

AeroGrow International, Inc.
Form DEFA14A
August 26, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

AeroGrow International, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(4)

Date Filed:

AeroGrow International, Inc.
6075 Longbow Drive, Suite 200, Boulder, Colorado 80301
303-444-7755

NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD OCTOBER 1, 2008

To the Stockholders of
AeroGrow International, Inc.

The 2008 Annual Meeting of Stockholders of AeroGrow International, Inc., a Nevada corporation, will be held at the Radisson Conference Center, 1850 Industrial Circle, Longmont, Colorado, on Wednesday, October 1, 2008, at 10:00 a.m., mountain time.

The Annual Meeting is being held for the following purposes:

1. To elect six directors to hold office until the 2009 Annual Meeting or until their successors are elected and qualified.
2. To approve an amendment to our 2005 Equity Compensation Plan to authorize the issuance of an additional 2,000,000 shares under the Plan, and from those shares, to ratify grants totaling 832,377 of those shares that have been granted in advance of such approval.
3. To ratify the selection of Gordon, Hughes & Banks, LLP as our independent auditors for the fiscal year ending March 31, 2009.
4. To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

Only stockholders of record at the close of business on August 20, 2008, are entitled to notice of, and to vote at, the Annual Meeting or any postponement or adjournment thereof. Even if you plan to attend the Annual Meeting in person, please sign, date, and return your proxy in the enclosed envelope.

By order of the Board of Directors,
/s/ Jack J. Walker
Jack J. Walker
Chairman of the Board

Boulder, Colorado
August 26, 2008

AeroGrow International, Inc.
6075 Longbow Drive, Suite 200, Boulder, Colorado 80301
303-444-7755

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of AeroGrow International, Inc. for use at the 2008 Annual Meeting of Stockholders. The Board has fixed the close of business on August 20, 2008, as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting. On the record date, AeroGrow had 12,115,992 shares of common stock, par value \$.0001 per share, outstanding. Each share of common stock is entitled to one vote on each of the items being voted on at the meeting.

AeroGrow's Annual Report on Form 10-K, which includes audited financial statements for the year ended March 31, 2008, and amendment on Form 10-K/A accompanies this Proxy Statement. The approximate date on which the Proxy Statement and the accompanying proxy are first being sent to stockholders is August 26, 2008.

The following information regarding the meeting and the voting process is presented in a question and answer format.

INTRODUCTION

AeroGrow International Inc. ("AeroGrow") was formed as a Nevada corporation on March 25, 2002. Wentworth I, Inc., a corporation ("Wentworth") organized under the laws of the State of Delaware on March 6, 2001, entered into an Agreement and Plan of Merger with us (the "Merger Agreement") on January 12, 2006, which merger was consummated on February 24, 2006. Under the Merger Agreement, Wentworth merged with and into AeroGrow, and AeroGrow was the surviving corporation (the "Merger"). Our certificate of incorporation and by-laws prior to the Merger are now those of the surviving company, and the surviving company is governed by the corporate law of the State of Nevada.

In June 2006, AeroGrow was approved for listing on the NASDAQ Capital Market under the symbol "AERO," and trading began on June 13, 2006. AeroGrow is subject to the rules of the NASDAQ Capital Market, including those pertaining to the independence of directors.

Why am I receiving this proxy statement and proxy card?

You are receiving a proxy statement and proxy card from us because on August 20, 2008, you owned shares of AeroGrow's common stock. This proxy statement describes the matters that will be presented for consideration by the stockholders at the Annual Meeting. It also gives you information about these matters to assist you in making an informed decision.

When you sign the enclosed proxy card, you appoint the proxy holder as your representative at the meeting. The proxy holder will vote your shares as you have instructed in the proxy card, thereby ensuring that your shares will be voted whether or not you attend the meeting. Even if you plan to attend the meeting, you should complete, sign, and return your proxy card in advance of the meeting just in case your plans change.

If you have signed and returned the proxy card and an issue comes up for a vote at the meeting that is not identified on the form, the proxy holder will vote your shares, pursuant to your proxy, in accordance with his or her judgment.

What matters will be voted on at the meeting?

You are being asked to vote on three issues:

- The election of six directors of AeroGrow for a term of one year expiring in 2009 or until their successors have been duly elected and qualified;
- The approval of an amendment to our 2005 Equity Compensation Plan to authorize the issuance of an additional 2,000,000 shares under the Plan, and ratify grants totaling 832,377 of those shares that have been granted in advance of such approval; and
- To ratify the selection of Gordon, Hughes and Banks, LLP as our independent auditors for the fiscal year ending March 31, 2009.

If I am the record holder of my shares, how do I vote?

You may vote either by mail or in person at the meeting. To vote by mail, complete and sign the enclosed proxy card and mail it pursuant to the instructions on the proxy card. If you mark your proxy card to indicate how you want your shares voted, your shares will be voted as you instruct.

If you sign and return your proxy card but do not mark the form to provide voting instructions, the shares represented by your proxy card will be voted “for” all proposals named in this Proxy Statement and by the appointed proxies in accordance with his or her judgment on any other matter brought before the meeting.

If you want to vote in person, please come to the meeting. We will distribute written ballots to anyone who wants to vote at the meeting. Even if you plan to attend the meeting, you should complete, sign and return your proxy card in advance of the meeting just in case your plans change. Please note that if your shares are held in the name of your broker (or in what is usually referred to as “street name”), you will need to arrange to obtain a “legal proxy” from your broker in order to vote in person at the meeting.

If I hold shares in the name of a broker or fiduciary, who votes my shares?

If you received this proxy statement from your broker or a trustee or other fiduciary who may hold your shares, your broker or fiduciary should have given you instructions for directing how they should vote your shares. It will then be their responsibility to vote your shares for you in the manner you direct. As discussed above, if you want to vote in person at the meeting, you will need to arrange to obtain a “legal proxy” from your broker or fiduciary in order to vote in person at the meeting.

Under the rules of various national and regional securities exchanges, brokers may generally vote on routine matters, such as the election of directors, but cannot vote on non-routine matters, such as an amendment to the Articles of Incorporation or the adoption or amendment of a stock option plan, unless they have received voting instructions from the person for whom they are holding shares. If your broker does not receive instructions from you on how to vote particular shares on matters on which your broker does not have discretionary authority to vote, your broker will return the proxy form to us, indicating that he or she does not have the authority to vote on these matters. This is generally referred to as a “broker non-vote” and will affect the outcome of the voting as described below, under “How many votes are needed for approval of each proposal?” Therefore, we encourage you to provide directions to your broker as to how you want your shares voted on all matters to be brought before the meeting. You should do this by carefully following the instructions your broker gives you concerning its procedures. This ensures that your shares will be voted at the meeting.

What does it mean if I receive more than one proxy card?

It means that you have multiple holdings reflected in our stock transfer records and/or in accounts with stockbrokers. Please sign and return ALL proxy cards to ensure that all your shares are voted.

What if I change my mind after I return my proxy?

If you hold your shares in your own name, you may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by:

- signing another proxy with a later date and returning that proxy to:

Corporate Stock Transfer/AeroGrow

Attn: Rhonda Singleton
3200 Cherry Creek Drive
Suite 4300
Denver, CO 80209

Or fax to Attention Rhonda Singleton at 303-282-5800

- sending notice to us that you are revoking your proxy; or
- voting in person at the meeting (attendance at the Annual Meeting will not in and of itself constitute the revocation of a proxy).

If you hold your shares in the name of a broker or fiduciary and desire to revoke your proxy, you will need to contact your broker to revoke your proxy.

How many votes do we need to hold the annual meeting?

A majority of the shares that are outstanding and entitled to vote as of the record date must be present in person or by proxy at the meeting in order to hold the meeting and conduct business.

Shares are counted as present at the meeting if the stockholder either:

- is present in person at the meeting; or
- has properly submitted a signed proxy card or other proxy.

On August 20, 2008, the record date, there were 12,115,992 shares of common stock issued and outstanding. Therefore, at least 6,057,997 shares need to be present at the annual meeting.

What happens if a nominee for director is unable to stand for re-election?

The Board may, by resolution, provide for a lesser number of directors or designate a substitute nominee. In the latter case, shares represented by proxies may be voted for a substitute nominee. You cannot vote for more than six nominees. The Board has no reason to believe any nominee will be unable to stand for re-election.

What options do I have in voting on each of the proposals?

You may vote “for” or “withhold authority to vote for” each nominee for director. You may vote “for,” “against” or “abstain” any other proposal that may properly be brought before the meeting. Abstentions will be considered in determining the presence of a quorum but will not affect the vote required for election of directors.

How many votes may I cast?

Generally, you are entitled to cast one vote for each share of stock you owned on the record date. The proxy card included with this proxy statement indicates the number of shares owned by an account attributable to you.

How many votes are needed for each proposal?

The directors are elected by a plurality vote and the six individuals receiving the highest number of votes cast “for” their election will be elected as directors of AeroGrow. Broker non-votes will not be counted as entitled to vote, but will count for purposes of determining whether or not a quorum is present on the matter. Therefore, a broker non-vote has no effect on the election of directors. Other issues are determined by a majority of votes cast.

Where do I find the voting results of the meeting?

We will announce voting results at the meeting. The voting results will also be disclosed in our Quarterly Report on Form 10-Q for the period ended September 30, 2008.

May I propose actions for consideration at next year’s meeting of stockholders?

Yes. For your proposal to be considered for inclusion in our proxy statement for next year’s meeting, we must receive your written proposal no later than April 29, 2009. If we change the date of next year’s meeting by more than 30 days

from the date of this year's meeting, then the deadline is a reasonable time before we begin to print and send our proxy materials. You should also be aware that your proposal must comply with SEC regulations regarding stockholder proposals.

For you to raise a proposal (including a director nomination) from the floor at next year's meeting, we must receive a written notice of the proposal no later than July 3, 2009, and it must contain the additional information required by our Amended Bylaws. If we change the date of next year's meeting by more than 30 days from the date of this year's meeting, then the deadline is a reasonable time before we begin to send our proxy materials.

Who bears the cost of soliciting proxies?

We will bear the cost of soliciting proxies. In addition to solicitations by mail, officers, directors, or employees of AeroGrow or its subsidiaries may solicit proxies in person or by telephone. These persons will not receive any special or additional compensation for soliciting proxies. We may reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders.

PROPOSAL NO. 1:

ELECTION OF DIRECTORS

The six nominees named below have been nominated by the Nominating and Corporate Governance Committee of the Board for election as directors for a term of one year or until their successors have been duly elected and qualified.

It is intended that the proxies received in response to this solicitation will be voted for the election of the six persons so nominated, unless otherwise specified. If, for any reason, any nominee becomes unavailable for election or declines to serve, persons named in the proxy may exercise discretionary authority to vote for a substitute proposed by the Board. No circumstances are presently known which would render a nominee named herein unavailable.

Set forth below is certain biographical information concerning each nominee for director, including principal occupation and age as of August 20, 2008, the record date for the Annual Meeting. Unless otherwise noted, nominees for director have been employed in their principal occupation with the same organization for at least the last five years.

The Board of Directors recommends a vote FOR each of the nominees.

NOMINEES

Name (Age)	Director since (1)	Position with AeroGrow and Principal Occupation for the last five years
Jack J. Walker (Age 74)	2006	Jack J. Walker has been a director since the February 23, 2006 annual meeting of shareholders, and became Chairman as of July 23, 2008. He has served as president of English & Continental Properties, Inc., a real estate investment and development company, since 1980. From 1976 to 1985, Mr. Walker was president of March Trade & Finance, Inc., a private investment company. From 1974 to 1976, Mr. Walker was the controlling shareholder of Charles Spreckly Industries, Town & Commercial Properties, and Associated Development Holdings. In 1961 he founded English & Continental Property Company, and served as joint Managing Director of this commercial development company until 1976. Mr. Walker began his career in 1957 as a lawyer in London, England, specializing in real estate, financing, international tax, and corporate affairs. Mr. Walker served as a director of Megafoods Stores Inc. from 1984 to 1993. From 1975 through the present, he has served as a venture capital consultant to companies on financial and pre-IPO strategies. In addition, Mr. Walker created the Walker Foundation for Charitable Activities, and has served as a director of various professional, civic, and charitable organizations.
Jervis B. Perkins (Age 53)	2008	Jervis B. Perkins has been Chief Executive Officer and a director of AeroGrow since March 2008, and President and Chief Operating Officer since November 2007. From January 2003 to May 2006, Mr. Perkins served as President and Chief Operating Officer of Johnson Outdoors, Inc., a publicly-traded global manufacturer of outdoor recreation products with revenue of approximately \$400 million per year. At Johnson Outdoors, Mr. Perkins was directly responsible for all aspects of sales, marketing, product development, manufacturing, and distribution. From 1995 to 2003, Mr. Perkins served as Executive Vice President and General Manager at Brunswick Corporation, a leading consumer brands company. Prior to Brunswick, Mr. Perkins worked at Quaker Oats for 17 years, serving in a variety of general management and

senior marketing roles.

L i n d a Graebner (Age 58)	2008	<p>Linda Graebner, has been a director since July 2, 2008. From June 1993 to January 2007, Ms. Graebner served as President and CEO of Tilia Inc., a leading manufacturer of premier lines of small electric kitchen appliances (FoodSaver ® and VillaWare ® brands) with annual revenues in excess of \$200 million. She managed the sale of this privately held company to Jarden Corporation in 2002. Ms. Graebner has served on multiple boards, including Bradshaw International Inc., Wine.com, Inc., the Association of Corporate Growth, and Pacific Community Ventures, and as Chairman of the International Housewares Association.</p>
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Peter A. Michel (Age 65)	2008	<p>Peter A. Michel has been a director since July 2, 2008. Since 2006, Mr. Michel has been employed as President and CEO of iSECUREtrac Corporation, a leading provider of electronic monitoring systems. From 2005 to 2006, he was an operations team member of Cerberus Capital Management, L.P., where he provided operations turnaround/enhancement advice and services and served as fulltime interim CEO when required for portfolio companies of this private investment firm. Mr. Michel was previously President and CEO of General Fiber Communications, Inc. on an interim basis from May 23, 2005 to July 8, 2005. The Company filed for Chapter 7 Bankruptcy on July 8, 2005. From 2003 to 2004 he served as President and CEO of NEP Broadcasting, L.L.C. where he led the sale of the business to private equity investors. He has led four companies as CEO, including Brink's Home Security, a \$258 million leader in high-tech home protection services supporting over 700,000 households in more than 100 markets and 42 states. Mr. Michel is currently on the board of iSECUREtrac Corporation, ISEC.OB.</p>
S u r e s h Kumar (Age 53)	2008	<p>Suresh Kumar has been a director since July 2, 2008. Mr. Kumar has been the President and Managing Partner of KaiZen Innovation, LLC, a management advisory firm that specializes in installing global marketing processes and programs, since January of 2004. From 2006 to 2007, he was special advisor to the Clinton Foundation working closely with the principals and governments to establish private-public partnerships that stimulate international economic development. From 1999 to 2003, Mr. Kumar served as head of Worldwide Consumer Pharmaceuticals for Johnson & Johnson, where he was responsible for all aspects of a \$580 million (revenue) consumer medicines business in Asia, Latin America, and Europe. From 1993 to 1999, Mr. Kumar served as the Marketing Director, Consumer Healthcare, then Vice President, Consumer Products, Latin America & Asia, for Warner Lambert, USA.</p>
Michael D. Dingman, Jr. (Age 54)	2006	<p>Michael D. Dingman, Jr. has been a director since July 2, 2008. Mr. Dingman has served as Chief Investment Administration Officer for Spencer Trask & Co, a venture capital firm based in New York City, since April 24, 2008, where he is responsible for restructurings, recapitalizations, and the development and implementation of strategies to enhance the value and liquidity of individual portfolio companies. From June 2006 to July 2007, Mr. Dingman was chief financial officer of Local Matters, Inc., a pre-IPO software and media services company supporting yellow pages and delivery assistance providers, where he was responsible for the financial and capital markets strategies, budgeting, and forecasting. From September 2000 until April 2006, Mr. Dingman served as the chief financial officer of Intrado Inc., a provider of 911 information services and systems to telecommunications companies, where he was responsible for budgeting, forecasting, investor relations, capital market and financial strategy development and all aspects of the accounting/financial reporting functions. Prior to joining Intrado, from March 1999 to August 2000, Mr. Dingman was the chief financial officer and treasurer of Internet Commerce and Communication (formerly RMI NET, Inc.). Mr. Dingman's prior work experience includes five years of banking in merger and acquisitions with Lazard Freres in New York during the late 1980s, three years as an independent consultant specializing in debt restructuring and workouts during the early 1990s, and five years as an investment advisor specializing in corporate retirement plans and high-net-worth accounts.</p>

BOARD OF DIRECTORS

Currently, there are six directors serving on our Board of Directors. There are no arrangements or understandings between any of the directors or any other person pursuant to which any of AeroGrow's directors or the nominees for the Board have been selected for their respective positions.

Generally, the Board oversees our business and monitors performance of our management. In accordance with our corporate governance procedures, the Board does not involve itself in the day-to-day operations of AeroGrow, which is monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the full Board, which are held on a quarterly basis, and special meetings held from time to time and through committee membership, which is discussed below. Our directors also discuss business and other matters with our key executives and our principal external advisers (legal counsel, auditors, and other consultants).

A majority of our directors are considered independent as defined by NASDAQ. Generally, the Board undertakes an annual review of director independence. This process consists of an oral question and answer session at a board meeting at which all directors hear the responses of each director and have an opportunity to evaluate the facts presented. This independence review is further supplemented by an annual questionnaire that directors are required to complete that contains a number of questions designed to ascertain the facts necessary to determine independence, as well as facts regarding any related party transactions.

Because Mr. Walker or his affiliates received fees subsequent to the fiscal year end from AeroGrow for services other than as a member of the Board, he is not now considered independent under the rules established by NASDAQ. During Fiscal 2008 Mr. Walker was considered an independent director. Because of his current or past positions as an executive officer of AeroGrow, Mr. Perkins is not considered "independent" under the rules established by NASDAQ.

During Fiscal 2008, the Board held three meetings. All directors attended 100% of the meetings of the Board and the committees on which they served during 2008, except Kenneth C. Leung, a former director, who missed one meeting while out of the country. AeroGrow's independent directors met three times in executive session in 2008 and will meet a minimum of three times in executive session in Fiscal 2009. AeroGrow's policy with respect to director attendance is that each director attend the Board meetings and the Annual Meeting of Stockholders. It is each director's intention, at this time, to attend the 2008 Annual Meeting.

Any stockholder who wishes to contact the full Board or any individual director may do so (1) in writing, in care of AeroGrow International, Inc., 6075 Longbow Drive, Suite 200, Boulder Colorado 80301 or (2) electronically, through the hyperlink available at our website at www.aerogrow.com/investor.

Communications to the full Board should be directed to the attention of our corporate Secretary, Richard A. Kranitz, while communications to the independent directors should be directed to Mr. Michel.

We have established two standing committees so that some matters can be addressed in more depth than may be possible in a full board meeting: an Audit Committee and a Governance, Compensation and Nominating Committee. These two committees each operate under a written charter. The board has affirmatively determined that Mr. Dingman, who was elected by the board and appointed Chairman of the Audit Committee on July 2, 2008 and Mr. Michel, who was elected by the board and appointed Chairman of the Governance, Compensation and Nominating Committee on July 23, 2008 are independent as defined by applicable securities law and NASDAQ corporate governance guidelines. Following is a description of both of these committees.

Governance, Compensation and Nominating Committee. The current members of the Governance, Compensation and Nominating committee are Mr. Michel (chairman), Mr. Kumar, and Ms. Graebner. The Board has affirmatively determined that each of these persons is an independent director as defined by applicable securities law

and NASDAQ corporate governance guidelines. The members were elected to the committee, and the chairman was appointed, by the Board.

The primary purpose of the Governance, Compensation and Nominating Committee, as defined by its charter, provides that the committee shall:

- recommend to the Board the corporate governance guidelines to be followed;
- review and recommend the nomination of Board members;
- set the compensation for the chief executive officer and other officers; and
- administer the equity-based performance compensation plans of AeroGrow.

During Fiscal 2008 the Governance, Compensation and Nominating Committee met three times. Each member attended all of the meetings held by the Committee during the period that he or she served as a director of AeroGrow, except Kenneth C. Leung, a former director, who missed one meeting while out of the country.

The Governance, Compensation and Nominating Committee has a Charter which may be viewed at <http://www.aerogrow.com/investors> at "Committees." The Committee does not yet have policy regarding the submission by shareholders of nominations for the Board of Directors, but intends to adopt one prior to the 2009 annual shareholder meeting. In evaluating candidates for the Board of Director, the Committee has considered the past business and educational background of candidates, including experience as executive officers in rapidly growing, publicly registered consumer product companies who market their products through retail outlets, by direct marketing or both. The Committee attempts to locate persons who collectively demonstrate experience in marketing, finance, production, and general management skills. The Committee may employ a variety of methods to locate suitable candidates, including industry contacts, recommendations by investors (which must be received at least 120 days before the annual meeting), use of professional search firms or other methods. Each director nominee named in this Proxy was recommended by former Board Chairman, Michael Bissonnette and the President, Jervis B. Perkins, and was interviewed by each of the non-management directors on the Governance, Compensation and Nominating Committee at that time.

Audit Committee. The current members of our Audit Committee are Mr. Dingman (chairman), Mr. Kumar, and Mr. Michel. The members were elected to the committee, and the chairman was appointed, by the Board. Mr. Dingman is considered a financial expert and Messrs Kumar and Michel are considered financially literate under the rules of the SEC for audit committee members. The Board has affirmatively determined that each of these persons is an independent director as defined by applicable securities law and NASDAQ corporate governance guidelines.

The primary purpose of the Audit Committee, as defined in its charter, provides that the committee shall:

- oversee the accounting and financial reporting processes and audits of the financial statements;
- assist the Board with oversight of the integrity of our financial statements, the Company's compliance with legal and regulatory requirements, its independent auditors' qualifications, and independence and the performance of the independent auditors; and
- provide the Board with the results of its monitoring.

A copy of the Audit Committee's charter is available in the "Investor" section of our website at www.aerogrow.com.

During Fiscal 2008 the Audit Committee met four times. Each member attended all of the meetings held by the Committee during the period that he or she served as a director of AeroGrow, except Kenneth C. Leung, a former director, who missed one meeting while out of the country.

Policy on Accounting Matters; Pre-Approval of Audit and Non-Audit Services of Independent Registered Public Accounting Firm

The primary purpose of the Audit Committee is to assist the Board in monitoring (i) the integrity of our financial statements and disclosures, including oversight of the accounting and financial reporting processes and the audits of our financial statements, (ii) compliance with our legal, ethical, and regulatory requirements, and (iii) the independence and performance of our independent registered public accounting firm.

The Audit Committee policy is to pre-approve all audit and non-audit services, other than de minimis non-audit services, provided by the independent registered public accounting firm. These services may include, among others,

audit services, audit-related services, tax services, and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to particular services or categories of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the full Board regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date.

The Audit Committee considers the provision of non-audit services by our independent registered public accounting firm compatible with its independence. The Audit Committee will continue to approve all audit and permissible non-audit services provided by our independent registered public accounting firm.

In 2008, the Audit Committee pre-approved audit services which consisted of professional services rendered for the audit of our financial statements, review of financial statements included in our quarterly reports on Form10-Q and services normally provided by the independent auditor in connection with statutory and regulatory filings. Pre-approved tax services were related to the preparation of original and amended tax returns, claims for refunds and tax payment-planning services for tax compliance, tax planning, and tax advice.

The Audit Committee has selected Gordon, Hughes & Banks, LLP to continue to serve as our independent auditor for the fiscal year ending March 31, 2009. A representative of Gordon, Hughes & Banks, LLP is expected to be present at the Annual Meeting and will have the opportunity to make a state