

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

PROFILE TECHNOLOGIES INC
Form DEF 14A
November 04, 2004

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

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 (S) 240.14a-11(c) or (S) 240.14a-12

PROFILE TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
5. Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:
2. Form, Schedule or Registration Statement No.:
3. Filing Party:
4. Date Filed:

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

Profile Technologies, Inc.
2 Park Avenue, Suite 201
Manhasset, New York 11030

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of Profile Technologies, Inc. (the "Company") will be held at 11:00 a.m, local time, on Monday, December 13, 2004, at R.F. Lafferty & Co., Inc., 80 Broad Street, 26th floor, New York, New York, 10004, for the following purposes:

1. To elect a Board of Directors consisting of four persons to serve a term of one year (until the next Annual Meeting of the Shareholders) or until their respective successors are elected and have been qualified.
2. To approve an amendment to the Company's Certificate of Incorporation to increase the number of authorized common shares from 15,000,000 to 25,000,000.
3. To transact such other business as may properly come before the Annual Meeting and any postponement or adjournment thereof.

The Board of Directors has fixed October 25, 2004 as the record date for determining the shareholders of the Company entitled to notice of, and to vote at, the Annual Meeting and any adjournment of the Annual Meeting. The transfer books of the Company will not be closed, but only shareholders of the Company of record on such date will be entitled to notice of, and to vote at, the Annual Meeting or adjournment of the Annual Meeting.

Shareholders are cordially invited to attend the meeting in person. Whether or not you plan to attend the meeting in person, please complete, sign and date the accompanying proxy as promptly as possible in the enclosed envelope. No additional postage is required if the envelope is mailed in the United States. The giving of a proxy will not affect your right to vote in person if you attend the meeting and will assure that your shares are voted if you are unable to attend.

By Order of the Board of Directors

/s/ Henry E. Gemino

Henry E. Gemino
Chief Executive Officer

November 4, 2004

PROFILE TECHNOLOGIES, INC.
2 Park Avenue, Suite 201
Manhasset, New York 11030

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

PROXY STATEMENT ANNUAL MEETING OF SHAREHOLDERS

INTRODUCTION

The enclosed proxy is solicited by and on behalf of the Board of Directors (the "Board") of Profile Technologies, Inc., a Delaware corporation (the "Company"), to be voted at the Annual Meeting of Shareholders (the "Annual Meeting") to be held at R.F. Lafferty & Co., Inc., 80 Broad Street, 26th floor, New York, New York, 10004, at 11:00 a.m. local time on Monday, December 13, 2004, and at any and all adjournments of the Annual Meeting.

The enclosed materials were mailed to the shareholders of the Company ("Shareholders") on or about November 8, 2004.

The Company anticipates that the Shareholders will consider and vote upon the following matters at the Annual Meeting:

1. To elect a Board consisting of four persons to serve a term of one year (until the next Annual Meeting) or until their respective successors are elected and have been qualified.
2. To approve an amendment to the Company's Certificate of Incorporation to increase the number of authorized common shares from 15,000,000 to 25,000,000.
3. To transact such other business as may properly come before the Annual Meeting and any postponement or adjournment of the Annual Meeting.

VOTING OF PROXIES

Shares represented by proxies properly signed and returned, unless subsequently revoked, will be voted at the Annual Meeting in accordance with the instructions marked on the proxy. If a proxy is signed and returned without indicating any voting instructions, the shares represented by the proxy will be voted FOR approval of the proposals stated in this proxy statement, and in the discretion of the holders of the proxies, on other matters that may properly come before the Annual Meeting.

If you have executed and delivered a proxy, you may revoke such proxy at any time before it is voted by attending the Annual Meeting and voting in person, by giving written notice of revocation of the proxy, or by submitting a signed proxy bearing a later date. To revoke the prior proxy, the notice of revocation or later proxy, must be received by the Company's Transfer Agent before the vote of Shareholders at the Annual Meeting. Unless you vote at the meeting or take other action, your attendance at the Annual Meeting will not revoke your proxy.

2

VOTING PROCEDURES

The Company's state of incorporation is Delaware. Under Delaware law and the Company's bylaws, the holders of a majority of the outstanding shares of the common stock of the Company entitled to vote constitute a quorum at any meeting of the shareholders. Votes cast by proxy or in person at the Annual Meeting will be counted by the inspector of elections appointed by the Company. The inspector of elections will treat shares of the Company's common stock represented by

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

proxies that reflect abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Under Delaware law and the Company's bylaws, directors are elected by a plurality of the votes cast by the holders of shares entitled to vote at a meeting at which a quorum is present. Other matters are approved if affirmative votes cast by the holders of the shares entitled to vote at a meeting at which a quorum is present exceed the number of votes opposing the action, unless Delaware law or the Company's Certificate of Incorporation or bylaws require a greater number of affirmative votes or voting by classes. Therefore, abstentions and broker non-votes have no effect and will be disregarded.

All of the officers and directors have informed the Company that they intend to vote in favor of the nominees for directors included in this proxy statement.

VOTING SECURITIES

The Board has fixed the close of business on October 25, 2004 as the record date (the "Record Date") for determining the Shareholders entitled to receive notice of, and to vote at, the Annual Meeting. At the close of business on the Record Date, there were 5,555,705 issued and outstanding shares of the Company's common stock, \$.001 par value, entitled to vote at the Annual Meeting, held by approximately 940 Shareholders. As of the Record Date, the only outstanding voting securities of the Company were shares of the Company's common stock. As a Shareholder of the Company's common stock as of the Record Date, you are entitled to one vote for each share held on each matter properly submitted at the Annual Meeting.

PROPOSAL 1

ELECTION OF DIRECTORS

Four directors are to be elected to hold office until the next annual meeting of Shareholders is held and their successors are elected. All of the nominees are current directors standing for re-election and were previously elected by the Shareholders. If one or more of the nominees is unable to serve, or for good cause will not serve at the time of the Annual Meeting, the shares represented by the proxies solicited by the Board will be voted for the other

3

nominees and for any substitute nominee(s) designated by the Board. As of the date of this proxy statement, the Board has no reason to believe that any of the nominees named will be unable or unwilling to serve. In the election of directors, those nominees receiving the greatest number of votes shall be elected, even if such votes do not constitute a majority. Certain information regarding each nominee follows. Each nominee has consented to being named in the proxy statement and to serve if elected.

THE BOARD RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES.

The directors nominated for election at the Annual Meeting are as follows:

NAME AND AGE -----	AGE ---	PRINCIPAL OCCUPATION -----	DIRECTOR SINCE -----
Henry E. Gemino	53	Chief Executive Officer, Chief Financial Officer, Profile Technologies, Inc.	1988

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

Murphy Evans	72	President, Profile Technologies, Inc.	1995
Charles Christenson	74	Professor Emeritus Harvard Graduate School of Business Administration	1999
William A. Krivsky	76	Partner in Kellogg, Krivsky & Buttler (a mergers and acquisitions consulting firm)	2000

Henry E. Gemino. Since 1988, Mr. Gemino has been co-founder and served as a director and the Chief Financial Officer of the Company. From 1988 through October 2000, he served as Executive Vice President and Chief Operating Officer of the Company. Since October, 2000, he has served as Chief Executive Officer of the Company.

Murphy Evans. Since 1995, Mr. Evans has served as President and a director of the Company. Mr. Evans also serves as the President of L & S Holding Co., a family-owned holding company that is engaged in several different businesses. Mr. Evans received an AB degree in history from Princeton University in 1954 and an MBA degree from the Harvard Graduate School of Business Administration in 1958.

William A. Krivsky. Mr. Krivsky holds a Doctorate of Science from MIT and was previously President of Velcro Industries N.V., Executive Vice President of Bird Corporation, President of Compo Industries and Group Vice President of Certained Corporation (now part of Paris-based St. Gobain Industries). He currently serves as President of Kellogg, Krivsky & Buttler Inc., a mergers and acquisition consulting firm, as President of Keyson Enterprises Inc., and as President of the Keyson Co. Inc. (privately held diversified businesses). He is also director of Cognex Corporation and Hitchiner Manufacturing Company, Inc.

Charles Christenson. Professor Christenson has been a director of the Company since 1999. He is the Royal Little Professor of Business Administration, Emeritus, at the Graduate School of Business Administration at Harvard University and served as faculty chairman of both the MBA and Doctoral Programs.

4

He received his B.Sc. degree in Industrial and Labor Relations from Cornell University in 1952, his MBA degree with high distinction from Harvard University in 1954 and his DBA degree in Managerial Economics from Harvard University in 1961. While on leave of absence from the Harvard University faculty, he also served as Deputy to the Assistant Secretary of the Air Force (Financial Management) during the Kennedy Administration. He is a member of the American Association for the Advancement of Science. Professor Christenson has also authored or co-authored a number of books and articles on quantitative methods, management control and philosophy of science. He also serves as a director of Boston Baroque, Inc. (a not-for-profit corporation).

There are no family relationships among the directors. There are no arrangements or understandings between any director and any other person, pursuant to which any director was elected.

DIRECTOR COMPENSATION

The Company pays to all non-employee directors a director's fee in the amount of \$1,000 per month. Directors are entitled to participate in, and have been issued options under, the Company's 1999 Stock Plan. The Company also reimburses directors for any actual expenses incurred to attend meetings of the Board.

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

Due to the Company's critical need for cash, the Company has deferred all payments owed to the directors for directors' fees until the Company has sufficient resources to pay such fees. As of June 30, 2004, the Company owed \$56,000 in deferred directors' fees. On March 18, 2002, the Board approved a conversion right on all directors' fees deferred as of March 18, 2002. Pursuant to this conversion right, directors may elect to convert \$1.00 of directors' fees owed to them as of March 18, 2002 for an option to purchase two shares of the Company's common stock, at an exercise price of \$1.00 per share for a term of five years. As of March 18, 2002, the Company owed its directors \$9,000 in deferred fees. As of November 4, 2004, no directors have elected to convert.

BOARD OF DIRECTORS AND COMMITTEES

During the fiscal year ended June 30, 2004, the Board held a total of four meetings. All members of the Board attended at least 75% of all meetings of the Board and all meetings held by all committees of the Board on which he served.

5

Audit Committee

The Board maintains an Audit Committee composed of William Krivsky and Charles Christenson. The principal functions of the Audit Committee are to monitor the Company's financial reporting process and internal control system, to review and appraise the audit efforts of the Company's independent accountants and the internal audit function, to provide a means of communication among the independent accountants, financial and senior management, the internal audit function, and the Board, and to communicate with the Company's independent accountants outside of the presence of management, when necessary. The Audit Committee is also responsible for all matters set forth in its written charter, a copy of which is attached to this proxy statement as Appendix B. The Audit Committee held four meetings during the fiscal year ended June 30, 2004.

The Board has determined that based on his experience and knowledge in financial and auditing matters Mr. Christenson in an "audit committee financial expert" as defined by Securities and Exchange Commission ("SEC") rules. Mr. Christenson meets the standards of independence under the applicable National Association of Securities Dealers ("NASD") listing standards.

Under the Company's Audit Committee Charter, the Audit Committee is required to pre-approve all auditing services and permissible non-audit services, including related fees and terms, to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described under the Securities Exchange Act of 1934 (the "Exchange Act") which are approved by the Audit Committee prior to the completion of the audit.

Compensation Committee

The Board has a Compensation Committee composed of Murphy Evans and William Krivsky. The principle functions of the Compensation Committee are to establish overall compensation policies for the Company and to review the recommendations submitted by the Company's management. The Compensation Committee did not hold any meetings during the year ended June 30, 2004.

Nominating Committee

The Board does not have a standing nominating committee. Director nominees are recommended, reviewed and approved by the entire Board. The Board believes that this process is appropriate due to the relatively small number of directors

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

on the Board and the opportunity to benefit from a variety of opinions and perspectives in determining director nominees by involving the full Board.

6

Shareholder Communications to the Board

The Board has established a process for shareholders to communicate with members of the Board. If you would like to contact the Board you can do so by forwarding your concern, question or complaint to the Company's Chief Executive Officer, Henry E. Gemino, 2 Park Avenue, Suite 201, Manhasset, New York, 11030.

AUDIT COMMITTEE REPORT

In discharging its responsibility, the Audit Committee has reviewed and discussed the Company's audited financial statements with management. The Audit Committee has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee has received the written disclosures and letter from the Company's independent auditors as required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees), and has discussed with the independent auditors their independence.

Based on the foregoing review and discussions, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2004 for filing with the Securities and Exchange Commission.

Audit Committee

William Krivsky
Charles Christenson

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of October 25, 2004 by (i) all persons who are known to the Company to beneficially own more than 5% of the outstanding shares of the Company's common stock, and (ii) by each director, director nominee, and executive officer and by all executive officers and directors as a group:

7

Name and Address Of Beneficial Owner -----	Positions and Offices Held -----	Amount and Nature of Beneficial Common Stock Ownership(1) -----	Percent of Class Based on Beneficial Ownership((1)) -----
Henry E. Gemino 5 Strickland Place Manhasset, NY 11030	Chief Executive Officer, Chief Financial Officer, Director	913,665(2)	16.45%
Murphy Evans 204 Railroad Street	President, Director	499,168(3)	8.98%

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

P.O. Box 688
Laurinburg, NC 28532

Philip L. Jones 203 Beaver Road Sewickley, PA 15143	Chief Operating Officer Executive Vice President	107,572 (4)	1.94%
Charles Christenson 1 Chauncy Lane Cambridge, MA 02238	Director	145,666 (5)	2.62%
William A. Krivsky 117 Perimeter Road Nashua, NH 06063	Director	65,000 (6)	1.17%
Gale D. Burnett 9191 Northwood Rd. Lynden, WA 98264	Shareholder	688,000 (7)	12.38%
Frank Goodhart, Jr. 1069 Old Forge Crossing Lancaster, PA 17601	Shareholder	600,000 (8)	10.80%
All Directors and Officers as a Group (5 persons)		1,731,071 (9)	31.16%

(1) Calculated pursuant to rule 13d-3(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Unless otherwise stated below, each such person has sole voting and investment power with respect to all such shares. Under Rule 13d-3(d) of the Exchange Act, shares not outstanding which are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but are not deemed outstanding for the purpose of calculating the percentage owned by each other person listed.

(2) Includes warrants to purchase 403,332 shares of the Company's common stock and options to purchase 30,000 shares of the Company's common stock.

8

(3) Includes 30,000 shares held by the wife of Mr. Evans, 86,667 shares held in the name of Falco Enterprises, Inc., a company controlled by Mr. Evans, 15,500 held by L&S Holding Co., a company controlled by Mr. Evans, and 5,000 shares held in a trust to which Mr. Evans is trustee with sole voting and investment power over the shares. Also includes warrants to purchase 265,834 shares of the Company's common stock, 41,667 of which are held in the name of Falco Enterprises, Inc., and options to purchase 50,000 shares of the Company's common stock.

(4) Includes warrants to purchase 14,286 shares of the Company's common stock and options to purchase 70,000 shares of the Company's common stock.

(5) Includes warrants to purchase 70,833 shares of the Company's common stock and options to purchase 50,000 shares of the Company's common stock.

(6) Consists entirely of options to purchase the Company's common stock.

(7) Includes 578,000 shares held by the wife of Mr. Burnett. Also includes

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

warrants to purchase 110,000 shares of the Company's common stock.

- (8) Includes 250,000 shares held by the wife of Mr. Goodhart. Also includes warrants to purchase 200,000 shares of the Company's common stock.
- (9) Assumes exercise of all warrants and options owned by all officers and directors.

EXECUTIVE OFFICERS OF THE COMPANY

Certain information regarding the executive officers of the Company follows:

Name ----	Age ---	Position Held With Company -----
Henry E. Gemino	53	Chief Executive Officer, Chief Financial Officer
Murphy Evans	72	Chairman and President
Philip L. Jones	62	Executive Vice President and Chief Operating Officer

Philip L. Jones has been serving as Executive Vice President and Chief Operating Officer since September, 2001. For one year previous to his employment by the Company, he provided energy consulting services to certain utility companies. Prior to that, Mr. Jones served in various capacities with Consolidated Natural Gas Company, a large integrated energy company, for more than 30 years, including six years as Vice President for Marketing with CNG's exploration and production subsidiary, CNG Producing Company. He received his law degree from West Virginia College of Law in 1967 and his B.A. from Princeton University in 1964. Mr. Jones was a Captain in the U.S. Army, 142nd JAG Detachment.

9

There are no family relationships among the executive officers. There are no arrangements or understandings between any officers and any other person, pursuant to which any officer was selected.

EXECUTIVE COMPENSATION

Employment Contracts.

None of the executive officers of the Company are employed pursuant to employment contracts.

Cash Compensation.

The following table sets forth information concerning the compensation of the Company's Chief Executive Officer and the highest paid executive officers of the Company as of the end of the Company's last fiscal year whose salary and bonus for such period in all capacities in which the executive officer served exceeded \$100,000.

Summary Compensation Table

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

(a) Name and Principal position -----	(b) Year ----	Annual Compensation -----				(f) Restricted Stock Award(s) \$ -----	Long Term
		(c) Salary (\$) -----	(d) Bonus (\$) ---	(e) Other Annual Compen- sation (\$) -----	(g) Options/ SARs (#) ---		
Henry E. Gemino, Chief Executive Officer and Chief Financial Officer	2004	\$120,000 (1), (2)	0	0	0	20,000	
	2003	\$120,000 (1), (2)	0	0	0	10,000	
	2002	\$120,000 (1), (2)	0	0	0	0	
Joseph Galbraith Vice President Field Operations	2004	\$123,200 (3)	0	0	0	20,000	
	2003	\$123,200 (3)	0	0	0	0	
	2002	\$123,200 (3)	0	0	0	15,000	

(1) Due to the Company's need for cash, the Company has deferred compensation owed to certain officers of the Company. Such amounts will continue to be deferred until the Company has sufficient resources to pay such amounts owed. On March 18, 2002, the Board approved a conversion right on all compensation owed to officers as of March 18, 2002. Pursuant to this conversion right, officers may elect to convert \$1.00 of compensation owed to them as of March 18, 2002 for an option to purchase two shares of the Company's common stock, at an exercise price of \$1.00 per share, for a term of five years. As of March 18, 2002, the Company owed Mr. Gemino \$11,500 under the terms of this conversion right. As of November 4, 2004, Mr. Gemino had not elected to convert.

(2) During each of the three fiscal years ended June 30, 2004, 2003, and 2002, the Company deferred payments of \$66,000, \$23,000, and \$11,500, respectively, of the \$120,000 base salary owed to Henry E. Gemino. As of June 30, 2004 total deferred compensation owed to Mr. Gemino was \$100,500.

10

(3) During each of the three fiscal years ended June 30, 2004, 2003, and 2002, the Company deferred payments of \$13,970, \$5,133, and \$0, respectively, of the \$123,200 base salary owed to Joseph Galbraith. Mr. Galbraith resigned from the Company on February 11, 2004. As of June 30, 2004 total deferred compensation owed to Mr. Galbraith was \$19,103.

Option Grants in the Last Fiscal Year

The following table sets forth information regarding stock options granted during the fiscal year ended June 30, 2004 to each of the named executive officers.

(a) Name And Position (a)	(b) Number Of Securities Underlying Options Granted (b)	(c) Percent Of Total Options Granted To Employees In Fiscal Year (c)	(d-1) Exercise Of Base Price (\$/Share) (d-1)	(e) Market Price (\$/Sh (e)

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

Henry E. Gemino, Chief Executive Officer and Chief Financial Officer	20,000	16.7%	\$0.70	\$
Murphy Evans, President	20,000	16.7%	\$0.70	\$
Philip L. Jones Executive Vice President and Chief Operating Officer	20,000	16.7%	\$0.70	\$

(1) The market price is based on the market value (\$0.25) of the Company's common stock as of the close of business on December 15, 2003, the date of the grant.

Option Exercises and Holdings

The following table sets forth information regarding stock options exercised during the fiscal year ended June 30, 2004 by each of the named executive officers and the value of the unexercised options held by these individuals as of June 30, 2004, based on the per share market value (\$0.50) of the Company's common stock on June 17, 2004, the last day during the fiscal year ended June 30, 2004 that trades in the Company's common stock were reported on the OTC Bulletin Board.

11

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Options/SAR Values:

(a)	(b)	(c)	(d)	(e) (1)
Name	Number of Shares Acquired On Exercise	Value Realized (\$)	Number of Securities Unexercised Options at Fiscal Year-End Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year-End Exercisable/Unexercisable
Henry E. Gemino	---	---	30,000/0 (2)	0/0
Murphy Evans	---	---	50,000/0 (3)	0/0
Philip L. Jones	---	---	70,000/0 (4)	0/0

(1) The value calculations are based on \$0.50 per share, the fair market value of the underlying shares of the Company's common stock at year-end (June 17, 2004, the last day of the fiscal year on which the Company's stock was traded) less the exercise price for the shares. As of June 30, 2004, there were no unexercised options that were in-the-money.

(2) Consists of the following options: (A) 10,000 options at \$0.55 per share, expiring in December 2007, and (B) 20,000 options at \$0.70 per share, expiring in December 2008.

(3) Consists of the following options: (A) 20,000 options at \$1.00 per share, expiring in November 2006, (B) 10,000 options at \$0.55 per share, expiring in December 2007, and (C) 20,000 options at \$0.70 per share, expiring in December 2008.

(4) Consists of the following options: (A) 35,000 options at \$4.00 per share, expiring in October 2005, (B) 15,000 options at \$1.00 per share, expiring

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

in November 2006, and (C) 20,000 options at \$0.70 per share, expiring in December 2008.

PROPOSAL TWO

AMENDMENT TO CERTIFICATE OF INCORPORATION

The Board is proposing an amendment to Paragraph 4 of the Company's Certificate of Incorporation to increase the number of authorized shares of stock of the Company from 15,000,000 shares of common stock to 25,000,000 shares of common stock (the "Amendment") for approval by the Shareholders. A copy of the form of the Amendment is attached to this proxy statement as Appendix A.

The Board believes that the flexibility provided by the increase in the authorized shares of common stock, which will permit the Board, in its discretion, to issue or reserve additional shares of common stock without the delay or expense of a meeting of shareholders, is in the best interests of the Company and the Shareholders. Shares of common stock may be used for general corporate purposes, including possible financing activities. Possible financing activities might include raising additional capital funds through offerings of shares of the common stock. The Board has no current plan, understanding or arrangement to issue any of the additional shares of common stock.

12

The issuance of any additional shares of common stock may have the effect of diluting the percentage of stock ownership, book value and voting rights of the present holders of the common stock. The increase in the authorized common stock of the Company also may have the effect of discouraging attempts to take over control of the Company, as additional shares of common stock could be issued to dilute the stock ownership and voting power of, or increase the cost to, a party seeking to obtain control of the Company. The Amendment is not being proposed in response to any known effort or threat to acquire control of the Company and is not part of a plan by management to adopt a series of amendments to the Company's Certificate of Incorporation and Bylaws having an anti-takeover effect.

The Board adopted the Amendment on September 17, 2004 and is seeking approval by the Shareholders through this proxy solicitation.

THE BOARD RECOMMENDS THE SHAREHOLDERS VOTE "FOR" THE APPROVAL OF THE AMENDMENT.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In September, 1988, at the time Gale D. Burnett, a beneficial shareholder of more than 10% of the Company's common stock, first transferred certain technology, know-how and patent rights to the Company, a royalty interest of 4% of all pre-tax profits derived from the technology and know-how transferred was granted to Northwood Enterprises, Inc., a family-owned company controlled by Mr. Burnett. Northwoods Enterprises subsequently assigned such royalty interest back to Mr. Burnett. On April 8, 1996, Mr. Burnett assigned 2% of this royalty interest to certain shareholders of the Company, 1 1/4% of which was assigned to Henry Gemino, currently the Chief Executive Officer and Chief Financial Officer, and a director of the Company. This royalty arrangement also applies to all future patent rights and technology developed by Mr. Burnett and assigned to the Company. To date, no royalty payments have been made or earned under the above described arrangement.

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

OTHER MATTERS TO BE VOTED UPON

As of the date of this proxy statement, the Board does not know of or anticipate that any other matters will be brought before the Company's shareholders at the Annual Meeting. If, however, any other matters not mentioned in the proxy statement are properly brought before the Company's shareholders at the Annual Meeting, the persons appointed as proxies will have the discretion to vote or act in accordance with their best judgment.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16(a) of the Exchange Act of 1934, the executive officers and directors of the Company in addition to any person who owns more than 10% of the common stock of the Company are required to report their ownership of the common stock of the Company and changes to such ownership with the SEC. Based on a review of such reports and information provided to the Company, the Company believes that during the most recent fiscal year the executive officers and directors of the Company have complied with applicable filing requirements under Section 16(a) except that each of Messrs. Evans, Krivsky, Christenson, Gemino and Jones failed to file in a timely manner one report in connection with one transaction during 2004 and one report in connection with one transaction during 2003.

13

INDEPENDENT PUBLIC ACCOUNTANTS

The Board has selected KPMG LLP ("KPMG") as the independent certified public accountants to audit the financial statements of the Company for its fiscal year ended June 30, 2004. To the knowledge of management, neither such firm nor any of its members has any direct or material indirect financial interest in the Company nor any connection with the Company in any capacity otherwise than as independent accountants.

Audit Fees. The Company incurred aggregate fees of \$62,300 payable to KPMG LLP during the fiscal year ended June 30, 2004 and \$56,500 during the fiscal year ended June 30, 2003 for professional services rendered by KPMG for the audit of the Company's annual financial statements and the review of financial statements included in the Company's Forms 10-QSB.

Audit-Related Fees. The Company did not incur any fees during the fiscal years ended June 30, 2004 or 2003 for professional services rendered by KPMG that are reasonably related to the performance of the audit or review of the Company's financial statements that are not reported under the caption "Audit Fees."

Tax Fees. The Company did not incur any fees during the fiscal years ended June 30, 2004 or 2003 for professional services rendered by KPMG for tax compliance, advice and planning.

All Other Fees. The Company did not incur any other fees during fiscal years ended June 30, 2004 or 2003 for other products or services provided by KPMG other than the fees described above.

14

STOCKHOLDER PROPOSALS

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

Shareholders who wish to include a proposal in the Company's proxy statement for the 2005 Annual Meeting of Shareholders must deliver a written copy of their proposal to the Company's principal executive offices no later than June 30, 2005. Proposals must comply with the SEC proxy rules relating to shareholder proposals to be included in the Company's proxy materials. Except for shareholder proposals to be included in the Company's proxy statement, the deadline for nominations for director or other proposals made by a shareholder is five days before the date of the 2005 Annual Meeting. Proposals should be directed to Henry E. Gemino, Chief Executive Officer, Profile Technologies, Inc., 2 Park Avenue, Suite 201, Manhasset, New York 11030.

ANNUAL REPORT ON FORM 10-KSB; DELIVERY TO SHAREHOLDERS SHARING ADDRESS

The Company is providing a copy of its Form 10-KSB to Shareholders for the fiscal year ended June 30, 2004 simultaneously with delivery of this proxy statement. You may obtain additional copies of the Annual Report by writing to Henry E. Gemino, Chief Executive Officer, Profile Technologies, Inc., 2 Park Avenue, Suite 201, Manhasset, New York 11030.

The Company is delivering only one proxy statement and Annual Report to multiple shareholders sharing an address unless the Company has received contrary instructions from one or more of the shareholders. The Company will promptly deliver upon written or oral request a separate copy of this proxy statement or the Annual Report to a shareholder at a shared address to which a single copy was sent. If you are a shareholder residing at a shared address and would like to request an additional copy of the proxy statement or Annual Report now or with respect to future mailings (or to request to receive only one copy of the proxy statement or Annual Report if you are currently receiving multiple copies), please send your request to Henry E. Gemino at the address noted above.

COST OF SOLICITATION

The Company will bear the cost of solicitation of proxies, including expenses in connection with the preparation and mailing of this proxy statement. The Company will solicit primarily through the mail, and the Company's officers, directors, and employees may solicit by personal interview, telephone, facsimile, or e-mail proxies. These people will not receive additional compensation for such solicitations, but the Company may reimburse them for their reasonable out-of-pocket expenses.

Holder of the Company's common stock are requested to complete, sign, and date the accompanying proxy card and promptly return it to the Company's Transfer Agent, in the enclosed addressed, postage paid envelope.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Henry E. Gemino

Henry E. Gemino
Chief Executive Officer

November 4, 2004

APPENDIX A

AMENDMENT TO CERTIFICATE OF INCORPORATION OF

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

PROFILE TECHNOLOGIES, INC. INCREASING NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

Profile Technologies, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"),

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of Profile Technologies, Inc. resolutions were duly adopted setting forth a proposed amendment to the Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that Paragraph 4 of the Company's Certificate of Incorporation shall be deleted in its entirety and replaced with the following:

The total number of shares of stock which the corporation shall have the authority to issue is 25,000,000 shares of common stock, \$0.001 par value.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of the Corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 243 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Profile Technologies, Inc. has caused this certificate to be signed by Philip L. Jones, its Secretary, this 17th day of September, 2004.

PROFILE TECHNOLOGIES, INC.

By: _____
Print: Philip L. Jones
Its: Secretary

APPENDIX B

PROFILE TECHNOLOGIES, INC. CHARTER OF THE AUDIT COMMITTEE

I. PURPOSE

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation's systems of internal controls regarding finance, accounting, legal compliance, and ethics; and the Corporation's auditing, accounting and financial reporting processes generally.

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.

Review and appraise the audit efforts of the Corporation's independent accountants and the internal audit function*.

Provide an open avenue of communication among the independent accountants, financial and senior management, the internal auditor*, and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. COMPOSITION

The Audit Committee shall be composed of two or more directors, each of whom shall be an independent director as that term is defined by the National Association of Securities Dealers (NASD). A director who is not independent according to the NASD definition may be appointed to the Audit Committee if the Board, under exceptional and limited circumstances, determines that membership on the Committee by the individual is in the best interests of the Corporation and its shareholders, and the Board discloses in the next annual proxy statement subsequent to the determination the nature of the relationship and the reasons for the determination.

All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee.

III. MEETINGS

The Committee shall meet at least three times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management, the director of internal auditing*, and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

Prior to the commencement of the annual audit, the Committee should be advised by management and the external and internal auditors* about:

- o The audit scope and approach;
- o Special areas needing attention;
- o Significant planned changes in the Corporation's accounting

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

principles, policies, and practices; and

- o Recent developments in accounting principles or reporting practices that may affect the Corporation.

The Committee should meet annually with the independent auditors and management to review the Corporation's annual financial statements consistent with IV.2 below, and the Committee, or at least its Chair, should meet quarterly with the independent auditors and management to review the Corporation's quarterly report consistent with IV.4 below.

The Committee shall keep written minutes of its meetings. Copies of such minutes shall be distributed to each member of the Board of Directors and filed by the Secretary of the Corporation in the minute book of the Audit Committee.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports Review

1. Review and update this Charter periodically, at least annually, as conditions dictate.
2. Review the Corporation's annual financial statements and any reports or other financial information submitted to any governmental body or the public, including any certification, report, opinion, or review conducted by the independent accountants.
3. Review the regular internal reports to management prepared by the internal auditor* and management's response.
4. Review with financial management and the independent accountants the 10-Q report prior to its filing or prior to the public release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.

Independent Accountants

5. Recommend to the Board of Directors the selection of the independent accountants, considering independence and effectiveness, and approve the fees and other compensation to be paid to the independent accountants. On an annual basis, the Committee should review and discuss with the accountants all significant relationships the accountants have with the Corporation to determine the accountants' independence.
6. Review the performance of the independent accountants and approve any proposed discharge of the independent accounts when circumstances warrant.
7. Periodically consult with the independent accountants out of the presence of management about internal controls and the fullness and accuracy of the Corporation's financial statements.

Financial Reporting Processes

8. In consultation with the independent accountants and the internal auditor*, review the integrity of the Corporation's financial reporting processes, both internal and external.

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

9. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
10. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent accountants, management, or the internal auditor*.

Process Improvement

11. Establish regular and separate systems of reporting to the Audit Committee by each of management, the independent accountants, and the internal auditor* regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
12. Following completion of the annual audit, review separately, with each of management, the independent accountants and the internal auditor* any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
13. Review any significant disagreement among management and the independent accountants or the internal auditor* in connection with the preparation of the financial statements.
14. Review with the independent accountants, the internal auditor* and management to extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.

Ethical and Legal Compliance

15. Establish, review, and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code.
16. Review management's monitoring of the Corporation's compliance with the Ethical Code and ensure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental bodies and the public satisfy legal requirements.
17. Review activities, organizational structure, and qualifications of the internal auditor*.
18. Review, with the Corporation's counsel, legal compliance matters including corporate securities trading policies.
19. Review, with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements.
20. Perform any other activities consistent with this Charter, the Corporation's By-Laws and the governing law, as the Committee or the Board deems necessary or appropriate.

* NOTE: At the time of initial adoption of this Charter, the Corporation had not instituted an internal audit function. Therefore all references in this Charter to such a function and/or to the persons responsible for carrying out should be understood as taking effect only if and when such a function has been instituted.

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

Profile Technologies, Inc.
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

I, the undersigned shareholder of Profile Technologies, Inc. (the "Company"), do hereby nominate, constitute and appoint Henry E. Gemino, my true and lawful proxy and attorney with full power of substitution for me and in my name, place and stead, to represent and vote all of the common stock, par value \$0.001 per share, of the Company, held in my name on its books as of October 25, 2004, at the Annual Meeting of Shareholders to be held on Monday, December 13, 2004.

PROPOSAL 1. Election of the following Directors:

[] FOR all nominees listed below (except as marked to the contrary below) [] WITHHOLD Authority to vote for all nominees listed below

(INSTRUCTION: To withhold authority to vote for any individual nominee, write the name(s) of such nominee(s) below.)

Henry E. Gemino _____
Murphy Evans _____
William A. Krivsky _____
Charles Christenson _____

THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES.

PROPOSAL 2. Adoption of the Amendment to the Company's Certificate of Incorporation increasing the authorized shares of common stock from 15,000,000 to 25,000,000:

[] FOR adoption of the Amendment [] AGAINST Authority to vote for adoption of Amendment [] ABSTAIN

THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS A VOTE "FOR" ADOPTION OF THE AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION INCREASING THE AUTHORIZED SHARES OF COMMON STOCK FROM 15,000,000 TO 25,000,000.

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting of Shareholders.

IMPORTANT: PLEASE SIGN AND DATE ON REVERSE

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, the proxy will be voted FOR Proposal 1. Should any other matter requiring a vote of the shareholders arise, the proxy named above is authorized to vote in accordance with his best judgment in the interest of the Company.

IMPORTANT: Please sign exactly as your name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a

Edgar Filing: PROFILE TECHNOLOGIES INC - Form DEF 14A

corporation, please sign the full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED ADDRESSED ENVELOPE OR OTHERWISE TO Continental Stock Transfer & Trust Company, 17 Battery Place, New York, New York 10004. IF YOU DO NOT SIGN AND RETURN A PROXY OR ATTEND THE MEETING AND VOTE, YOUR SHARES CANNOT BE VOTED.

Date

Signature

Signature (if jointly held)

Print Name(s) Here