

Internet Patents Corp

Form S-4/A

January 27, 2015

As filed with the Securities and Exchange Commission on January 27, 2015

Registration No. 333-201323

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

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

INTERNET PATENTS CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

6794
(Primary Standard Industrial
Classification Code Number)

94-3220749
(I.R.S. Employer
Identification Number)

101 Parkshore Drive, Suite 100
Folsom, California 95630
(916) 932-2860

(Address including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Hussein A. Enan
Chairman of the Board and Chief Executive Officer
Internet Patents Corporation
101 Parkshore Drive, Suite 100
Folsom, California 95630

(916) 932-2860

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the Merger Agreement described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, 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.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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 that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this joint proxy statement/prospectus is not complete and may be changed. IPC may not sell its securities pursuant to the proposed transactions until the Registration Statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated January 27, 2015

prism technologies

**PROPOSED MERGER
YOUR VOTE IS VERY IMPORTANT**

To the security holders of Internet Patents Corporation and Prism Technologies, LLC:

Internet Patents Corporation (“IPC”) and Prism Technologies, LLC (“Prism”) have entered into an Agreement and Plan of Merger (the “Merger Agreement”) pursuant to which a wholly owned subsidiary of IPC will merge with and into Prism, with Prism surviving as a wholly owned subsidiary of IPC (the “Merger”). Prism and IPC believe that the Merger will create a patent monetization company that increases shareholder value by leveraging the relative strengths of each party, creating more value for the IPC stockholders and Prism members in the long-term than IPC or Prism could create as a stand-alone business.

Prior to the effective time of the Merger, (i) each option to purchase Prism membership units that is outstanding and unexercised shall be exercised by the holder thereof and cancelled by Prism, and (ii) all outstanding indebtedness convertible into Prism membership units or other equity interests of Prism shall be fully repaid or fully converted, in each case such that such membership unit subject to such option or convertible indebtedness shall participate in the Merger pursuant to the Merger Agreement. At the effective time of the Merger, in exchange for all of the equity of Prism outstanding immediately prior to the effective time of the Merger, IPC will pay \$16.5 million in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), and issue 3.5 million shares of IPC common stock to Prism security holders. Subject to certain conditions, IPC has also agreed to share future revenue related to Prism’s patents with Prism’s former security holders up to a maximum amount of approximately \$49.5 million. Based upon (i) 14,766,420 Prism membership units expected to be outstanding at the closing of the Merger and (ii) the aggregate cash payment of \$16.5 million without any potential reductions for indebtedness or unpaid expenses, the value of the cash consideration per unit to Prism members is expected to be \$1.12 at the closing. Based upon the average closing price of IPC common stock from January 15, 2015 to January 22, 2015, the value of the stock consideration per unit to Prism members is expected to be \$0.65 at the closing, for an aggregate cash and stock consideration per unit equal to \$1.77 at the closing. In addition, assuming achievement of the maximum earnout

amount of \$49.5 million following the closing, Prism members would be entitled to an additional \$3.35 of consideration per unit, for a potential aggregate per unit Merger consideration of \$5.12.

IPC stockholders will continue to own and hold their existing shares of IPC common stock. Immediately after the Merger, Prism members will own approximately 39.3% of the fully-diluted common stock of IPC, with IPC stockholders and optionholders holding approximately 60.7% of the fully-diluted common stock of IPC.

Shares of IPC common stock are currently listed on The NASDAQ Capital Market under the symbol "PTNT". On [], the last trading day before the date of this joint proxy statement/prospectus, the closing sale price of IPC common stock was \$[] per share.

IPC is holding a special meeting of stockholders in order to obtain the stockholder approvals necessary to complete the Merger and related matters. At the IPC special meeting, which will be held at [], local time, on [], 2015 at the corporate headquarters of IPC located at 101 Parkshore Dr., Suite #100, Folsom, CA 95630, unless postponed or adjourned to a later date, IPC will ask its stockholders to, among other things, approve the Merger and the issuance of IPC common stock, as described in the accompanying joint proxy statement/prospectus.

As described in the accompanying joint proxy statement/prospectus, certain Prism members who in the aggregate own approximately 51% of the outstanding membership units of Prism as of January 22, 2015 are parties to support agreements with IPC, whereby such members agreed, among other things, to vote in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof, subject to the terms of the support agreements. After the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, is declared effective by the U.S. Securities and Exchange Commission, Prism will hold a special meeting of its members to approve the Merger and the Merger Agreement, and the Prism members who are party to the support agreements will each vote in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof.

After careful consideration, the IPC board of directors and Prism board of managers have approved the Merger Agreement and the respective proposals referred to above, and each of the IPC board of directors and Prism board of managers has determined that it is advisable to enter into the Merger. The board of directors of IPC recommends that its stockholders vote "FOR" the proposals described in the accompanying joint proxy statement/prospectus, and the board of managers of Prism recommends that its members vote to approve the Merger and the Merger Agreement.

More information about IPC, Prism and the proposed transaction is contained in this joint proxy statement/prospectus. IPC and Prism urge you to read the accompanying joint proxy statement/prospectus carefully and in its entirety. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DISCUSSED UNDER “**RISK FACTORS**” BEGINNING ON PAGE 18.

IPC and Prism are excited about the opportunities the Merger brings to both IPC and Prism security holders and thank you for your consideration and continued support.

Hussein A. Enan	Gregory J. Duman
Chairman and Chief Executive Officer	President
Internet Patents Corporation	Prism Technologies, LLC

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 joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The accompanying joint proxy statement/prospectus is dated [], and is first being mailed to IPC and Prism security holders on or about [].

INTERNET PATENTS CORPORATION
101 Parkshore Drive, Suite 100
Folsom, California 95630
(916) 932-2860

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [____], 2015**

Dear Stockholders of IPC:

On behalf of the board of directors of Internet Patents Corporation, a Delaware corporation (“IPC”), we are pleased to deliver this joint proxy statement/prospectus for the proposed merger between IPC and Prism Technologies, LLC, a Nebraska limited liability company (“Prism”), pursuant to which Strategic Concepts Acquisition Corp., a wholly owned subsidiary of IPC, will merge with and into Prism, with Prism surviving as a wholly owned subsidiary of IPC. The special meeting of stockholders of IPC will be held on [____], 2015 at [____], local time, at the corporate headquarters of IPC located at 101 Parkshore Dr., Suite #100, Folsom, CA 95630, for the following purposes:

1. To consider and vote upon a proposal to approve the Merger and the issuance of IPC common stock pursuant to the Agreement and Plan of Merger, dated as of November 11, 2014, by and among IPC, Strategic Concepts Acquisition Corp., Prism and Gregory J. Duman, as the Securityholders’ Agent, a copy of which is attached as *Annex A* to the accompanying joint proxy statement/prospectus.
2. To consider and vote upon an adjournment of the IPC special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of IPC Proposal No. 1.
3. To transact such other business as may properly come before the IPC special meeting or any adjournment or postponement thereof.

The board of directors of IPC has fixed [] as the record date for the determination of stockholders entitled to notice of, and to vote at, the IPC special meeting and any adjournment or postponement thereof. Only holders of record of shares of IPC common stock at the close of business on the record date are entitled to notice of, and to vote at, the IPC special meeting. At the close of business on the record date, IPC had [] shares of common stock outstanding and entitled to vote.

Your vote is important. The affirmative vote of the holders of a majority of the shares of IPC common stock having voting power present in person or represented by proxy at the IPC special meeting is required for approval of the proposals. The Merger cannot be consummated without the approval of IPC Proposal No. 1.

Even if you plan to attend the IPC special meeting in person, IPC requests that you sign and return the enclosed proxy to ensure that your shares will be represented at the IPC special meeting if you are unable to attend.

By Order of the IPC Board of Directors,

Hussein A. Enan
Chairman and Chief Executive Officer
Folsom, California
[], 2015

THE IPC BOARD OF DIRECTORS HAS DETERMINED AND BELIEVES THAT EACH OF THE PROPOSALS OUTLINED ABOVE IS ADVISABLE TO, AND IN THE BEST INTERESTS OF, IPC AND ITS STOCKHOLDERS AND HAS APPROVED EACH SUCH PROPOSAL. THE IPC BOARD OF DIRECTORS RECOMMENDS THAT IPC STOCKHOLDERS VOTE “FOR” EACH SUCH PROPOSAL.

We urge you to read the accompanying joint proxy statement/prospectus, including all documents incorporated by reference into the accompanying joint proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the Merger Agreement, the Merger, the IPC special meeting or the accompanying joint proxy statement/prospectus, would like additional copies of the accompanying joint proxy statement/prospectus or need help voting your shares of IPC common stock, please contact:

D.F. King & Co., Inc.
48 Wall Street

New York, NY 10005

Toll-free: 866-387-7715

Banks and Brokers should call 212-493-3910

E-mail: ptomaszewski@dfking.com

prism technologies

PRISM TECHNOLOGIES, LLC
2323 S. 171st Street, Suite 106
Omaha, NE 68130

NOTICE OF SPECIAL MEETING OF THE PRISM TECHNOLOGIES, LLC MEMBERS TO BE HELD ON [], 2015

To Members of Prism Technologies, LLC:

Prism Technologies, LLC, a Nebraska limited liability company (“Prism”), has entered into an Agreement and Plan of Merger, dated as of November 11, 2014 (the “Merger Agreement”), by and among Prism, Internet Patents Corporation, a Delaware corporation (“IPC”), Strategic Concepts Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of IPC (“Merger Sub”), and Gregory J. Duman, as the Securityholders’ Agent (the “Securityholders’ Agent”), pursuant to which Merger Sub will be merged with and into Prism, and Prism will continue as the surviving entity and as a wholly owned subsidiary of IPC.

A special meeting of the members of Prism (the “Prism Members” and, individually, a “Prism Member”) will be held at [], on [], [], 2015, at [] a.m., local time, for the following purposes:

1. To approve the Merger and the Merger Agreement, a copy of which is attached as *Annex A* to the accompanying joint proxy statement/prospectus.
2. To consider and vote upon an adjournment of the Prism special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of Prism Proposal No. 1.

3. To transact any other business that may properly come before the special meeting or any adjournment or postponement thereof.

These proposals are more fully described in the accompanying joint proxy statement/prospectus, which we encourage you to read carefully, including the “Risk Factors” beginning on page 18. We have included a copy of the Merger Agreement as *Annex A* to this joint proxy statement/prospectus.

Approval of the Merger and the Merger Agreement requires the approval of Prism Members holding at least sixty-seven percent (67%) of then outstanding units (“Units”) held by Prism Members.

After careful consideration of the Merger and the terms of the Merger Agreement, the board of managers of Prism (the “Prism Board”) has determined that the Merger is fair, advisable and in the best interests of Prism and the Prism Members. Accordingly, the Prism Board unanimously recommends that the Prism Members vote to approve the Merger and the Merger Agreement.

Your approval of the Merger is important. The Merger cannot be consummated without approval of Prism Proposal No. 1 by Prism Members holding at least sixty-seven percent (67%) of then outstanding Units held by Prism Members. Even if you plan to attend the Prism special meeting in person, Prism requests that you sign and return the enclosed proxy to ensure that your Units will be represented at the Prism special meeting if you are unable to attend.

By Order of the Board of Managers,

Gregory J. Duman
President
Omaha, Nebraska
[], 2015

REFERENCES TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about IPC that is not included in or delivered with this document. You may obtain this information without charge through the Securities and Exchange Commission (“SEC”) website (www.sec.gov) or upon your written or oral request by contacting the General Counsel of Internet Patents Corporation, 101 Parkshore Drive, Suite #100, Folsom, California 95630 or by calling (916) 932-2860.

In addition, if you have questions about the merger or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, please contact D.F. King & Co. Inc., the proxy solicitor for IPC, toll-free at (866) 387-7715 (banks and brokers should call (212) 493-3910) or Gregory J. Duman, Prism Technologies, LLC at (402) 934-2020. You will not be charged for any of these documents that you request.

To ensure timely delivery of these documents, any request should be made no later than [], 2015 to receive them before the special meeting.

For additional details about where you can find information about IPC, please see the section entitled “Where You Can Find More Information” in this joint proxy statement/prospectus.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following section provides answers to frequently asked questions about the Merger. This section, however, provides only summary information. For a more complete response to these questions and for additional information, please refer to the cross-referenced sections.

Q: What is the Merger?

Internet Patents Corporation (“IPC”), Strategic Concepts Acquisition Corp. (the “Merger Sub”), Prism Technologies, LLC (“Prism”) and Gregory J. Duman, as Securityholders’ Agent, have entered into an Agreement and Plan of Merger, dated as of November 11, 2014 (the “Merger Agreement”). The Merger Agreement contains the terms and conditions of the proposed business combination of IPC and Prism. Under the Merger Agreement, Merger Sub will merge with and into Prism, with Prism surviving as a wholly owned subsidiary of IPC. This transaction is referred to as the “Merger”.

At the effective time of the Merger, in exchange for all of the outstanding equity of Prism outstanding immediately prior to the effective time of the Merger, IPC will pay \$16.5 million in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), and issue 3.5 million shares of IPC common stock to Prism security holders. Subject to certain conditions, IPC has also agreed to share future revenue related to Prism’s patents with Prism’s former security holders up to a maximum amount of approximately \$49.5 million. For a more complete description of what Prism security holders will receive in the Merger, please see the section entitled “The Merger—Merger Consideration” in this joint proxy statement/prospectus.

As a result of the Merger, Prism’s former security holders are expected to own in the aggregate approximately 34.7% of IPC (or approximately 39.3% on a fully-diluted basis), and the IPC stockholders and optionholders are expected to own in the aggregate approximately 65.3% of IPC (or approximately 60.7% on a fully-diluted basis).

Q: What will happen to IPC if, for any reason, the Merger does not close?

If, for any reason, the Merger does not close, the IPC board of directors will continue to operate its current business and may evaluate other strategic transactions from time to time, including another merger, a special distribution of cash, or an acquisition of intellectual property assets.

Q: What will happen to Prism if, for any reason, the Merger does not close?

If, for any reason, the Merger does not close, the Prism board of managers will continue to operate its current business and may evaluate other strategic transactions from time to time, including another merger or sale, an initial public offering, or other sources of financing.

Q: Why are the two companies proposing to merge?

Prism and IPC believe that the Merger will create a patent monetization company that increases shareholder value by leveraging the relative strengths of each party, creating more value for IPC stockholders and Prism members in the long-term than IPC or Prism could create as a stand-alone business. For a discussion of IPC and Prism reasons for the Merger, please see the section entitled “The Merger—Reasons for the Merger—IPC Reasons for the Merger” and “The Merger—Reasons for the Merger—Prism Reasons for the Merger” in this joint proxy statement/prospectus.

Q: Why am I receiving this joint proxy statement/prospectus?

You are receiving this joint proxy statement/prospectus because you have been identified as a security holder of IPC or Prism as of the applicable record date, and you are entitled, as applicable, to vote at the IPC stockholder meeting to approve the Merger and the issuance of shares of IPC common stock pursuant to the Merger Agreement or to vote at the Prism member meeting to approve the Merger and the Merger Agreement. This document serves as:

a proxy statement of IPC used to solicit proxies for its stockholder meeting;

a prospectus of IPC used to offer shares of IPC common stock as part of the Merger consideration payable to Prism security holders in the Merger; and

a proxy statement of Prism used to solicit proxies for a meeting of its members to approve the Merger and the Merger Agreement.

Q: What is required to consummate the Merger?

A: To consummate the Merger, IPC stockholders must approve the Merger and the issuance of IPC common stock pursuant to the Merger Agreement, and Prism members must approve the Merger and the Merger Agreement.

The approval of the Merger and the issuance of IPC common stock pursuant to the Merger Agreement by the stockholders of IPC requires the affirmative vote of the holders of at least a majority of the shares of IPC common stock having voting power present in person or represented by proxy at the IPC special meeting.

The approval of the Merger and the Merger Agreement by the members of Prism requires the approval of Prism members holding at least sixty-seven percent (67%) of then outstanding units held by Prism members.

In addition to the required IPC stockholder and Prism member approvals, each of the other closing conditions set forth in the Merger Agreement must be satisfied or waived.

Certain Prism members who in the aggregate own approximately 51% of the outstanding membership units of Prism as of January 22, 2015 are parties to support agreements with IPC, whereby such members agreed, among other things, to vote in favor of the Merger and the adoption and approval of the Merger Agreement and the terms thereof, subject to the terms of the support agreements.

For a more complete description of the closing conditions under the Merger Agreement, we urge you to read the section entitled “The Merger Agreement—Conditions to the Completion of the Merger” in this joint proxy statement/prospectus.

Q: What will Prism members receive in the Merger?

As a result of the Merger, Prism members will receive an aggregate of \$16.5 million in cash (less certain Prism indebtedness and expenses, which are currently expected to be immaterial), and 3.5 million shares of IPC common stock. Subject to certain conditions, IPC has also agreed to share future revenue related to Prism’s patents with Prism’s former security holders up to a maximum amount of approximately \$49.5 million.

Based upon (i) 14,766,420 Prism membership units expected to be outstanding at the closing of the Merger and (ii) **A:** the aggregate cash payment of \$16.5 million without any potential reductions for indebtedness or unpaid expenses, the value of the cash consideration per unit to Prism members is expected to be \$1.12 at the closing. Based upon the average closing price of IPC common stock from January 15, 2015 to January 22, 2015, the value of the stock consideration per unit to Prism members is expected to be \$0.65 at the closing, for an aggregate cash and stock consideration per unit equal to \$1.77 at the closing. In addition, assuming achievement of the maximum earnout amount of \$49.5 million following the closing, Prism members would be entitled to an additional \$3.35 of consideration per unit, for a potential aggregate per unit Merger consideration of \$5.12.

For a more complete description of what Prism members will receive in the Merger, please see the section entitled “The Merger—Merger Consideration” in this joint proxy statement/prospectus.

Q: Who will be the directors of IPC following the Merger?

A: Following the Merger, Gregory J. Duman, Prism’s President, is expected to be appointed to the board of directors of IPC, which will otherwise remain unchanged.

Q: Who will be the executive officers of IPC and Prism immediately following the Merger?

A: Immediately following the Merger, the executive management teams of IPC and of Prism are expected to remain unchanged.

Q: What are the material U.S. federal income tax consequences of the Merger to Prism members?

The Merger will be a taxable transaction to the Prism members for U.S. federal income tax purposes. Prism is taxed as a partnership for federal income tax purposes immediately prior to the sale and will be a single member LLC immediately after the sale. Prism security holders should reference Internal Revenue Service (“IRS”) Revenue Ruling 99-6, 1999-1 C.B. 432 (“Revenue Ruling 99-6”) for general guidance on the taxation of this transaction. In general, a Prism member, who exchanges its Prism membership units for cash and IPC common stock pursuant to the Merger, will recognize a gain or loss in an amount equal to the difference between: (i) such Prism member’s amount realized, calculated as the sum of (A) the amount of any cash received, (B) the fair market value of any IPC common stock received, and (C) such Prism member’s share, for U.S. federal income tax purposes, of Prism’s liabilities immediately prior to the Merger and (ii) such Prism member’s adjusted tax basis in the Prism membership units exchanged therefor. A Prism member’s amount realized will include any earnout payments received. If a Prism member recognizes gain as a result of the Merger, such Prism member may incur a tax liability without a corresponding receipt of cash sufficient to pay such liability.

Tax matters are very complicated, and the tax consequences of the Merger to a particular Prism member will depend on such member’s particular circumstances. Accordingly, you should consult your tax advisor for a full understanding of the tax consequences of the Merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws. For more information, please see the section entitled “The Merger—Material U.S. Federal Income Tax Consequences of the Merger for Prism Security holders” beginning on page 53.

Q: As an IPC stockholder, how does the IPC board of directors recommend that I vote?

A: After careful consideration, the IPC board of directors recommends that IPC stockholders vote:

- “FOR” IPC Proposal No. 1 to approve the Merger and the issuance of shares of common stock of IPC pursuant to the Merger Agreement; and

• “FOR” IPC Proposal No. 2 to adjourn the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of IPC Proposal No. 1.

Q: As a Prism member, how does the Prism board of managers recommend that I vote?

A: After careful consideration, the Prism board of managers recommends that Prism members vote:

• “FOR” Prism Proposal No. 1 to approve the Merger and the Merger Agreement; and

“FOR” Prism Proposal No. 2 to adj