form SC 13D/A
October 19, 2005

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

SCHEDULE 13D/A
Under the Securities Act of 1934
(Amendment No. 8)

Natus Medical Incorporated (BABY)
(Name of Issuer)

Common Stock
(Title of Class of Securities)

639050103
(CUSIP Number)

David Nierenberg

The D3 Family Funds

19605 NE 8th Street

Camas, WA 98607

360-604-8600
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

October 18, 2005
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D and is filing this schedule because of ss.ss.240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box:

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The D3 Family Fund, L.P. (David Nierenberg is president of the General Partner, which is Nierenberg Investment Management Company.)

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

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

| | | | |
|--|----|--------------------------|--------------------------------|
| | 7 | SOLE VOTING POWER | |
| | | | 1,686,422 common shares (9.4%) |
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 8 | SHARED VOTING POWER | 0 |
| | 9 | SOLE DISPOSITIVE POWER | 1,686,422 |
| | 10 | SHARED DISPOSITIVE POWER | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,508,914 shares (19.59%)

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

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

19.59%

14 TYPE OF REPORTING PERSON

PN

2

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The D3 Family Retirement Fund, L.P. (David Nierenberg is president of the
General Partner, which is Nierenberg Investment Management Company.)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)
(b)

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4 SOURCE OF FUNDS

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER
551,940 shares (3.0%)

8 SHARED VOTING POWER
0

9 SOLE DISPOSITIVE POWER
551,940

10 SHARED DISPOSITIVE POWER
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
3,508,914 shares (19.59%)

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
19.59%

14 TYPE OF REPORTING PERSON
PN

3

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The D3 Children's Fund, L.P. (David Nierenberg is president of the General Partner, which is Nierenberg Investment Management Company.)

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

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4 SOURCE OF FUNDS

WC

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

132,161 common shares (0.7%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY

8 SHARED VOTING POWER

0

EACH
REPORTING
PERSON
WITH

9 SOLE DISPOSITIVE POWER

132,161

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,508,914 shares (19.59%)

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

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

19.59%

14 TYPE OF REPORTING PERSON

PN

4

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The D3 Offshore Fund, L.P. (David Nierenberg is president of the General
Partner, which is Nierenberg Investment Management Company.)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Bahamas

7 SOLE VOTING POWER

826,158 common shares (4.6%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

826,158

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,508,914 shares (19.59%)

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

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

19.59%

14 TYPE OF REPORTING PERSON

PN

5

1 NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The D3 Family Bulldog Fund, L.P. (David Nierenberg is president of the
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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Washington

| | | | |
|---|----|--------------------------|------------------------------|
| | 7 | SOLE VOTING POWER | |
| | | | 312,233 common shares (1.7%) |
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 8 | SHARED VOTING POWER | |
| | | | 0 |
| | 9 | SOLE DISPOSITIVE POWER | |
| | | | 312,233 |
| | 10 | SHARED DISPOSITIVE POWER | |
| | | | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
3,508,914 shares (19.59%)

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
19.59%

14 TYPE OF REPORTING PERSON
PN

Item 1. Security and Issuer.

Common stock of Natus Medical Incorporated, 1501 Industrial Road, San Carlos, CA 94070

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Item 2. Identity and Background.

The D3 Family Funds are Washington State limited partnerships, whose principal business is investing in the equities of public micro-cap issuers. The D3 Family Funds consist of: D3 Family Fund, L.P, D3 Family Retirement Fund, L.P, D3 Children's Fund, L.P, D3 Offshore Fund, L.P., D3 Family Bulldog Fund, L.P. Located at 19605 N.E. 8th St., Camas, Washington 98607. No convictions or administrative proceedings as described in 2 (d) and (e).

Item 3. Source and Amount of Funds or Other Consideration

Source of funds is money invested in the partnerships by their partners.

Item 4. Purpose of Transaction

We acquired an additional 600,000 shares of BABY as a long term investment.

Before this most recent investment, we already had built a substantial investment in BABY for the following reasons: the company's strong market share and recurring revenues from the newborn hearing screening business, the company's excellent growth prospects as newborn hearing screening becomes the medical-legal standard of care in developed foreign markets just as it has become the gold standard here in the United States, the prospects for additional growth through pediatric hearing screening and newborn phototherapy, and the strong management of the company.

BABY's acquisition of and merger with BLSC is a company building event, one which increases further our already high level of enthusiasm for the company. It combines two of the leading newborn hearing screening companies with multiple modalities, capable of addressing customer needs in the full range of applications and environments. It complements BABY's franchise among neonatologists with BLSC's franchise with audiologists and neurologists. It combines hearing screening and hearing diagnostic products under the same company and creates the potential for future products which may combine both screening and precise diagnostics capability, potentially giving the combined company the opportunity to become a global leader in the overall hearing business. It complements BABY's historic strengths in sales and service with BLSC's strengths in technology and BLSC's relationships with leading clinicians. The acquisition brings new products which the combined sales force can sell into neonatal and pediatric applications in sleep and neurology. The acquisition should enhance BLSC's ability to sell its products abroad, particularly into those developed

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country markets where BABY already has sufficient scale to have its own direct distribution.

The acquisition looks reasonably priced to us when one considers the amount of cash on BLSC's balance sheet and the value of its real estate. Similarly, from a prospective earnings point of view, there will be an opportunity to eliminate duplicated public company costs as well as numerous other savings opportunities throughout the cost

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structures of both companies. We would not be surprised if the combined company were capable of earning 65-70 cents per share, annualized, in 2006, and considerably more in the future, once new generations of products are developed and marketed.

We congratulate both companies on this shrewd move and are delighted to be the largest shareholder.

Item 5. Interest in Securities of the Issuer.

(a,b) D3 Family Funds own and have sole voting and dispositive power over 3,508,914, 19.59% common shares of BABY.

| (c) | Fund | Date | Shares Bought | Price |
|-----|---------------------------------|------------|---------------|-------|
| | D3 Family Fund, L.P. | 10/18/2005 | 143,000 | 11.88 |
| | D3 Family Retirement Fund, L.P. | 10/18/2005 | 58,000 | 11.88 |
| | D3 Children's Fund, L.P. | 10/18/2005 | 30,000 | 11.88 |
| | D3 Offshore Fund, L.P. | 10/18/2005 | 325,000 | 11.88 |
| | D3 Family Bulldog Fund, L.P. | 10/18/2005 | 44,000 | 11.88 |

(d) N/A

(e) N/A

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

N/A

Item 7. Material to be Filed as Exhibits

N/A

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned certifies that the information set forth in the Statement is true, complete and correct.

October 18, 2005

/s/ DAVID NIERENBERG

President
Nierenberg Investment Management
Company, Inc., the General Partner of
The D3 Family Funds.

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