

Fortissimo Acquisition Corp.  
Form PRER14A  
August 01, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934  
(Amendment No. 3)**

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o  
Check the appropriate box:

- Preliminary Proxy Statement  o  
 Definitive Proxy Statement  
 Definitive Additional Materials **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Soliciting Material Under Rule 14a-12

**FORTISSIMO ACQUISITION CORP.**

(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):

o  No fee required.

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x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: Common Stock of Fortissimo Acquisition Corp., par value \$.0001 per share

(2) Aggregate number of securities to which transaction applies:  
3,337,941 shares of common stock of Fortissimo Acquisition Corp.

(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):  
\$19,627,094 (the value of 3,337,941 shares of common stock of Fortissimo Acquisition Corp. at the average of the bid and ask price as of May 7, 2008 (\$5.88)); and \$(4,140,079) in cash.

(4) Proposed maximum aggregate value of transaction:  
\$23,767,173

(5) Total fee paid:  
\$935

x 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:

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This proxy statement is dated \_\_\_\_\_, 2008 and is first being mailed to Fortissimo Acquisition Corp. stockholders on or about \_\_\_\_\_, 2008.

**FORTISSIMO ACQUISITION CORP.**  
**14 Hamelacha Street**  
**Park Afek**  
**Rosh Ha ayin 48091**  
**Israel**

# NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON \_\_\_\_\_, 2008

TO THE STOCKHOLDERS OF FORTISSIMO ACQUISITION CORP.:

NOTICE IS HEREBY GIVEN that an annual meeting of stockholders of Fortissimo Acquisition Corp. ( Fortissimo ), a Delaware corporation, will be held at :00 a.m., eastern time, on \_\_\_\_\_, 2008, at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, Fortissimo s counsel, at 399 Park Avenue, 31 Floor, New York, New York 10022. You are cordially invited to attend the meeting, which will be held for the following purposes:

(1) to consider and vote upon a proposal to adopt and approve the Agreement and Plan of Merger and Interests Purchase Agreement, dated as of January 15, 2008 and amended as of May 12, 2008 and August 1, 2008, among Fortissimo, FAC Acquisition Sub Corp. ( Merger Sub ), Psyop, Inc. ( Psyop ), Psyop Services, LLC ( Psyop Services ), the shareholders of Psyop and Justin Booth-Clibborn, as representative of the shareholders of Psyop (the merger agreement ), pursuant to which (i) Merger Sub will merge into Psyop, with Psyop being the surviving corporation, and within 10 days thereafter, Psyop will merge into Fortissimo, with Fortissimo being the surviving corporation and (ii) Fortissimo will purchase all of the outstanding membership interests of Psyop Services, which operates as a business unit of Psyop under the name Blacklist and whose members are the same persons who are the shareholders of Psyop (the combination of such events is referred to in this proxy statement as the merger )(the merger proposal );

(2) to consider and vote upon a proposal to approve an amendment to Fortissimo s second amended and restated certificate of incorporation to increase the number of authorized shares of Fortissimo common stock from 21,000,000 to 50,000,000 (the capitalization amendment proposal );

(3) to consider and vote upon a proposal to approve amendments to Fortissimo s second amended and restated certificate of incorporation to (i) change Fortissimo s name from Fortissimo Acquisition Corp. to Psyop, Inc., (ii) amend Article Sixth thereof to provide that Fortissimo s corporate existence shall be perpetual and (iii) amend Article Seventh thereof to remove the preamble and sections A through D, which will no longer be applicable to Fortissimo after the consummation of the merger, and to redesignate section E of Article Seventh as Article Seventh (the charter amendment proposal );

(4) to consider and vote upon a proposal to approve an amendment to Fortissimo s second amended and restated certificate of incorporation to add Article Eleventh thereto prohibiting stockholders from acting by written consent (the written consent amendment proposal );

(5) to consider and vote upon a proposal to approve the adoption of the 2008 stock incentive plan pursuant to which Fortissimo will reserve up to 865,390 shares of common stock for issuance pursuant to the 2008 stock incentive plan (the incentive compensation plan proposal );

(6) to elect seven directors to Fortissimo s board of directors, of whom two will serve until the annual meeting to be held in 2009, two will serve until the annual meeting to be held in 2010 and three will serve until the annual meeting to be held in 2011 and, in each case, until their successors are elected and qualified (the director election proposal );  
and

(7) to consider and vote upon a proposal to adjourn the annual meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies if, based upon the tabulated vote at the time of the annual meeting, Fortissimo

is not authorized to consummate the merger (the adjournment proposal ).

These items of business are described in the attached proxy statement, which we encourage you to read in its entirety before voting. Only holders of record of Fortissimo common stock at the close of business on , 2008 are entitled to notice of the annual meeting and to vote and have their votes counted at the annual meeting and any adjournments or postponements of the annual meeting.

The merger proposal must be approved by the holders of a majority of the outstanding shares of Fortissimo common stock sold in its initial public offering ( IPO ), including holders who purchased such shares subsequent to the IPO, that are voted at the annual meeting. We refer to such shares as the Public Shares. The capitalization amendment proposal, the charter amendment proposal and the written consent amendment proposal must each be approved by the holders of a majority of the outstanding shares of Fortissimo common stock. The incentive compensation plan proposal and the adjournment proposal must each be approved by the holders of a majority of the shares of Fortissimo common stock present in person or represented by proxy and entitled to vote thereon at the meeting. Those directors who receive a plurality of votes cast for the respective positions will be elected. The approval of the merger proposal is conditioned upon the approval of the capitalization amendment proposal and the charter amendment proposal but not the written consent amendment proposal, the incentive compensation plan proposal, the director election proposal or the adjournment proposal. The approval of each of the other proposals, other than the adjournment proposal, is conditioned upon the approval of the merger proposal.

Your broker, bank or nominee cannot vote your shares on any proposal unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee. Abstentions will have the same

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effect as a vote AGAINST the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal, the incentive compensation plan proposal and the adjournment proposal, but will have no effect on the merger proposal or the director election proposal. Broker non-votes, while considered present for the purposes of establishing a quorum, will have the same effect as a vote AGAINST the capitalization amendment proposal, the charter amendment proposal and the written consent amendment proposal, but will have no effect on the merger proposal, the incentive compensation plan proposal, the director election proposal or the adjournment proposal.

Each Fortissimo stockholder who holds Public Shares has the right to vote against the merger proposal and at the same time demand that Fortissimo convert such stockholder's shares into cash equal to a pro rata portion of the funds held in the trust account into which a substantial portion of the net proceeds of Fortissimo's IPO was deposited. Please see *Annual Meeting of Fortissimo Stockholders Conversion Rights* for the procedures to be followed if you wish to convert your shares into cash. Please note that you cannot seek conversion of your shares unless you affirmatively vote against the merger proposal. The conversion price will be the amount equal to the funds in the trust account, inclusive of any interest thereon, calculated as of two business days prior to the consummation of the merger, divided by the number of Public Shares on such date. No fees or expenses of any nature will be deducted from or charged to the trust account prior to the consummation of the merger. Fortissimo's board of directors will review and confirm the calculation. On , 2008, the record date for the meeting of stockholders, the conversion price (calculated in such manner) would have been \$ in cash for each Public Share. Public Shares owned by Fortissimo stockholders who validly exercise their conversion rights will be converted into cash only if the merger is consummated. If, however, the holders of 20% or more of the Public Shares vote against the merger proposal and demand conversion of their shares, Fortissimo will not consummate the merger. Prior to exercising conversion rights, Fortissimo stockholders should verify the market price of Fortissimo's common stock as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights. Shares of Fortissimo's common stock are quoted on the OTC Bulletin Board under the symbol FSMO. On , 2008, the record date, the last sale

price of Fortissimo common stock was \$ . Application has been made to list Fortissimo s common stock on the NASDAQ Capital Market.

Fortissimo s initial stockholders, who purchased their shares of common stock prior to its IPO and presently own an aggregate of approximately 22.7% of the outstanding shares of Fortissimo common stock, have agreed to vote all of the shares they purchased prior to the IPO on the merger proposal in accordance with the vote of the majority of the votes cast by the holders of Public Shares. As a consequence, the voting of such shares will not have any effect on the outcome of the vote on the merger proposal. The initial stockholders have also indicated that they will vote such shares FOR the approval of the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal and the incentive compensation plan proposal and, if presented, an adjournment proposal and in favor of the director nominees and will vote any Public Shares they acquired after the IPO for all of the proposals and the director nominees.

After careful consideration, Fortissimo s board of directors has determined that the merger proposal, the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal, the incentive compensation plan proposal, the director election proposal and the adjournment proposal are fair to and in the best interests of Fortissimo and its stockholders.

**Fortissimo s board of directors unanimously recommends that you vote or give instruction to vote FOR the approval of the merger proposal, the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal, the incentive compensation plan proposal, the director election proposal and, if necessary, the adjournment proposal.**

All Fortissimo stockholders are cordially invited to attend the annual meeting in person. To ensure your representation at the annual meeting, however, you are urged to complete, sign, date and return the enclosed proxy card as soon as possible. If you are a stockholder of record of Fortissimo common stock, you may also cast your vote in person at the annual meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares or, if you wish to attend the meeting and vote in person, obtain a proxy from your broker or bank. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against the capitalization amendment proposal, the charter amendment proposal and the written consent amendment proposal.

A complete list of Fortissimo stockholders of record entitled to vote at the annual meeting will be available for 10 days before the annual meeting at the principal executive offices of Fortissimo for inspection by stockholders during ordinary business hours for any purpose germane to the annual meeting.

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Your vote is important regardless of the number of shares you own. Whether you plan to attend the annual meeting or not, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided.

Thank you for your participation. We look forward to your continued support.

By Order of the Board of Directors

Yuval Cohen  
*Chairman of the Board and Chief Executive Officer*

, 2008

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS DETERMINED IF THIS PROXY STATEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**IF YOU RETURN YOUR PROXY CARD WITHOUT AN INDICATION OF HOW YOU WISH TO VOTE, YOUR SHARES WILL BE VOTED IN FAVOR OF EACH OF THE PROPOSALS AND YOU WILL NOT BE ELIGIBLE TO HAVE YOUR SHARES CONVERTED INTO A PRO RATA PORTION OF THE TRUST ACCOUNT IN WHICH A SUBSTANTIAL PORTION OF THE NET PROCEEDS OF FORTISSIMO S IPO ARE HELD. YOU MUST AFFIRMATIVELY VOTE AGAINST THE MERGER PROPOSAL AND DEMAND THAT FORTISSIMO CONVERT YOUR SHARES INTO CASH NO LATER THAN THE CLOSE OF THE VOTE ON THE MERGER PROPOSAL TO EXERCISE YOUR CONVERSION RIGHTS. IN ORDER TO CONVERT YOUR SHARES, YOU MUST CONTINUE TO HOLD YOUR SHARES THROUGH THE CLOSING DATE OF THE MERGER AND THEN TENDER YOUR PHYSICAL STOCK CERTIFICATE TO OUR STOCK TRANSFER AGENT WITHIN THE TIME PERIOD SPECIFIED IN A NOTICE YOU WILL RECEIVE FROM FORTISSIMO WITHIN 10 DAYS AFTER THE CLOSING OF THE MERGER, WHICH PERIOD WILL NOT BE LESS THAN 20 DAYS FROM THE DATE OF SUCH NOTICE. IN LIEU OF DELIVERING YOUR STOCK CERTIFICATE, YOU MAY DELIVER YOUR SHARES TO THE TRANSFER AGENT ELECTRONICALLY USING DEPOSITORY TRUST COMPANY S DWAC (DEPOSIT WITHDRAWAL AT CUSTODIAN) SYSTEM. IF THE MERGER IS NOT COMPLETED, THEN THESE SHARES WILL NOT BE CONVERTED INTO CASH. IF YOU HOLD THE SHARES IN STREET NAME, YOU WILL NEED TO INSTRUCT THE ACCOUNT EXECUTIVE AT YOUR BANK OR BROKER TO WITHDRAW THE SHARES FROM YOUR ACCOUNT IN ORDER TO EXERCISE YOUR CONVERSION RIGHTS. SEE ANNUAL MEETING OF FORTISSIMO STOCKHOLDERS CONVERSION RIGHTS FOR MORE SPECIFIC INSTRUCTIONS.**

**SEE RISK FACTORS FOR A DISCUSSION OF VARIOUS FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE MERGER.**

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## SUMMARY OF THE MATERIAL TERMS OF THE MERGER

*This Summary of the Material Terms of the Merger, together with the section entitled Questions and Answers About the Proposals, summarizes certain material information contained in this proxy statement. You should carefully read this entire proxy statement for a more complete understanding of the matters to be considered at the annual meeting of stockholders.*

### Parties

The parties to the merger are Fortissimo Acquisition Corp. ( Fortissimo ), FAC Acquisition Sub Corp. ( Merger Sub ), Psyop, Inc. ( Psyop ), Psyop Services, LLC ( Psyop Services ), which operates as a business unit of Psyop under the name Blacklist, the shareholders of Psyop and Justin Booth-Clibborn, as representative of the shareholders of Psyop. Fortissimo is a blank check company formed on December 27, 2005 to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business that has operations or facilities located in Israel or that is a company operating outside of Israel which Fortissimo management believes would benefit from establishing operations or facilities in Israel. If Fortissimo does not complete the merger or another business

combination by October 11, 2008, its corporate existence will cease and it will promptly dissolve and distribute to its public stockholders the amount in its trust account plus any remaining non-trust account funds after payment of its liabilities.

Headquartered in New York City, Psyop is an award-winning provider of design based 3D animation, innovative visual effects and digital content for the advertising market. Psyop produces creative advertisements on behalf of premier brands in a variety of industries, including food and beverage, sports, automotive, retail and financial services. In addition to its creative production for television advertising, Psyop has recently expanded into producing content for other, growing forms of electronic marketing including short themed branded films, ads shown in movie theaters, in-store and site specific presentations and the internet.

## Merger Structure

Pursuant to the merger agreement, Merger Sub will merge into Psyop, with Psyop being the surviving corporation and becoming a wholly owned subsidiary of Fortissimo. The merger agreement also provides that Fortissimo will purchase all of the outstanding membership interests of Blacklist, whose members are the same persons who are the shareholders of Psyop. As a result of such purchase, Blacklist will become a wholly owned subsidiary of Fortissimo. Within 10 days thereafter, Psyop will merge into Fortissimo, which will change its name to Psyop, Inc. The combination of these events is referred to as the merger in this proxy statement. Please see *The Merger Proposal Structure of the Merger*.

## Merger Consideration

At the closing, Fortissimo will pay Psyop's shareholders merger consideration (including payment for the Blacklist membership interests) of 3,337,941 shares of Fortissimo's common stock and \$4,140,079 cash.

The Psyop shareholders will also receive \$3,000,000 in cash for each of the years 2008 and 2009 in which Psyop achieves at least 100% of specified EBITDA milestones for such year. If Psyop achieves 90% or more but less than 100% of a specified EBITDA milestone for a year, then the Psyop shareholders will receive an amount equal to the product of \$3,000,000 and the actual EBITDA achieved for such year divided by the EBITDA milestone for such year. If Psyop achieves more than 50% but less than 100% of the specified EBITDA milestone for 2008, then a catch-up bonus payment will be made following the determination of Psyop's 2009 year-end financial results if Psyop achieves in excess of 100% of the specified EBITDA milestone for 2009, as more fully described in *The Merger Proposal Merger Consideration*.

The Psyop shareholders will also receive a minimum of \$1,800,000 if Psyop achieves at least 90% of the specified revenue milestone for 2008; such payment will increase proportionally if Psyop achieves greater than 90% and up to 125% of such milestone and will be a maximum of \$2,500,000

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if Psyop achieves 125% of such milestone. The Psyop shareholders will also receive a minimum of \$1,700,000 and \$1,275,000 for each of the years 2009 and 2010, respectively, in which Psyop achieves at least 85% of specified revenue milestone for each such year; such payments will increase proportionally if Psyop achieves greater than 85% and up to 125% of such milestones and will be maximums of \$2,500,000 and \$1,875,000, respectively, if Psyop achieves 125% of such milestones. Such payments and those described in the following paragraph will be payable two-thirds in shares of Fortissimo common stock and one-third in cash, with the stock valued at the average of the closing prices of the Fortissimo common stock for the 30 trading days preceding the date that is two days prior to the closing date of the merger.

The Psyop shareholders will also receive a minimum of \$1,700,000, \$1,700,000 and \$1,275,000 for each of the years 2008, 2009 and 2010, respectively, in which Psyop achieves at least 85% of specified EBITDA (as defined in the



merger agreement) milestones for each such year; such payments will increase proportionally if Psyop achieves greater than 85% and up to 125% of such milestones and will be maximums of \$2,500,000, \$2,500,000 and \$1,875,000, respectively, if Psyop achieves 125% of such milestones.

The Psyop shareholders will also receive a minimum additional payment of \$4,000,001 if at least a majority of the warrants issued in Fortissimo's IPO are exercised prior to their expiration, which will be increased proportionally to \$8,000,000 if all of the warrants are exercised. Such minimum and maximum payments will increase to \$5,000,001 and \$10,000,000, respectively, if there is a call by Fortissimo to redeem its warrants. Such payments will be payable two-thirds in shares Fortissimo common stock and one-third in cash, with the stock valued at the closing price of the Fortissimo common stock on the date the warrants are redeemed or expire, as applicable.

The maximum total merger consideration, representing the sum of the closing consideration and the maximum contingent consideration, is equal to \$[\_\_\_\_\_], based on the closing price of Fortissimo's common stock of \$[\_\_\_] on [\_\_\_\_], 2008 and assuming that (i) with respect to the cash bonus consideration, Psyop achieves 100% of the specified EBITDA milestones as described above for each of 2008 and 2009, (ii) with respect to the contingent consideration, Psyop achieves 125% of the specified revenue and EBITDA milestones as described above for each of 2008, 2009 and 2010, and (iii) Fortissimo redeems all outstanding warrants as described above.

Please see *The Merger Proposal* Merger Consideration.

## Conditions to Closing

Fortissimo and Psyop plan to complete the merger promptly after the Fortissimo annual meeting, provided that:

Fortissimo's stockholders have approved the merger proposal, the capitalization amendment proposal and the charter amendment proposal;

holders of fewer than 20% of the Public Shares have voted against the merger proposal and demanded conversion of their shares into cash; and

the other conditions specified in the merger agreement have been satisfied or waived.

Please see *The Merger Agreement* Conditions to Closing of the Merger.

## Termination, Amendment and Waiver

The merger agreement may be terminated at any time, but not later than the closing, as follows:

By mutual written consent of Fortissimo and Psyop;

By either Fortissimo or Psyop if the merger is not consummated on or before October 11, 2008, provided that such termination is not available to a party whose failure to fulfill an obligation under the merger agreement has been a cause of or resulted in the failure of the merger to be consummated before such date;

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By either Fortissimo or Psyop if a governmental entity shall have issued an order, decree, judgment or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the merger, which order, decree, judgment, ruling or other action is final and nonappealable;

By either Fortissimo or Psyop or its shareholders if the other party has breached any of its covenants or representations and warranties and has not cured its breach within twenty days of the notice of an intent to terminate, provided that the terminating party is itself not in breach; and

By either Fortissimo or Psyop if, at the Fortissimo stockholder meeting, the merger agreement shall fail to be approved by the affirmative vote of the holders of a majority of the Public Shares present in person or represented by proxy and entitled to vote at the annual meeting or the holders of 20% or more of the Public Shares exercise

conversion rights.

If the merger agreement is terminated by a party because of the other party's breach, the terminating party will be entitled to a payment of \$2,000,000 from the breaching party within one business day after such termination, as liquidated damages and not as a penalty and in lieu of any other right or remedy that the terminating party may have against the other parties to the merger agreement for such breach.

If permitted under applicable law, either Psyop or Fortissimo may waive any inaccuracies in the representations and warranties made to such party contained in the merger agreement and waive compliance with any agreements or conditions for the benefit of itself or such party contained in the merger agreement. The condition requiring that the holders of fewer than 20% of the Public Shares affirmatively vote against the merger proposal and demand conversion of their shares into cash may not be waived. It is the intent of Fortissimo's board of directors to re-solicit stockholder approval of the merger if Fortissimo or Psyop waives a material condition to the merger.

## Restricted Stock Agreements

The maximum number of shares of Fortissimo common stock that the Psyop shareholders would be entitled to receive upon achievement of the revenue and EBITDA milestones will be issued to them at the closing of the merger pursuant to the provisions of Restricted Stock Agreements and placed in escrow pursuant to an Escrow Agreement that will also provide for the escrow of shares to secure Fortissimo's rights to indemnification, as described below. The Restricted Stock Agreements will provide that, upon partial attainment of the revenue and EBITDA milestones, all of such shares above those to which the Psyop shareholders will be entitled to retain as a result of such partial achievement will be returned to Fortissimo and canceled. If a Psyop shareholder's employment with Fortissimo after the merger is terminated for cause or by the shareholder without good reason (as such terms are defined in the shareholder's employment agreement), milestone shares issued with respect to all periods ending on or after the date of termination will be forfeited as to the terminated Psyop shareholder and reallocated among the other eligible Psyop shareholders. Please see *The Merger Proposal - Restricted Stock Agreements*.

## Indemnification and Escrow Arrangements

To provide a fund for payment to Fortissimo with respect to its post-closing rights to indemnification under the merger agreement for breaches of representations and warranties and covenants by Psyop, there will be placed in escrow (with an independent escrow agent) 10% of the Fortissimo stock and cash (333,794 shares and \$414,008 cash) payable to the Psyop shareholders at closing ( *Indemnity Escrow Fund* ). Claims for indemnification may be asserted against the Indemnity Escrow Fund by Fortissimo once its damages exceed \$250,000 and will be reimbursable in full (from the first dollar) if damages exceed such amount, except that claims made with respect to certain representations and warranties will not be subject to such threshold. Fortissimo is also obligated to indemnify Psyop and its stockholders for breaches of its representations and warranties and covenants, subject to similar limitations, but no escrow fund has been established with respect to such obligation. Indemnification claims may be made until one year after the closing date. Please see *The Merger Proposal - Escrow Arrangements; Indemnification*.

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## Lock-Up and Trading Restriction Arrangements; Registration

The shareholders of Psyop have agreed not to sell any of the shares of Fortissimo common stock that they receive upon closing of the merger for twelve months after the closing and to sell no more than 1/3 of such shares in the following twelve months, after which they will be free to sell any or all of their shares. Fortissimo has agreed to use its best efforts to register the shares to be issued to the Psyop shareholders for resale to the public within 11 months after the closing of the merger. All sales will be subject to aggregate volume restrictions during the two year period

commencing twelve months after the closing date. Please see *The Merger Proposal Lock-Up; Trading Restrictions; Registration of Shares*.

## Management After the Merger

Upon completion of the merger, certain officers of Psyop will become officers of Fortissimo holding positions similar to the positions such officers held with Psyop. These officers are Justin Booth-Clibborn, who will become Chief Executive Officer of Fortissimo and Thomas Boyle, who will become Chief Financial Officer of Fortissimo. Messrs. Booth-Clibborn and Boyle have each entered into an employment agreement with Psyop, effective upon the completion of merger, at which time Psyop's obligations under the agreements will become the obligations of Fortissimo. Each of Eben Mears, Hejung Marie Hyon, Marco Spier, Kylie Matulick, Todd Mueller, Christopher Staves and Justin Lane, all of whom are Psyop shareholders, have also entered into an employment agreement with Psyop, effective upon the completion of the merger. Such shareholders, except for Justin Lane, who will be an Executive Producer, will be a Creative Director of Fortissimo effective upon the completion of the merger. Please see *Directors and Executive Officers of Fortissimo Following the Merger Employment Agreements*.

## Post-Merger Ownership of Fortissimo

As a result of the merger, assuming that no stockholders of Fortissimo elect to convert shares of Fortissimo common stock ( Public Shares ) issued in Fortissimo's initial public offering ( IPO ) into cash as permitted by Fortissimo's second amended and restated certificate of incorporation, the Psyop shareholders will own approximately 36.3% of the shares of Fortissimo common stock to be outstanding after the merger and the other Fortissimo stockholders will own approximately 63.7% of Fortissimo's outstanding shares of common stock, including 14.5% that will be owned by Fortissimo Capital Fund GP, LP ( FCF ) Yair Seroussi and Michael Chill, to whom we collectively refer to as the Fortissimo Insider Stockholders. Since the maximum amount of shares issuable to Psyop shareholders upon achievement of the earn out milestones is being issued at the consummation of the business combination and being held by a trustee, who will be instructed by Psyop shareholders as to how to vote such shares, Psyop shareholders will control approximately 45% of the voting power of Fortissimo immediately following the closing of the business combination. If 19.99% of the Public Shares are converted into cash, such percentages will be approximately 40.2%, 59.8% and 16.1%, respectively. The foregoing percentages do not take into account shares that would be issued to Psyop's shareholders upon full or partial achievement of the revenue and EBITDA milestones or the exercise of Fortissimo warrants or shares that would be issued under the stock incentive plan to be adopted in connection with the merger. However, if 19.99% of the Public Shares are converted and thereafter the full contingent milestone consideration is earned, the current Fortissimo shareholders would own only 50.6% of the total outstanding stock, including 13.6% that would be owned by the Fortissimo Insider Stockholders and the Psyop shareholders would own 49.4%, assuming that no other shares are issued.

## Post-Merger Board of Directors of Fortissimo

After the merger, Fortissimo's board of directors will consist of seven directors, of whom three will be selected by Psyop, at least one of whom will be an independent director under applicable SEC and exchange rules; two will be selected by Fortissimo, at least one of whom will be an independent director under applicable SEC and exchange rules; and two will be jointly selected by Psyop and Fortissimo, each of whom will be an independent director under applicable SEC and exchange rules. Please see *The Director Election Proposal and Directors and Executive Officers of Fortissimo Following the Merger*.

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## Other Proposals to be Acted Upon at the Annual Meeting

In addition to voting on the merger, the stockholders of Fortissimo will vote on proposals to change its name to Psyop, Inc., to amend its charter to increase the number of authorized shares of its capital stock, make its corporate existence perpetual and delete certain provisions that will no longer be applicable after the merger and prohibit stockholders from acting by written consent, to approve the 2008 stock incentive plan, to elect seven directors to Fortissimo's board of directors and, if necessary, to approve an adjournment of the meeting. Please see *The Capitalization Amendment Proposal*, *The Charter Amendment Proposal*, *The Written Consent Amendment Proposal*, *The Incentive Compensation Plan Proposal*, *The Director Election Proposal* and *The Adjournment Proposal*.

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## QUESTIONS AND ANSWERS ABOUT THE PROPOSALS

Q. Why am I receiving this proxy statement?

A. Fortissimo and Psyop have agreed to a business combination under the terms of the Agreement and Plan of Merger and Interests Purchase Agreement dated as of January 15, 2008, which was amended on May 12, 2008 and August 1, 2008, that is described in this proxy statement. This agreement is referred to as the merger agreement. A copy of the merger agreement, as amended and restated, is attached to this proxy statement as Annex A, which we encourage you to read carefully.

You are being asked to consider and vote upon a proposal to approve the merger agreement, which, among other things, provides for the merger of a wholly owned subsidiary of Fortissimo into Psyop, with Psyop being the surviving corporation and becoming a wholly owned subsidiary of Fortissimo, and for Psyop, within 10 days thereafter, to merge into Fortissimo. The merger agreement also provides for Fortissimo to purchase all of the membership interests of the Psyop business unit doing business under the name of

Blacklist, which are owned by Psyop's shareholders. You are also being requested to vote to approve (i) an amendment to Fortissimo's second amended and restated certificate of incorporation to increase the number of authorized shares of its common stock to 50,000,000, (ii) amendments to Fortissimo's second amended and restated certificate of incorporation to change the name of Fortissimo from Fortissimo Acquisition Corp. to Psyop, Inc., to make certain modifications to make its corporate existence perpetual and to modify or delete provisions that will no longer be applicable after the merger, (iii) an amendment to Fortissimo's second amended and restated certificate of incorporation to prohibit stockholders from acting by written consent, (iv) the 2008 stock incentive plan and (v) a proposal to adjourn the annual meeting to a later date or dates, if necessary. In addition, you are being asked to elect seven directors to Fortissimo's board of directors.

A form of Fortissimo's certificate of amendment to second amended and restated certificate of incorporation is attached to this proxy statement as Annex B. Fortissimo's second amended and restated certificate of incorporation is attached to this proxy statement as Annex C-1. A form of

Fortissimo's third amended and restated certificate of incorporation, as it will appear if the charter amendment proposal and the written consent amendment proposal is approved, is attached to this proxy statement as Annex C-2. A form of the 2008 stock incentive plan is attached to this proxy statement as Annex D.

The approval of the merger proposal is conditioned upon the approval of the capitalization amendment proposal and the charter amendment proposal but not the written consent amendment proposal, the incentive compensation plan proposal, the director election proposal or the adjournment proposal. The approval of each of the other proposals, other than the adjournment proposal, is conditioned upon the approval of the merger proposal.

Fortissimo will hold an annual meeting of its stockholders to consider and vote upon these proposals. This proxy statement contains important information about the proposed acquisition and the other matters to be acted upon at the annual meeting. You should read it carefully.

**Your vote is important. We encourage you to submit a proxy and vote as soon as possible after carefully reviewing this proxy statement.**

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Q. Why is Fortissimo proposing the merger?

A. Fortissimo was organized to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business that has operations or facilities located in Israel or that is a company operating outside of Israel which Fortissimo management believes would benefit from establishing operations or facilities in Israel. Under its second amended and restated certificate of incorporation, Fortissimo is required to complete a business combination no later than October 11, 2008.

Psyop is an award-winning provider of 3D animation, innovative visual effects and digital content for the advertising market. Its proven creative ability has been utilized by premier brands in a variety of industries for various forms of media advertising. Although profitable for the three months ended March 31, 2008 and for the fiscal year ended December 31, 2007, Psyop had a net loss of \$47,072 for the fiscal year ended December 31, 2005 and a net loss of \$307,785 for the fiscal year ended December 31, 2006. In addition, Psyop had total indebtedness of \$1.4 million as of March 31, 2008, which will not be retired prior to the closing of the merger. Based on its due diligence investigations of Psyop, Fortissimo believes that a capital infusion that Fortissimo would make at closing will enable Psyop to expand its scope of operations and enhance its leadership position in the market. As a result, Fortissimo believes that a business combination with Psyop will provide Fortissimo stockholders with an opportunity to participate in a company with significant growth potential. Please see *The Merger Proposal Factors Considered by Fortissimo's Board of Directors*.

Q. Do I have conversion rights?

A. If you are a holder of Public Shares, you have the right to vote against the merger proposal and demand that Fortissimo convert such shares into a pro rata portion of the trust account in which a substantial portion of the net proceeds of Fortissimo's IPO are held. We sometimes refer to these rights to vote against the merger and demand conversion of Public Shares into a pro rata portion of the trust account as conversion rights.

Q. How do I exercise my conversion rights?

A. If you wish to exercise your conversion rights, you must (i) vote against the merger proposal, (ii) demand that Fortissimo convert your shares into cash, (iii) continue to hold your shares through the closing of the merger and (iv) then deliver your certificate to our transfer agent within the period specified in a notice you will receive from Fortissimo within 10 days after the closing of the merger, which period will be not less than 20 days from the date of such notice. There are no costs to you associated with tendering your stock certificates. In lieu of delivering your stock certificate, you may deliver your shares to the transfer agent electronically using Depository Trust Company's DWAC (Deposit Withdrawal at Custodian) System.

Any action that does not include an affirmative vote against the merger will prevent you from exercising your conversion rights. Your vote on any proposal other than the merger proposal will have no impact on your right to seek conversion.

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You may exercise your conversion rights by voting in person against the merger proposal at the annual meeting and demanding that Fortissimo convert your shares into cash, checking the box on the proxy card or by submitting your request in writing to Marc S. Lesnick, Vice President of Fortissimo, at the address listed at the end of this section. If you (i) initially vote for the merger proposal but then wish to vote against it and exercise your conversion rights or (ii) initially vote against the merger proposal and wish to exercise your conversion rights but do not check the box on the proxy card providing for the exercise of your conversion rights or do not send a written request to Fortissimo to exercise your conversion rights, or (iii) initially vote against the merger proposal but later wish to vote for it, or (iv) otherwise wish to correct or change your proxy card, you may request Fortissimo to send you another proxy card on which you may indicate your intended vote and, if that vote is against the merger proposal, exercise your conversion rights by checking the box provided for such purpose on the proxy card. You may make such request by contacting Fortissimo at the phone number or address listed at the end of this section.

Any corrected or changed proxy card or written demand of conversion rights must be received by Fortissimo prior to the annual meeting. No demand for conversion will be honored unless the holder's stock certificate has been delivered (either physically or electronically) to the transfer agent within the period specified in the notice that will be provided by Fortissimo, as described above.

If, notwithstanding your negative vote, the merger is completed, then, if you have also properly exercised your conversion rights, you will be entitled to receive a pro rata portion of the trust account, inclusive of any interest thereon, calculated as of two business days prior to the date of the consummation of the merger. As of the record date, there was approximately \$ in trust, which would amount to approximately \$ per Public Share upon conversion. If you exercise your conversion rights, then you will be exchanging your shares of Fortissimo common stock for cash and will no longer own these shares. Please see *Annual Meeting of Fortissimo*

*Stockholders Conversion Rights* for the procedures to be followed if you wish to convert your shares into cash.

Exercise of your conversion rights does not result in either the conversion or a loss of any Fortissimo warrants that you may hold. Your warrants will continue to be outstanding and exercisable following a conversion of your common stock unless we do not consummate the merger. A registration statement must be in effect to allow you to exercise any warrants you may hold or to allow Fortissimo to call the warrants for redemption if the redemption conditions are satisfied.

Q. Do I have appraisal rights if I object to the proposed merger?

A. No. Fortissimo stockholders do not have appraisal rights in connection with the merger under the Delaware General Corporation Law.

Q. What happens to the funds deposited in the trust account after consummation of the merger?

A. After consummation of the merger, Fortissimo stockholders who properly exercise their conversion rights will receive their pro rata portion of the funds in the trust account promptly responding to the notice that will be sent by Fortissimo after the annual meeting. The balance of the funds in the trust account will be released to Fortissimo and used by Fortissimo to pay the merger consideration to Psyop's shareholders and the expenses Fortissimo incurred in pursuing its business combination, including costs associated with the merger, including professional and printing fees, with any remaining balance to be available for working capital and other corporate purposes.

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Q. What happens if the merger is not consummated?

A. If Fortissimo does not complete a merger by October 11, 2008, it will be dissolved pursuant to the Delaware General Corporation Law. In connection with such dissolution, the expected procedures of which are set forth in the section entitled *Other Information Related to Fortissimo Liquidation if No Business Combination*, Fortissimo will liquidate and distribute to the holders of the Public Shares, in proportion to their ownership of Public Shares, an aggregate sum equal to the amount in the trust account, inclusive of any interest earned thereon, less claims requiring payment from the trust account by creditors who have not waived their rights, if any, against the trust account, plus its remaining assets. Holders of Fortissimo common stock issued prior to the IPO, including all of Fortissimo's officers and directors, have waived any right to any liquidation distribution with respect to those shares.

Q. When do you expect the merger to be completed?

A. It is currently anticipated that the merger of Merger Sub into Psyop and the purchase of the Blacklist membership interests will be consummated promptly following the Fortissimo annual meeting on \_\_\_\_\_, 2008 and that the merger of Psyop into Fortissimo will take place within 10 days thereafter. For a description of the conditions for the completion of the merger, please see *The Merger Agreement Conditions to the Closing of the Merger*.

Q. What do I need to do now?

A. Fortissimo urges you to read carefully and consider the information contained in this proxy statement, including the annexes, and to consider how the merger will affect you as a stockholder of Fortissimo. You should then vote as soon as possible in accordance with the instructions provided in this proxy statement and on the enclosed proxy card.

Q. How do I vote?

A. If you are a holder of record of Fortissimo common stock, you may vote in person at the annual meeting or by submitting a proxy for the annual meeting.

You may submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope. If you hold your shares in street name, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares or, if you wish to attend the meeting and vote in person, obtain a proxy from your broker, bank or nominee.

Q. If my shares are held in street name, will my broker, bank or nominee automatically vote my shares for me?

A. No. Your broker, bank or nominee cannot vote your shares unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee.

Q. May I change my vote after I have mailed my signed proxy card?

A. Yes. Send a later-dated, signed proxy card to Fortissimo's Vice President at the address set forth below prior to the date of the annual meeting or attend the annual meeting in person and vote. You also may revoke your proxy by sending a notice of revocation to Fortissimo's Vice President, whose address is listed below. Such notice must be received by Fortissimo's Vice President prior to the annual meeting.

Q. What should I do with my stock certificates?

A. Fortissimo stockholders who do not elect to have their shares converted into the pro rata share of the trust account should not submit their stock certificates now or after the merger, because their shares will not be converted or exchanged in the merger. Fortissimo stockholders who vote against the merger and exercise their conversion rights must deliver their certificates to Fortissimo's transfer agent (either physically or electronically) after the meeting within the period specified in a notice that you will receive from Fortissimo, as described above.

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Q. What should I do if I receive more than one set of voting materials?

A. You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive in order to cast a vote with respect to all of your Fortissimo shares.

Q. Who can help answer my questions?

A. If you have questions about the merger or if you need additional copies of the proxy statement or the enclosed proxy card you should contact Morrow & Co., LLC, our proxy solicitor, at 800-607-0088 or Marc S. Lesnick, Vice President of Fortissimo Acquisition Corp., at (011) 972-3-915-7400. You may also obtain additional information about Fortissimo from documents filed with the Securities and Exchange Commission (SEC) by following the instructions in the section entitled *Where You Can Find More Information*. If you intend to vote against the merger and seek conversion of your shares, you will need to deliver your stock certificate (either physically or electronically) to our transfer agent at the address below after the meeting and within the period specified in the notice you will receive from Fortissimo, as



described above. If you have questions regarding the certification of your position or delivery of your stock certificate, please contact:  
 American Stock Transfer & Trust Company  
 59 Maiden Lane  
 New York, NY 10038  
 Telephone: (718) 921-8201

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## SELECTED HISTORICAL FINANCIAL INFORMATION

The following financial information is provided to assist you in your analysis of the financial aspects of the merger.

Fortissimo's historical information is derived from its audited financial statements as of December 31, 2007 and December 31, 2006 and for the fiscal years then ended and for the cumulative period from December 27, 2005 (inception) to December 31, 2007. Psyop's historical information is derived from (i) its audited financial statements as of December 31, 2007, December 31, 2006 and December 31, 2005 and for the fiscal years then ended and (ii) its unaudited financial statements as of December 31, 2004 and December 31, 2003 and for the fiscal years then ended.

The information is only a summary and should be read in conjunction with each of Psyop's and Fortissimo's historical consolidated financial statements and related notes and *Management's Discussion and Analysis of Financial Condition and Results of Operations* Fortissimo and *Management's Discussion and Analysis of Financial Condition and Results of Operation* Psyop contained elsewhere herein. The historical results included below and elsewhere in this document are not indicative of the future performance of Psyop or Fortissimo.

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## Selected Historical Financial Information of Fortissimo

### Statement of Income Data:

	Three Months Ended March 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006	For the Period from December 27, 2005 (Inception) to December 31, 2005
Revenues	\$	\$	\$	\$
General and administrative expenses	297,974	820,326	89,973	3,000
Operating loss	(297,974 )	(820,326)	(89,973 )	(3,000 )
Financial income, net	144,424	840,884	223,775	
Net income (loss)	\$ (153,550 )	\$ 65,032	\$ 89,329	\$ (3,000 )
Net income (loss) per share, basic and diluted	\$ (0.03 )	\$ 0.01	\$ 0.04	\$ (0.00 )

**Balance Sheet Data:**

	March 31, 2008	December 31, 2007	2006	2005
Total assets (including US Government securities deposited in Trust Fund)	\$27,950,611	\$27,794,977	\$27,290,542	\$ 94,500
Total liabilities	1,294,114	984,930	545,527	72,500
Common stock, subject to possible conversion	5,248,907	5,248,907	5,248,907	
Stockholders equity	21,407,590	21,561,140	21,496,108	22,000
Total liabilities and stockholders equity	\$27,950,611	\$27,794,977	\$27,290,542	\$ 94,500

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TABLE OF CONTENTS**Selected Historical Financial Information of Psyop**

\*

Unaudited

Represents net income (loss) before deductions for interest, income taxes, depreciation and amortization. Psyop believes that EBITDA is useful measure to stockholders of comparative operating performance, as it is less susceptible to variances in net income resulting from depreciation and amortization and more reflective of changes in our revenue and cost drivers and other factors that affect operating performance. We also present EBITDA (1) because we believe it is useful to stockholders as a way to evaluate our ability to incur and service debt, make capital expenditures and meet working capital requirements. EBITDA is not intended as a measure of our operating performance, as an alternative to net income (loss) or as an alternative to any other performance measure in conformity with U.S. generally accepted accounting principles or as an alternative to cash flow provided by operating activities as a measure of liquidity. The following is a reconciliation of net income to EBITDA:

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The following table provides the calculation of EBITDA and a reconciliation of EBITDA to cash flow from operating activities:

\*

Unaudited

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TABLE OF CONTENTS**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed consolidated balance sheet is derived from and combines the historical balance sheets of Fortissimo and Psyop as of March 31, 2008, giving effect to the transactions described in the merger agreement, which are being accounted for as a reverse merger (Psyop will be the accounting acquiror), as if they had occurred on the last day of the period.

The following unaudited pro forma condensed consolidated statement of operations is derived from and combines (i) the historical unaudited statements of operations of Fortissimo and Psyop for the three months ended March 31, 2008 and (ii) the historical audited statements of operations of Fortissimo and Psyop for the fiscal year ended December 31, 2007, giving effect to the transactions described in the merger agreement with purchase accounting applied to the acquired Psyop assets as if they had occurred on January 1, 2007.

The historical financial information has been adjusted to give pro forma effect to events that are directly attributable to the transaction, are factually supportable and, in the case of the pro forma income statements, have a recurring impact.

The acquisition will be accounted for under the purchase method of accounting, as a reverse merger in which Psyop is the accounting acquiror (a capital transaction in substance). In accordance with paragraph 17 of Statement of Financial Accounting Standards ( SFAS ) No. 141, Business Combinations, Fortissimo believes that Psyop is the acquiror for accounting purposes, for the following reasons: (i) Psyop will control the management of Fortissimo, (ii) Psyop will control the board of directors of Fortissimo and (iii) Psyop shareholders are the largest group of shareholders and are likely to vote together although there is no formal voting agreement among them. The assets and liabilities of Fortissimo will be recorded at their historical cost, which is considered to be the equivalent of fair value, with no goodwill recorded and no increment in combined stockholders equity.

The unaudited pro forma condensed consolidated balance sheet at March 31, 2008 and unaudited pro forma condensed consolidated statement of operations for the three months ended March 31, 2008 and for the fiscal year ended December 31, 2007 have been prepared using two different levels of approval of the transaction by the Fortissimo stockholders, as follows:

Assuming No Conversions: This presentation assumes that none of the holders of Public Shares exercise their conversion rights; and

Assuming Maximum Conversions: This presentation assumes that 19.99% of the holders of Public Shares exercise their conversion rights.

Fortissimo is providing this information to aid you in your analysis of the financial aspects of the transaction. The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of the financial position or results of operations that may have actually occurred had the transaction taken place on the dates noted, or the future financial position or operating results of the combined company.

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**Unaudited Pro Forma Condensed Consolidated  
Balance Sheets as of March 31, 2008**

Psyop	Fortissimo	Pro Forma Adjustments (Assuming No Conversion)	Pro Forma (Assuming No Conversion)	Pro Forma Adjustments (Assuming Maximum Conversion)	Pro Forma (Assuming Maximum Conversion)
-------	------------	---	---	---	--

					Conversion)	
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$256,646	\$8,179	\$27,755,811	(a)	\$27,755,811	(a)
			(400,000)(c1)	)	(400,000)(c1)	)
			(300,000)(c2)	)	(300,000)(c2)	)
			(4,140,079)(d)		(4,140,079)(d)	
			(352,350)(g)		(352,350)(g)	
					(5,248,907)(f1)	)
					(299,483)(f2)	)
			(2,531,123)(h)	20,297,084	(2,531,123)(h)	\$14,748,694
Accounts receivable	1,479,498			1,479,498		1,479,498
Cash held in Trust		27,755,811	\$(27,755,811)(a)	0	\$(27,755,811)(a)	0
Income tax receivable		17,844		17,844		17,844
Cost and estimated earnings in excess of billings on uncompleted contracts	570,236			570,236		570,236
Prepaid expenses	425,133	3,641		428,774		428,774
Total current assets	2,731,513	27,785,475		22,793,436		17,245,046
Property and equipment, net	4,511,176			4,511,176		4,511,176
Deferred tax asset	52,000	165,136		217,136		217,136
Other assets	46,699			46,699		46,699
Total assets	\$7,341,388	\$27,950,611		\$27,568,447		\$22,020,057

*See the accompanying notes to the unaudited pro forma condensed consolidated financial statements, which are an integral part of these statements*

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## Unaudited Pro Forma Condensed Consolidated Balance Sheets as of March 31, 2008

	Psyop	Fortissimo	Pro Forma Adjustments (Assuming No Conversion)	Pro Forma (Assuming No Conversion)	Pro Forma Adjustments (Assuming Maximum Conversion)	Pro Forma (Assuming Maximum Conversion)
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>						

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Current liabilities						
Bank line of credit	\$1,300,000		\$(1,300,000)(h)	\$0	\$(1,300,000)(h)	\$0
Bank note payable, current portion	85,516		(85,516)(h)	0	(85,516)(h)	0
Capital lease obligations, current portion	480,065		(480,065)(h)	0	(480,065)(h)	0
Accounts payable and other current liabilities	3,064,352	\$642,281		3,706,633		3,706,633
Deferred trust interest income		299,483	(299,483)(f2 )	0	(299,483)(f2 )	0
Deferred underwriting fee		352,350	(352,350)(g)	0	(352,350)(g)	0
Billings on uncompleted contracts in excess of costs and estimated earnings	764,082			764,082		764,082
Total current liabilities	5,694,015	1,294,114		4,470,715		4,470,715
Long-term liabilities						
Capital lease obligations, less current portion	665,542		(665,542)(h)	0	(665,542)(h)	0
Total long-term liabilities	665,542	0		0		0
Common stock, subject to possible conversion		5,248,907	(5,248,907)(f1)	0	(5,248,907)(f1)	0
Stockholders' equity						
Common stock	12,600	587	(587)(b1 ) (12,600)(e1 ) 921 (e3 )	921	(587)(b1 ) (12,600)(e1 ) 830 (e3 )	830
Class B common stock	1,450		(1,450)(e2 )	0	(1,450)(e2 )	0
Capital in excess of par value (additional paid in capital)	257,950	21,409,192	587 (b1) (2,189)(b2 ) (400,000)(c1 ) (300,000)(c2 ) (4,140,079)(d) 12,600 (e1) 1,450 (e2) (921)(e3 ) 5,248,907 (f1) 299,483 (f2)		587 (b1) (2,189)(b2 ) (400,000)(c1 ) (300,000)(c2 ) (4,140,079)(d) 12,600 (e1) 1,450 (e2) (830)(e3 )	16,838,681
Loan receivable, stockholder	(8,048 )			(8,048 )		(8,048 )
Retained earnings	724,478	(2,189 )	\$2,189 (b2)	724,478	\$2,189 (b2)	724,478

Accumulated other comprehensive loss	(6,599 )		(6,599 )	(6,599 )
Total stockholders equity	981,831	21,407,590	23,097,732	17,549,342
Total liabilities and stockholders equity	\$7,341,388	\$27,950,611	\$27,568,447	\$22,020,057

*See the accompanying notes to the unaudited pro forma condensed consolidated financial statements, which are an integral part of these statements*

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## Unaudited Pro Forma Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2008

	Psyop	Fortissimo	Pro Forma Adjustments (Assuming No Conversion)	Pro Forma (Assuming No Conversion)	Pro Forma Adjustments (Assuming Maximum Conversion)	Pro Forma (Assuming Maximum Conversion)
Net sales	\$7,111,410	\$0		\$7,111,410		\$7,111,410
Cost of sales	5,662,008	0	\$84,517	(k) 5,746,525	\$84,517	(k) 5,746,525
Gross profit	1,449,402	0		1,364,885		1,364,885
Operating expenses:						
Selling, general and administrative	1,274,848	297,974	(163,486)(i1)		(163,486)(i1)	
			(201,158)(i2)	1,208,178	(201,158)(i2)	1,208,178
Operating income (loss)	174,554	(297,974)		156,707		156,707
Other income (expenses):						
Interest income (expenses), net	(24,697 )	144,424	26,117	(j1)	26,117	(j1)
	(24,697 )	144,424	(9,369)(j2 )	136,475	(17,914)(j2 )	127,930
				136,475		127,930
Income (loss) before income taxes	149,857	(153,550)		293,182		284,637
Income taxes (expense) benefit	(70,181 )		(37,898)(l)	(108,079 )	(33,981)(l)	(104,162 )
Net income (loss)	\$79,676	\$(153,550)		\$185,103		\$180,475
Earnings per Share basic				\$0.02		\$0.02
				\$0.02		\$0.02

Earnings per Share  
diluted*See the accompanying notes to the unaudited pro forma condensed consolidated financial statements, which are an integral part of these statements*

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TABLE OF CONTENTS**Unaudited Pro Forma Condensed Consolidated  
Statements of Operations  
for the Year Ended December 31, 2007**

	Psyop	Fortissimo	Pro Forma Adjustments (Assuming No Conversion)	Pro Forma (Assuming No Conversion)	Pro Forma Adjustments (Assuming Maximum Conversion)	Pro Forma (Assuming Maximum Conversion)
Net sales	\$25,229,589	\$0		\$25,229,589		\$25,229,589
Cost of sales	20,494,903	0	\$367,638 (k)	20,862,541	\$367,638 (k)	20,862,541
Gross profit	4,804,686	0		4,367,048		4,367,048
Operating expenses:						
Selling, general and administrative	3,837,627	820,326	(440,018)(i)		(440,018)(i)	
			(595,761)(i)	3,622,174	(595,761)(i)	3,622,176
Operating income (loss)	967,059	(820,326)		814,874		814,874
Other income (expenses):						
Interest income (expenses), net	(39,897 )	840,884	61,325 (j1)		61,325 (j1)	
	(39,897 )	840,884	(40,417)(j2 )	821,895	(130,717)(j2)	731,595
				821,895		731,595
Income before income taxes	927,162	20,558		1,636,770		1,546,469
Income taxes (expense) benefit	(395,197 )	44,474	(245,855)(l)	(596,578 )	(230,174)(l)	(580,897 )
Net income	\$531,965	\$65,032		\$1,040,192		\$965,572
Earnings per Share basic				\$0.11		\$0.12
Earnings per Share diluted				\$0.10		\$0.10

*See the accompanying notes to the unaudited pro forma condensed consolidated*

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# NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Additional Consideration & Contingent Consideration

In addition to the purchase price, Psyop shareholders will be entitled to receive (A) additional cash consideration upon the achievement of certain milestones, specifically achieving at least 90% of EBITDA and revenue targets for each of 2008 and 2009, in an aggregate amount of up to \$6.0 million and (B) additional shares and cash consideration upon the achievement of certain milestones, which include achieving EBITDA and revenue targets for each of 2008, 2009 and 2010, in an aggregate amount of up to \$13.75 million. Since this consideration is contingent, these pro forma financial statements do not include any adjustments to reflect the payment of such contingent consideration. This contingent consideration will be recorded as compensation ratably over the expected periods that the milestones will be achieved if Fortissimo determines it is probable the milestones will be achieved.

In addition, if a majority of the warrants issued in Fortissimo's initial public offering are exercised prior to their expiration, Psyop's shareholders will be entitled to receive additional payment of shares and cash. Such payments are not reflected in these pro forma financial statements. Should Psyop's shareholders receive these payments, they will be accounted for as dividends.

## 2. Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet and Pro Forma Condensed Consolidated Statements of Operations

- (a) Release of the funds currently held in trust by Fortissimo to operating cash account upon consummation of the merger.
  - (b) Eliminate the common stock (b1) and retained earnings (b2) of Fortissimo since Fortissimo is the accounting acquiree under the purchase method of accounting.
- (c) To reflect an estimated \$400,000 in transaction costs to be incurred by Psyop (c1) and \$300,000 to be incurred by Fortissimo (c2).
- (d) To reflect the cash portion of the merger consideration payable to the shareholders of Psyop upon consummation of the merger.
  - (e) To reflect the elimination of former common stock of Psyop (e1, e2) and the issuance of Fortissimo common stock (e3), in exchange for all outstanding shares of Psyop. For accounting purposes Psyop is the accounting acquiror and therefore all share capital of Fortissimo is to be eliminated. The adjustment includes eliminating the par value of the Fortissimo shares, including shares issued to Psyop shareholders.
- (f) Release of common stock subject to conversion (f1). Assuming no conversion, interest income earned on the funds held in trust would not have been deferred and is recorded as additional paid in capital (f2). Assuming maximum conversion, interest income earned on the funds held in trust would not have been earned.
- (g) To reflect the payment of the deferred underwriting fees, upon the consummation of the business combination.



(h) Repayment of all loans and capital leases.

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## NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. Adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet and Pro Forma Condensed Consolidated Statements of Operations (continued)

(i) Elimination of transaction related costs. Eliminated transaction related costs are comprised of the following:

Cost	For the Year Ended December 31, 2007		For the Three Months Ended March 31, 2008	
	Psyop	Fortissimo	Psyop	Fortissimo
Legal Fees	\$ 203,199	\$ 374,574	\$ 70,228	\$ 155,839
Accounting Fees	\$ 208,421	\$	\$ 60,819	\$ 33,595
Consulting	\$ 28,398	\$ 73,773	\$ 28,000	\$
Due Diligence Investigations	\$	\$ 83,328	\$	\$
Traveling Expenses	\$	\$ 64,086	\$ 4,439	\$
Other	\$	\$	\$	\$ 11,724
Total	\$ 440,018	\$ 595,761	\$ 163,486	\$ 201,158

These costs have been eliminated because the pro forma financial statements were prepared under the assumption that the transaction occurred at an earlier time, and therefore, these eliminated costs were incurred at an earlier reporting period and are not expected to have a continuing impact on operations.

- Adjustment of interest income elimination of Psyop's interest expenses (j1) and to reflect the interest income that would have been earned, had the consummation of the merger occurred at the beginning of reporting period (j2).
- (j) Upon the consummation of the merger, the cash held in trust would have been used to pay the cash portion of the purchase price to Psyop's shareholders, to pay transaction-related costs and to repay all of Psyop's credit facilities. To reflect the agreed upon increase in wages pursuant to the terms of the employment agreements, entered into with key employees, to become effective upon consummation of the merger. Pursuant to the terms of the
- (k) employment agreements with Psyop's key employees, most of the executive's salaries were raised to \$225,000 and these salary increases are reflected in the pro forma financials accordingly.
- To reflect the expected tax rates of the merged company. One of the acquired entities was previously an LLC whose tax treatment was different than that of the merged company, the merged company is not able to utilize Psyop's tax loss carry-forwards, and Fortissimo was not previously subject to New York State and New York City taxes. The surviving entity after the merger will be Fortissimo Acquisition Corp., which will conduct business in New York
- (l) City, New York State and will therefore be required to subject to the following taxes: (1) Federal taxation at the rate of 34%; (2) New York State taxation at the rate of 9.9875%; and (3) New York City tax, computed as 8.85% of the higher of (a) taxable income; and (b) 30% of managers compensation (net of \$40,000 statutory exemption). The adjustment is calculated to reflect these tax rates.

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# NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. Pro Forma Income Per Share

Pro forma income per share was calculated by dividing pro forma net income by the weighted average number of shares as follows, assuming Fortissimo's initial public offering occurred on January 1, 2007.

	Assuming No Exercise of Conversion Rights	Assuming Maximum Exercise of Conversion Rights
Fortissimo	5,868,334	4,961,788
Psyop	3,337,941	3,337,941
Pro forma weighted average shares basic	9,206,275	8,299,729
Incremental shares on exercise of warrants	1,165,737	948,661
Pro forma weighted average shares diluted	10,372,012	9,248,390

## 4. Other Information

Although not included in any of the foregoing pro forma financial information, management estimates that Fortissimo will incur incremental costs of approximately \$700,000 annually associated with Psyop's being a public company.

These costs include legal fees, accounting fees and costs associated with compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

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# RISK FACTORS

*You should carefully consider the following risk factors, together with all of the other information included in this proxy statement, before you decide whether to vote or instruct your vote to be cast to approve the merger proposal and the other proposals to be presented for consideration at the annual meeting. If any of these factors actually occur, the business, financial condition or results of operations of Fortissimo could be materially and adversely affected, the value of our common stock could decline and stockholders could lose all or part of their investment.*

## Risks Related to the Merger

**Our working capital will be reduced if Fortissimo stockholders exercise their right to convert their shares into cash.**

Pursuant to our second amended and restated certificate of incorporation, holders of Public Shares may vote against the merger proposal and demand that we convert their shares, calculated as of two business days prior to the consummation of the merger, into a pro rata share of the trust account where a substantial portion of the net proceeds of the IPO are held. We and Psyop will not consummate the merger if holders of 20% or more Public Shares exercise these conversion rights. To the extent the merger is consummated and holders of less than 20% of the Public Shares have demanded to so convert their shares, there will be a corresponding reduction in the amount of funds available to us.

**Our outstanding warrants may be exercised in the future, which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.**

Outstanding redeemable warrants to purchase an aggregate of 9,070,000 shares of common stock issued in the IPO and warrants to purchase an aggregate of 666,668 shares of common stock issued to one of the initial stockholders in a private placement concurrently with the IPO will become exercisable after the consummation of the merger. These will be exercised only if the \$5.00 per share exercise price is below the market price of our common stock. To the extent such warrants or options are exercised, additional shares of our common stock will be issued, which will result in dilution to our stockholders and increase the number of shares eligible for resale in the public market. In addition, Fortissimo sold to the underwriters in the IPO an option to purchase 400,000 units at \$7.50 per unit. The exercise of this option, and the exercise of the warrants included in the units issuable upon exercise of this option, would lead to further dilution and a potential increase in the number of shares eligible for resale in the public market. Sales of substantial numbers of any such shares in the public market could adversely affect the market price of such shares.

**We may choose to redeem our outstanding warrants at a time that is disadvantageous to our warrant holders.**

We may redeem the warrants issued as a part of our units at any time after the warrants become exercisable in whole and not in part, at a price of \$0.01 per warrant, upon a minimum of 30 days prior written notice of redemption, if and only if, the last sales price of our common stock equals or exceeds \$8.50 per share for any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption. Redemption of the warrants could force the warrant holders (1) to exercise the warrants and pay the exercise price therefor at a time when it may be disadvantageous for the holders to do so, (2) to sell the warrants at the then current market price when they might otherwise wish to hold the warrants or (3) to accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants.

**The issuance of shares of our common stock to Psyop shareholders upon the achievement of the maximum contingent milestones and the exercise or redemption of warrants issued in the IPO will result in dilution to our stockholders.**

If Psyop achieves the maximum revenue and EBITDA milestones in 2008, 2009 and 2010, and we redeem all outstanding warrants issued in the IPO prior to their expiration, we will be issuing up to approximately [\_\_\_\_\_] additional shares of our common stock (assuming that the issuance price is equal to the closing price of Fortissimo's common stock of \$[\_\_\_\_\_] on [\_\_\_\_\_] 2008), or approximately [\_\_]% of the total number of shares currently outstanding as of [\_\_\_\_\_] 2008, the record date. As a result, these issuances will be dilutive to our existing stockholders.

Our working capital will be reduced if Fortissimo stockholders exercise their right to convert their shares into cash.

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**If Fortissimo stockholders fail to vote or abstain from voting on the merger proposal, or fail to deliver their shares to our transfer agent, they may not exercise their conversion rights to convert their shares of common stock of Fortissimo into a pro rata portion of the trust account.**

Fortissimo stockholders holding Public Shares who affirmatively vote against the merger proposal may, at the same time, demand that we convert their shares into a pro rata portion of the trust account, inclusive of any interest thereon, calculated as of two business days prior to the consummation of the merger. Fortissimo stockholders who seek to exercise this conversion right must affirmatively vote against the merger and deliver their shares to our transfer agent after the annual meeting. Any Fortissimo stockholder who fails to vote, who abstains from voting on the merger proposal or who fails to deliver his shares may not exercise his conversion rights and will not receive a pro rata portion of the trust account for conversion of such stockholder's shares. Please see *Annual Meeting of Fortissimo Stockholders Conversion Rights* for the procedures to be followed if you wish to convert your shares to cash.

**Our ability to request indemnification from Psyop for damages arising out of the merger is limited to those claims where damages exceed \$250,000 in the aggregate.**

At the closing of the merger, 333,794 shares of our common stock and \$414,008 cash of the merger consideration we will pay to Psyop's shareholders will be deposited in escrow to provide a fund for payment to Fortissimo with respect to its post-closing rights to indemnification under the merger agreement for breaches of representations and warranties and covenants by Psyop. Claims for indemnification may only be asserted by Fortissimo once the damages exceed \$250,000 and, upon that amount being exceeded, are indemnifiable for the full amount of damages (from the first dollar). Except with respect to certain tax matters, recoveries are limited to the shares and cash placed in escrow.

Accordingly, Fortissimo will not be entitled to indemnification even if Psyop is found to have breached its representations and warranties and covenants contained in the merger agreement if such breach would only result in damages to Fortissimo of less than \$250,000.

**We may not be able satisfy our indemnification obligations.**

The merger agreement provides that we will indemnify Psyop and its shareholders against all damages sustained by them for breaches by us of our representations and warranties and covenants. No escrow will be provided to secure such indemnification obligations, which will be subject to the same provisions and the same claim period requirements as pertain to our right to be indemnified by Psyop and its shareholders (except that our representations relating to capitalization, employee benefit plans, taxes and environmental matters will not be subject to such threshold). However, we may not be able to fulfill our indemnification obligations, should any significant payment be required, we may not have sufficient funds and may not be able to obtain the funds to satisfy our potential indemnification obligations to Psyop and its shareholders.

**Our current directors and executive officers own shares of common stock and warrants that will be worthless if the merger is not approved. Such interests may have influenced their decision to approve the business combination with Psyop.**

Certain of our officers and directors and/or their affiliates beneficially own an aggregate of 1,233,334 shares of Fortissimo common stock that they purchased prior to our IPO. Additionally, one of our initial stockholders, of which all of the equity interests are owned by our directors, purchased 333,334 units containing 333,334 shares of our common stock and 666,668 warrants in a private placement that occurred simultaneously with our IPO. The holders of these securities are not entitled to receive any of the cash proceeds that may be distributed upon our liquidation with respect to the shares they acquired prior to our IPO or in the units. Therefore, if the merger is not approved and we are forced to liquidate, such shares held by such persons will be worthless, as will the warrants.

In addition, if Fortissimo liquidates prior to the consummation of a business combination, our directors will be personally liable under certain circumstances (for example, if a vendor does not waive any rights or claims to the trust account) to ensure that the proceeds in the trust account are not reduced by the claims of certain prospective target businesses and vendors or other entities that are owed money by us for services rendered or products sold to us. As of March 31, 2008, Fortissimo had accounts payable and accrued liabilities of approximately \$642,000, excluding deferred trust interest income and deferred underwriting

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compensation. It estimates that it will incur additional expenses of approximately \$300,000 that would be required to be paid if the merger is not consummated. Of such total of \$942,000, vendors and service providers to whom approximately \$300,000 is or would be owed have waived their rights to make claims for payment from amounts in the trust account. The directors would be obligated to indemnify Fortissimo for the balance of approximately \$642,000 that would be owed to vendors and service providers that have not given such waivers to the extent that they successfully claim against the trust account funds. None of the directors has any reason to believe that he will not be able to fulfill his indemnity obligations to Fortissimo.

These personal and financial interests of our directors and officers may have influenced their decision to approve our business combination with Psyop. In considering the recommendations of our board of directors to vote for the merger proposal and other proposals, you should consider these interests.

**Unless we complete the merger, our officers and directors will not receive reimbursement for any out-of-pocket expenses they incur if such expenses exceed the amount not in the trust account. Therefore, they may have a conflict of interest in determining whether the consummation of the merger is appropriate and in the public stockholders best interest.**

Our officers and directors will not receive reimbursement for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the amount not in the trust account unless the merger is consummated. To the extent such out-of-pocket expenses exceed the available proceeds not deposited in the trust account, such out-of-pocket expenses would not be reimbursed by us unless we consummate a business combination. Consequently, our officers and directors may have an incentive to approve and complete a business combination for reasons other than that it is in the best interest of our stockholders.

**The price of our common stock after the merger might be less than what you originally paid for your shares of common stock prior to the merger.**

The market price of Fortissimo's common stock may decline as a result of the merger if:

Our current directors and executive officers own shares of common stock and warrants that will be worthless if the m

the market for common shares of companies in our industry is volatile;

Fortissimo does not perform as expected;

there are mergers, consolidation and strategic alliances in the animated and mixed media advertising production industry;

market conditions in the animated and mixed media advertising production industry fluctuate;

Fortissimo does not achieve the perceived benefits of the merger as rapidly as, or to the extent anticipated by, financial or industry analysts;

the effect of the merger on Fortissimo's financial results is not consistent with the expectations of financial or industry analysts; or

there is a change in the general state of the capital markets.

**If we are forced to liquidate before a business combination and distribute the trust account, our public stockholders will receive less than \$6.00 per share and our warrants will expire worthless.**

If we are unable to complete a business combination by October 11, 2008 and are forced to liquidate our assets, the per-share liquidation distribution is likely to be less than \$6.00 because of the expenses of our initial public offering, our general and administrative expenses and the anticipated costs of seeking a business combination. Furthermore, there will be no distribution with respect to our outstanding warrants, which will expire worthless if we liquidate before the completion of a business combination.

**The exercise of our directors and officers' discretion in agreeing to changes or waivers in the terms of the business combination may result in a conflict of interest when determining whether such changes to the terms of the business combination or waivers of conditions are appropriate and in our stockholders' best interest.**

In the period leading up to the closing of the merger, events may occur that, pursuant to the merger agreement, would require Fortissimo to agree to amendments to the merger agreement, to consent to certain

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actions taken by Psyop or to waive rights that Fortissimo is entitled to under the merger agreement. Such events could arise because of changes in the course of Psyop's business, a request by Psyop to undertake actions that would otherwise be prohibited by the terms of the merger agreement or the occurrence of other events that would have a material adverse effect on Psyop's business and would entitle Fortissimo to terminate the merger agreement. In any of such circumstances, it would be discretionary on Fortissimo, acting through its board of directors, to grant its consent or waive its rights. The existence of the financial and personal interests of the directors described in the preceding risk factor may result in a conflict of interest on the part of one or more of the directors between what he may believe is best for Fortissimo and what he may believe is best for himself in determining whether or not to take the requested action.

**If we are unable to complete the merger with Psyop or another party and are forced to dissolve and liquidate, third parties may bring claims against us and, as a result, the proceeds held in trust could be reduced and the per-share liquidation price received by stockholders could be less than \$5.79 per share.**

The price of our common stock after the merger might be less than what you originally paid for your shares of common

**In addition, under certain circumstances, we may have to pay Psyop a termination payment which would also reduce the funds we would be able to return to our stockholders.**

If we are unable to complete the business combination with Psyop or another party by October 11, 2008 and are forced to dissolve and liquidate, third parties may bring claims against us. Although we have obtained waiver agreements from certain vendors and service providers we have engaged and owe money to, and the prospective target businesses we have negotiated with, whereby such parties have waived any right, title, interest or claim of any kind they may have in or to any monies held in the trust account, there is no guarantee that they or other vendors who did not execute such waivers will not seek recourse against the trust account notwithstanding such agreements. Furthermore, there is no guarantee that a court will uphold the validity of such agreements. Accordingly, the proceeds held in trust could be subject to claims which could take priority over those of our public stockholders. Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy or other claims deplete the trust account, we cannot assure you we will be able to return to our public stockholders at least \$6.00 per share.

If the merger agreement is terminated by Psyop prior to closing of the merger because of a breach by us, we will be required to pay Psyop \$2.0 million within one business day after such termination, as liquidated damages. If we are required to make such a payment, that would also reduce the funds we would be able to return to our stockholders upon liquidation.

**We may have insufficient time or funds to complete an alternate business combination if the merger proposal is not approved by our stockholders or the merger is otherwise not completed.**

We must liquidate and dissolve if we do not complete a business combination with a fair market value of at least 80% of our net assets held in trust by October 11, 2008. If the merger is not approved by our stockholders, we will not complete the merger and may not be able to consummate an alternate business combination within the required time frame, either due to insufficient time or insufficient operating funds.

**The pro forma financial statements are not an indicator of Fortissimo's financial condition or results of operations following the merger.**

The pro forma financial statements contained in this proxy statement are not an indicator of Fortissimo's financial condition or results of operations following the merger. The pro forma financial statements have been derived from the historical financial statements of Psyop and Fortissimo and many adjustments and assumptions have been made regarding Psyop after giving effect to the merger. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. As a result, the actual financial condition and results of operations of Fortissimo following the merger may not be consistent with, or evident from, these pro forma financial statements.

**Fortissimo does not have any operations and Psyop has never operated as a public company. Fulfilling Psyop's obligations as a public company after the merger will be expensive and time consuming.**

Psyop, as a private company, has not been required to prepare or file periodic and other reports with the SEC under applicable federal securities laws or to comply with the requirements of the federal securities laws applicable to public companies, to document and assess the effectiveness of its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Although Fortissimo has maintained disclosure controls and procedures and internal control over financial reporting as required under the federal securities laws with respect to its activities, Fortissimo has not been required to establish and maintain such disclosure controls and procedures and internal controls over financial reporting as will be required with respect to a public company with substantial operations. Under the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, we will be required to implement additional corporate governance practices and adhere to a variety of reporting requirements and accounting rules. Compliance with these obligations will require significant time and resources from our management and our finance and accounting staff and will significantly increase our legal, insurance and financial compliance costs. As a result of the increased costs associated with being a public company after the merger, our operating income as a percentage of revenue will likely be lower.

**We must comply with Section 404 of the Sarbanes-Oxley Act of 2002 in a relatively short timeframe, and we can be subject to sanctions (or investigations by the SEC or other regulatory authorities) to the extent we fail to comply with Section 404.**

Under current SEC regulations, Section 404 of the Sarbanes-Oxley Act of 2002 requires us to document and test the effectiveness of our internal controls over financial reporting in accordance with an established control framework and to report on our management's conclusion as to the effectiveness of these internal controls over financial reporting beginning with the fiscal year ending December 31, 2007. Also under current SEC regulations, we will also be required to have an independent registered public accounting firm test the internal controls over financial reporting and report on the effectiveness of such controls for the fiscal year ending December 31, 2009 and subsequent years, periods in which our operations will be essentially those of Psyop. Any delays or difficulty in satisfying these requirements could adversely affect future results of operations and our stock price.

We may incur significant costs to comply with these requirements. We may in the future discover areas of internal controls over financial reporting that need improvement, particularly with respect to any businesses acquired in the future. There can be no assurance that remedial measures will result in adequate internal controls over financial reporting in the future. Any failure to implement the required new or improved controls, or difficulties encountered in their implementation, could materially adversely affect our results of operations or could cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal controls over financial reporting, or if our auditors are unable to provide an unqualified report regarding the effectiveness of internal controls over financial reporting as required by Section 404, investors may lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our securities. In addition, failure to comply with Section 404 could potentially subject us to sanctions or investigation by the SEC or other regulatory authorities.

**We will dissolve and liquidate if we do not consummate a business combination and our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them.**



Our second amended and restated certificate of incorporation provides that we will continue in existence only until October 11, 2008. If we have not completed a business combination by such date and amended this provision in connection therewith, pursuant to the Delaware General Corporation Law ( DGCL ), our corporate existence will cease except for the purposes of winding up our affairs and liquidating. Under Sections 280 through 282 of the Delaware General Corporation Law, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. If the corporation complies with certain procedures set forth in Section 280 of the Delaware General Corporation Law intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating

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distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. However, it is our intention to make liquidating distributions to our stockholders as soon as reasonably possible after dissolution and, therefore, we do not intend to comply with those procedures. Because we will not be complying with those procedures, we are required, pursuant to Section 281 of the Delaware General Corporation Law, to adopt a plan that will provide for our payment, based on facts known to us at such time, of (i) all existing claims, (ii) all pending claims and (iii) all claims that may be potentially brought against us within the subsequent 10 years. Accordingly, we would be required to provide for any creditors known to us at that time or those that we believe could be potentially brought against us within the subsequent 10 years prior to distributing the funds held in the trust to stockholders. We cannot assure you that we will properly assess all claims that may be potentially brought against us. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them and any liability of our stockholders may extend well beyond the third anniversary of such date. Accordingly, we cannot assure you that third parties will not seek to recover from our stockholders amounts owed to them by us.

### **In certain circumstances, our board of directors may be viewed as having breached its fiduciary duties to our creditors, thereby exposing itself and our company to claims for punitive damages.**

If we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us that is not dismissed, any distributions received by stockholders in our dissolution might be viewed under applicable debtor/creditor and/or bankruptcy laws as either a preferential transfer or a fraudulent conveyance. As a result, a bankruptcy court could seek to recover all amounts received by our stockholders in our dissolution. Furthermore, because we intend to distribute the proceeds held in the trust account to our public stockholders as soon as possible after October 11, 2008, this may be viewed or interpreted as giving preference to our public stockholders over any potential creditors with respect to access to or distributions from our assets. Our board of directors may also be viewed as having breached its fiduciary duties to our creditors and/or may have acted in bad faith, and thereby exposing itself and our company to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors and/or complying with certain provisions of the DGCL with respect to our dissolution and liquidation. We cannot assure you that claims will not be brought against us for these reasons.

### **Fortissimo and Psyop expect to incur significant costs associated with the merger, whether or not the merger is completed, which will reduce the amount of cash otherwise available for other corporate purposes.**

We will dissolve and liquidate if we do not consummate a business combination and our stockholders may be held li

Fortissimo and Psyop expect to incur significant costs associated with the merger, whether or not the merger is completed. These costs will reduce the amount of cash otherwise available for other corporate purposes. There is no assurance that the actual costs may not exceed our estimates. Fortissimo and/or Psyop may incur additional material charges reflecting additional costs associated with the merger in fiscal quarters subsequent to the quarter in which the merger was consummated. There is no assurance that the significant costs associated with the merger will prove to be justified in light of the benefit ultimately realized.

## **Risks Related to Psyop s Business and Industry**

### **The animated and mixed media advertising production industry is highly competitive and Psyop may not be able to compete successfully.**

The animated and mixed media advertising production industry is highly competitive. There are many special effects and animation companies competing to provide special effects and animation products and services, certain of which are companies that have greater financial, creative and managerial resources than Psyop does. Psyop may not be able to compete successfully against either current or future competitors. Increased competition could result in reduced revenues, lower margins and/or loss of market share, any of which could significantly harm Psyop s business.

### **Psyop s operating results may fluctuate significantly over time.**

Psyop s operating results may fluctuate as a result of a number of factors, many of which are outside of Psyop s control. For these reasons, comparing Psyop s operating results on a period-to-period basis may not be

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meaningful, and you should not rely on Psyop s past results as an indication of Psyop s future performance. While Psyop s operating income improved from an operating loss in 2006 to operating income in 2007, there cannot be any assurance that this will continue. Furthermore, Psyop has incurred net losses in two of the last five fiscal years. Also, there has been great variation in operating results within each year, which management believes will be likely to continue.

Each of the risk factors described in this Risks Related to Psyop s Business and Industry section, and the following factors, may affect Psyop s operating results both from year-to-year and within periods of a given year:

Psyop s inability to anticipate or project future projects due to the shortness in nature and response to current client demand of Psyop s engagements and sell cycle (projects typically last eight to twelve weeks including selling time). This happens occasionally and Psyop expects it will continue to occur.

Psyop s ability to continue to attract clients for Psyop s services and products. Companies in all industries fall in and out of favor in their industries, particularly industries such as advertising that are somewhat trendy and faddish in behavior. While Psyop s standing in its field has continued to grow, there can be no assurance that this will continue as new trends or creative approaches come along.

The amount and timing of operating costs and capital expenditures related to the maintenance and expansion of Psyop s businesses, operations and infrastructure. Psyop expects that its capital expenditures and other expenses related to the growth of its business will increase in the next year over historical amounts because of the new offices it is building in Los Angeles and Europe and the research and development facility it will build in Israel.

Psyop s focus on long-term goals over short-term results. This philosophy is important to Psyop and it may be expected that short-term opportunities will be foregone if they conflict with plans for long-term growth.

General economic conditions and those economic conditions specific to Psyop's business lines. While Psyop's existence has not extended through a full business cycle, it may be expected that a general business downturn will have a negative affect on its business as advertising expenditures are likely to diminish.

Geopolitical events such as war, threat of war or terrorist actions. Psyop's business is not one that could be expected to benefit from such events. Its location in downtown New York City may increase its vulnerability.

**Psyop depends on key personnel and may not be able to operate and grow its business effectively if Psyop loses the services of any of its key personnel or is unable to attract qualified personnel in the future.**

Psyop is dependent upon the efforts of its key personnel and its ability to retain them and hire other qualified employees. In particular, Psyop is dependent upon the management and leadership of Justin Booth-Clibborn, Psyop's chief executive officer, as well as the creative abilities of its five founding members, Eben Mears, Todd Mueller, Marie Hyon, Kylie Matulick and Marco Spier. The loss of any of them or other key personnel could affect Psyop's ability to run its business effectively.

Competition for senior management personnel is intense and Psyop may not be able to retain its personnel even though Psyop has entered into employment agreements with certain of them. The loss of any key personnel requires the remaining key personnel to divert immediate and substantial attention to seeking a replacement. The loss of any such key personnel, particularly with little or no notice, could cause delays on certain projects and may also have an adverse impact on Psyop's relationship with certain clients. An inability to find a suitable replacement for any departing executive officer on a timely basis could adversely affect Psyop's ability to operate and grow its business.

Psyop's success depends to a significant extent on its ability to identify, attract, hire, train and retain qualified creative, technical and managerial personnel. Competition for the caliber of talent required to make Psyop's products and provide its services, particularly for creative and technical personnel, will continue to

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intensify as demand for Psyop products grows. Psyop may not be successful in identifying, attracting, hiring, training and retaining such qualified personnel in the future and its failure to do so could have an adverse effect on its business.

**Psyop may not be able to implement its strategies of successfully competing in the animated and mixed media advertising production business.**

Psyop's successful production, completion and distribution of special effects-driven and animated advertisements are subject to a number of risks and uncertainties, including:

the production and marketing of special effects-driven and animated advertisements is capital-intensive and Psyop's capacity to generate cash from its advertisements may be insufficient to meet its anticipated capital requirements; delays and increased expenditures due to creative problems, technical difficulties, talent availability, accidents, natural disasters or other events beyond the control of the Psyop;

the entrance of additional companies into the special effects-driven and animated advertising market, which may result in increased competition for special effects-driven and animated advertisements and for talented computer graphics animators and technical staff;

the cost of producing special effects-driven and animated advertisements have steadily increased and may increase in the future; and

Psyop's operating results may fluctuate significantly over time.

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revenue for special effects-driven and animated advertisements may diminish if markets conclude that the return on investment (ROI) is more significant in other outlets.

### **Psyop intends to undertake acquisitions to expand its business, which may pose risks to its business.**

A key component of Psyop's business strategy includes strengthening its competitive position through internal development and growth. However, Psyop intends to selectively pursue strategic acquisitions of companies in its industry and contiguous industries. To finance any acquisition, it may be necessary for Psyop to raise funds through public or private financings. Funds may not be available on terms that are favorable to Psyop. Psyop may not be able to consummate any acquisitions, or if any such acquisitions are consummated, Psyop may not be able to successfully integrate the operations and management of future acquired companies. If Psyop is unable to attract and consummate acquisitions, its growth could be adversely impacted. Furthermore, any acquisition that is consummated presents several financial and operational risks that could have adverse effects on Psyop's operating results. These risks include:

costs associated with integrating the acquired businesses;

potential liabilities of the acquired business;

possible adverse tax and accounting effects of the acquisition;

diversion of Psyop management's attention from the day-to-day operation of its business to the integration of the acquired businesses;

key employees of the acquired businesses leaving after the acquisition; and

the acquired businesses not performing at the level Psyop projected when it determined the purchase price.

As Psyop does not have any current plans with respect to any specific acquisition, it is presently unable to estimate the amounts of capital expenditures and other expenses it would incur in connection with its expansion through acquisitions, which would depend, in part, on the acquisition structures and capital that may be available through the acquired companies. Please see *Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Psyop's Liquidity and Capital Resources* for information regarding costs associated with the development of Psyop's offices in Los Angeles and Europe, and its research and development facility in Israel.

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### **Psyop depends on advanced technology and computer systems and Psyop cannot predict the effect that rapid technological change or alternative forms of entertainment may have on Psyop or its industry.**

The animated and mixed media advertising production industry continues to undergo significant changes, primarily due to technological developments. The rapid growth of technology and shifting consumer tastes prevent Psyop from being able to accurately predict the overall effect that technological growth or the availability of alternative forms of advertising may have on the potential revenue from and profitability of Psyop's services and products. Furthermore, because Psyop is required to provide advanced digital imagery products to continue to win business, Psyop must ensure that its production environment integrates the latest tools and techniques developed in the industry. This requires Psyop to develop these capabilities by purchasing third-party licenses, which can result in significant expenditures. In the event Psyop seeks to obtain third-party licenses, it cannot guarantee that they will be available or, once obtained, will continue to be available on commercially reasonable terms, or at all. Furthermore, any error or defect in Psyop's software, a failure of its hardware or a failure of its backup facilities may result in a delay in delivery of products and services that could result in significantly increased production costs and may affect Psyop's ability to complete the work in a timely fashion. Such delays could have an adverse effect on Psyop's brand name and its relationship with its clients, which, given Psyop's reliance on its core strategic client relationships, could result in a

Psyop may not be able to implement its strategies of successfully competing in the animated and mixed media advertising

decrease in Psyop's revenues and otherwise adversely affect its business and operating results.

### **Psyop's revenue may be adversely affected if Psyop fails to protect its intellectual property and proprietary information.**

Psyop generally enters into confidentiality agreements with its employees, freelancers and vendors, to control access to and distribution of its intellectual property and proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use Psyop's intellectual property and proprietary information without authorization. Policing unauthorized use of Psyop's products is difficult. While such occurrences have been rare to date, Psyop has had former employees and freelancers attempt to use ideas and characters developed by Psyop for projects that weren't completed and has had to resort to the threat of litigation to get cessation of such use. In addition, effective copyright and trade secret protection may be unavailable or limited in certain foreign countries. The steps Psyop takes may not prevent misappropriation of its intellectual property and proprietary information, and its confidentiality agreements may not be enforceable.

In addition, Psyop may be required to litigate in the future to enforce its intellectual property rights, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and diversion of resources and could have an adverse effect on Psyop's business and/or our operating results.

### **Others may assert intellectual property infringement claims against Psyop.**

Companies in the animated and mixed media advertising production industry are subject to the possibility of claims that their products, services or techniques misappropriate or infringe the intellectual property rights of third parties. Infringement or misappropriation claims (or claims for indemnification resulting from such claims) may be asserted or prosecuted against Psyop, and any such assertions or prosecutions may adversely affect Psyop's business and/or its operating results. Psyop has experienced one claim for infringement that resulted from misinformation provided by the client to the third-party claimant. Upon correction of the information that established the characters in question were not infringed by Psyop, the claim was withdrawn. Because of the competitive advantages that derive from identifiable characters, Psyop must carefully define its own characters, both to protect them from infringement and to avoid claims of others. Irrespective of the validity or the successful assertion of such claims, Psyop would incur significant costs and diversion of resources with respect to the defense thereof, which could have an adverse effect on Psyop's business and/or its operating results.

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### **If Psyop fails to develop or maintain an effective system of internal controls, Psyop may not be able to accurately report its financial results or prevent fraud.**

Effective internal controls are necessary for Psyop to provide reliable financial reports and effectively prevent fraud and to operate successfully as a public company. If Psyop cannot provide reliable financial reports or prevent fraud, Psyop's operating results could be misstated and Psyop's reputation may be harmed.

## **The inability to successfully manage the growth of Psyop's business may have an adverse effect on Psyop's operating results.**

Psyop expects to experience growth in the number of employees and the scope of its operations. If Psyop's management is unable to successfully manage expenses in a manner that allows Psyop to both improve operations and at the same time pursue potential market opportunities, the growth of its business could be adversely impacted, which may, in turn, negatively affect Psyop's operating results or financial condition.

## **Psyop's proposed new research and development facility in Israel may not be successful.**

Psyop intends to establish a research and development facility located in Israel so that it can produce proprietary tools that will increase efficiencies and provide a competitive advantage to Psyop. The success of such a research and development facility is subject to various contingencies, many of which are beyond Psyop's control. These contingencies include, among others, Psyop's ability to secure a suitable site on satisfactory terms, its ability to hire, train and retain qualified personnel, the availability of adequate capital resources, the successful integration of the research and development facility into existing operations, and local regulatory matters and customs.

## **Risks Relating to our Securities**

### **Our securities are quoted on the OTC Bulletin Board, which may limit the liquidity and price of our securities more than if our securities were quoted or listed on The NASDAQ Stock Market or a national exchange.**

Our securities are quoted on the OTC Bulletin Board, a Financial Industry Regulatory Authority-sponsored and operated inter-dealer automated quotation system for equity securities not included on The NASDAQ Stock Market. Quotation of our securities on the OTC Bulletin Board may limit the liquidity and price of our securities more than if our securities were quoted or listed on The NASDAQ Stock Market or a national exchange. Although we have applied to the NASDAQ Capital Market to list our securities for trading, there can be no assurance that our application will be accepted.

### **An effective registration statement may not be in place when an investor desires to exercise warrants, thus precluding such investor from being able to exercise his, her or its warrants and causing such warrants to be practically worthless.**

No warrant will be exercisable and we will not be obligated to issue shares of common stock unless, at the time a holder seeks to exercise such warrant, a prospectus relating to the common stock issuable upon exercise of the warrant is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of the warrant agreement, we have agreed to use our best efforts to meet these conditions and to maintain a current prospectus relating to the common stock issuable upon exercise of the warrants until the expiration of the warrants. However, we cannot assure you that we will be able to do so, and if we do not maintain a current prospectus related to the common stock issuable upon exercise of the warrants, holders will be unable to exercise their warrants and we will not be required to settle any such warrant exercise whether by net cash settlement or otherwise. If the prospectus relating to the common stock issuable upon the exercise of the warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside, the warrants may have no value, the market for the warrants

may be limited and the warrants may expire worthless.

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**The warrants included in the Insider Units may be exercisable at times when the warrants held by an investor may not be exercisable.**

An effective registration statement may not be in place when an investor desires to exercise his warrants, thus precluding such investor from being able to exercise his, her or its warrants. Even if the registration statement relating to the common stock issuable upon exercise of the warrants is not effective, the warrants underlying the Insider Units issued to FCF may be exercisable for unregistered shares of common stock. Accordingly, FCF may receive shares of common stock upon exercise of such warrants and such warrants will not expire worthless when public warrant holders would be unable to receive anything and their warrants would expire worthless.

**Fortissimo will issue shares of its capital stock to complete the merger with Psyop, which will dilute the equity interest of its stockholders.**

Without taking into account the approval of the amendment to our second amended and restated certificate of incorporation as discussed in the capitalization amendment proposal, the second amended and restated certificate of incorporation authorizes the issuance of up to 21,000,000 shares of common stock, par value \$.0001 per share, and 1,000,000 shares of preferred stock, par value \$.0001 per share. After the IPO, there were 4,194,998 authorized but unissued shares of our common stock available for issuance (after appropriate reservation for the issuance of shares upon full exercise of our outstanding warrants and exercise of the unit purchase option granted to our underwriters to purchase 400,000 units) and all of the 1,000,000 shares of preferred stock available for issuance. The issuance of additional shares of our common stock:

will significantly reduce the percentage of ownership of our current stockholders;  
is likely to be done at a price per share less than the quoted price per share at the time of the vote; and  
may adversely affect prevailing market prices for our common stock.

**Failure to complete the merger could negatively impact the market price of Fortissimo's common stock and may make it more difficult for Fortissimo to attract another merger candidate, resulting, ultimately, in the disbursement of the trust proceeds, causing investors to experience a loss on their investment.**

If the merger is not completed for any reason, Fortissimo may be subject to a number of material risks, including:

the market price of Fortissimo's common stock may decline to the extent that the current market price of its common stock reflects a market assumption that the merger will be consummated;  
costs related to the merger, such as legal accounting fees and costs of the fairness opinion, must be paid even if the merger is not completed; and  
charges will be made against earnings for transaction-related expenses, which could be higher than expected.  
Such decreased market price and added costs and charges of the failed merger, together with the history of failure in consummating a merger, may make it more difficult for Fortissimo to attract another target business, resulting, ultimately, in the disbursement of the trust proceeds, causing investors to experience a loss on their investment.

An effective registration statement may not be in place when an investor desires to exercise warrants, thus precludin

## **Activities taken by existing Fortissimo stockholders to increase the likelihood of approval of the merger proposal and other proposals could have a depressive effect on our stock.**

At any time prior to the annual meeting, during a period when they are not then aware of any material nonpublic information regarding Fortissimo or its securities, the Fortissimo Insider Stockholders, Psyop or Psyop's shareholders and/or their respective affiliates may purchase shares from institutional and other investors, or execute agreements to purchase such shares from them in the future, or Fortissimo, the Fortissimo Insider Stockholders, Psyop or Psyop's shareholders may enter into transactions with such persons and others to provide them with incentives to acquire shares of Fortissimo's common stock and vote the acquired shares

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in favor of the merger proposal. The purpose of such share purchases and other similar transactions, if entered into, would be to increase the likelihood of satisfaction of the requirements that the holders of a majority of the Public Shares cast a vote in favor of the merger proposal and that holders of fewer than 20% of the Public Shares vote against the merger proposal and demand conversion of their Public Shares into cash where it appears that such requirements would otherwise not be met. Entering into any such arrangements may have a depressive effect on our stock. For example, as a result of these arrangements, an investor or holder may have the ability to effectively purchase shares at a price lower than market and may therefore be more likely to sell the shares he owns, either prior to or immediately after the annual meeting. However, Fortissimo will not enter into any such arrangement that requires it to purchase Public Shares and no funds in the trust account will be used to make such purchases or to fund other such arrangements. See the section entitled *Security Ownership of Certain Beneficial Owners and Management*.

## **Risks if the Adjournment Proposal is not Approved**

**If the adjournment proposal is not approved, and an insufficient number of votes have been obtained to authorize the consummation of the merger, Fortissimo's board of directors will not have the ability to adjourn the annual meeting to a later date in order to solicit further votes, and, therefore, the merger will not be approved and Fortissimo will be required to liquidate.**

Fortissimo's board of directors is seeking approval to adjourn the annual meeting to a later date or dates if, at the annual meeting, based upon the tabulated votes, there are insufficient votes to approve the consummation of the merger. If the adjournment proposal is not approved, Fortissimo's board will not have the ability to adjourn the annual meeting to a later date and, therefore, will not have more time to solicit votes to approve the consummation of the merger. In such event, the merger would not be completed and, unless Fortissimo were able to consummate a business combination with another party no later than October 11, 2008, it would be required to liquidate.

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## FORWARD-LOOKING STATEMENTS

We believe that some of the information in this proxy statement constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. However, the safe-harbor provisions of that act do not apply to statements made in this proxy statement. You can identify these statements by forward-looking words such as may, expect, anticipate, contemplate, believe, estimate, intends, and continue or similar words. Please read statements that contain these words carefully because they:

discuss future expectations;  
contain projections of future results of operations or financial condition; or  
state other forward-looking information.

We believe it is important to communicate our expectations to our stockholders. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language discussed in this proxy statement provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us or Psyop in such forward-looking statements, including among other things:

the number and percentage of our stockholders voting against the merger proposal and seeking conversion;  
management of growth;  
general economic conditions;  
Psyop's business strategy and plans; and  
the result of future financing efforts.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement.

All forward-looking statements included herein attributable to any of Fortissimo, Psyop or any person acting on either party's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, Fortissimo and Psyop undertake no obligations to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

Before you grant your proxy or instruct how your vote should be cast or vote on the approval of the merger agreement, you should be aware that the occurrence of the events described in the *Risk Factors* section and elsewhere in this proxy statement could have a material adverse effect on Fortissimo and/or Psyop.

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## ANNUAL MEETING OF FORTISSIMO STOCKHOLDERS

We are furnishing this proxy statement to Fortissimo stockholders as part of the solicitation of proxies by our board of directors for use at the annual meeting of Fortissimo stockholders to be held on \_\_\_\_\_, 2008, and at any adjournment or postponement thereof. This proxy statement is first being furnished to our stockholders on or about \_\_\_\_\_, 2008 in connection with the vote on the merger proposal, the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal, the incentive compensation plan proposal, the director election proposal and the adjournment proposal. This document provides you with information you need to know to be able to vote or instruct your vote to be cast at the annual meeting.

## Date, Time and Place

The annual meeting of stockholders will be held on \_\_\_\_\_, 2008, at \_\_\_\_\_:00 a.m., eastern time, at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, Fortissimo's counsel, at 399 Park Avenue, 3<sup>rd</sup> Floor, New York, New York 10022.

## Purpose of the Fortissimo Annual Meeting

At the annual meeting, we are asking holders of Fortissimo common stock to approve the following proposals:

the merger proposal a proposal to approve and adopt the Agreement and Plan of Merger and Interests Purchase Agreement, dated as of January 15, 2008 and amended as of May 12, 2008 and August 1, 2008, among Fortissimo, Merger Sub, Psyop, Psyop Services, the shareholders of Psyop and Justin Booth-Clibborn, as representative of the shareholders of Psyop, \_\_\_\_\_), pursuant to which (i) Merger Sub will merge into Psyop, with Psyop being the surviving corporation, and within 10 days thereafter, Psyop will merge into Fortissimo, with Fortissimo being the surviving corporation and (ii) Fortissimo will purchase all of the outstanding membership interests of Psyop Services, which operates as a business unit of Psyop under the name Blacklist and whose members are the same persons who are the shareholders of Psyop;

the capitalization amendment proposal a proposal to approve an amendment to Fortissimo's second amended and restated certificate of incorporation to increase the number of authorized shares of our common stock from 21,000,000 to 50,000,000;

the charter amendment proposal a proposal to approve amendments to Fortissimo's second amended and restated certificate of incorporation to (i) change Fortissimo's name from Fortissimo Acquisition Corp. to Psyop, Inc., (ii) amend Article Sixth thereof to provide that Fortissimo's corporate existence shall be perpetual and (iii) amend Article Seventh thereof to remove the preamble and sections A through D, which will no longer be applicable to Fortissimo after the consummation of the merger, and to redesignate section E of Article Seventh as Article Seventh;

the written consent amendment proposal a proposal to approve an amendment to Fortissimo's second amended and restated certificate of incorporation to add Article Eleventh thereto to prohibit stockholders from acting by written consent;

the incentive compensation plan proposal a proposal to approve the adoption of the 2008 stock incentive plan (pursuant to which Fortissimo will reserve up to 865,390 shares of common stock for issuance pursuant to the stock incentive plan);

the director election proposal a proposal to elect seven directors to Fortissimo's board of directors, of whom two will serve until the annual meeting to be held in 2009, two will serve until the annual meeting to be held in 2010 and three will serve until the annual meeting to be held in 2011 and, in each case, until their successors are elected and qualified; and

the adjournment proposal a proposal to adjourn the annual meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies if, based upon the tabulated votes at the time of the annual meeting, Fortissimo is not authorized to consummate the merger.

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## Recommendation of Fortissimo Board of Directors

Our board of directors:

has unanimously determined that each of the merger proposal, the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal, the incentive compensation plan proposal, the director

election proposal and the adjournment proposal is fair to and in the best interests of us and our stockholders; has unanimously approved the merger proposal, the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal, the incentive compensation plan proposal, the director election proposal and the adjournment proposal;

unanimously recommends that our common stockholders vote FOR the merger proposal;  
unanimously recommends that our common stockholders vote FOR the capitalization amendment proposal;  
unanimously recommends that our common stockholders vote FOR the charter amendment proposal;  
unanimously recommends that our common stockholders vote FOR the written consent amendment proposal;  
unanimously recommends that our common stockholders vote FOR the incentive compensation plan proposal;  
unanimously recommends that our common stockholders vote FOR the persons nominated by our board of directors for election as directors; and  
unanimously recommends that our stockholders vote FOR an adjournment proposal if one is presented to the meeting.

## **Record Date; Who is Entitled to Vote**

Fortissimo's board of directors has fixed the close of business on \_\_\_\_\_, 2008 as the record date for the determination of stockholders entitled to notice of and to attend and vote at the annual meeting and any adjournment or postponement thereof. On this record date, there were \_\_\_\_\_ shares of common stock outstanding and entitled to vote at the annual meeting. Each share of common stock is entitled to one vote per share on each proposal on which such shares are entitled to vote at the annual meeting. Holders of warrants are not entitled to vote at the annual meeting.

Pursuant to agreements with us, the 1,333,334 shares of our common stock held by the Fortissimo Insider Stockholders will be voted on the merger proposal in accordance with the majority of the votes cast at the annual meeting on such proposal by the holders of the Public Shares. The vote of such shares will not affect the outcome of the vote on the proposal.

## **Quorum**

The presence, in person or by proxy, of a majority of all the issued and outstanding shares of common stock entitled to vote constitutes a quorum at the annual meeting.

## **Abstentions and Broker Non-Votes**

Proxies that are marked abstain and proxies relating to street name shares that are returned to us but marked by brokers as not voted will be treated as shares present for purposes of determining the presence of a quorum on all matters. The latter will not be treated as shares entitled to vote on the matter as to which authority to vote is withheld from the broker. If you do not give the broker voting instructions, under applicable self-regulatory organization rules, your broker may not vote your shares on the merger proposal, the capitalization amendment, the charter amendment proposal, the written consent amendment proposal and the incentive compensation plan proposal. Since a stockholder must affirmatively vote against the merger proposal to have conversion rights, individuals who fail to vote or who abstain from voting may not exercise their conversion rights. Beneficial holders of shares held in street name that are voted against the acquisition

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may exercise their conversion rights, provided that, within the period specified in a notice they will receive from Fortissimo within 10 days after the closing of the merger, which period will be not less than 20 days from the date of such notice, they either have their shares certificated and deliver the certificates to Fortissimo's transfer agent or

deliver their shares to the transfer agent electronically using Depository Trust Company's DWAC (Deposit Withdrawal at Custodian) System. Please see the information set forth in *Annual Meeting of Fortissimo Stockholders Conversion Rights*.

## Vote of Our Stockholders Required

The approval of the merger proposal will require the affirmative vote of the holders of a majority of the Public Shares voting on the proposal at the meeting. Abstentions and broker non-votes, while considered present for the purposes of establishing a quorum, will have no effect on the merger proposal. You cannot seek conversion unless you affirmatively vote against the merger proposal.

The capitalization amendment proposal, the charter amendment proposal and the written consent amendment proposal will require the affirmative vote of the holders of a majority of outstanding shares of Fortissimo common stock on the record date. Because each of these proposals to amend our charter requires the affirmative vote of a majority of the outstanding shares of common stock, abstentions and broker non-votes will have the same effect as a vote against these proposals.

The approval of the incentive compensation plan proposal and an adjournment proposal, if presented, will require the affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy and entitled to vote thereon at the meeting. Abstentions are deemed entitled to vote on such proposals. Therefore, they have the same effect as a vote against either proposal. Broker non-votes are not deemed entitled to vote on such proposals and, therefore, they will have no effect on the vote on such proposals.

Directors are elected by a plurality. Plurality means that the individuals who receive the largest number of votes cast FOR are elected as directors. Consequently, any shares not voted FOR a particular nominee (whether as a result of abstentions, a direction to withhold authority or a broker non-vote) will not be counted in the nominee's favor.

## Voting Your Shares

Each share of Fortissimo common stock that you own in your name entitles you to one vote for each proposal on which such shares are entitled to vote at the annual meeting. Your proxy card shows the number of shares of our common stock that you own.

There are two ways to vote your shares of Fortissimo common stock at the annual meeting:

*You can vote by signing and returning the enclosed proxy card.* If you vote by proxy card, your proxy, whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you sign and return the proxy card but do not give instructions on how to vote your shares, your shares will be voted as recommended by our board FOR the merger proposal, the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal, the incentive compensation plan proposal, the persons nominated by Fortissimo's board of directors for election as directors and, if necessary, an adjournment proposal. Votes received after a matter has been voted upon at the annual meeting will not be counted.

*You can attend the annual meeting and vote in person.* We will give you a ballot when you arrive. However, if your shares are held in the name of your broker, bank or another nominee, you must get a proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your shares.

## Revoking Your Proxy

If you give a proxy, you may revoke it at any time before it is exercised by doing any one of the following:

you may send another proxy card with a later date;

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you may notify Marc S. Lesnick, our vice president, in writing before the annual meeting that you have revoked your proxy; or

you may attend the annual meeting, revoke your proxy, and vote in person, as indicated above.

## Who Can Answer Your Questions About Voting Your Shares

If you have any questions about how to vote or direct a vote in respect of your shares of our common stock, you may call Morrow & Co., LLC, our proxy solicitor, at 800-607-0088, or Marc S. Lesnick, our vice president, at (011) 972-3-915-7400.

## No Additional Matters May Be Presented at the Annual Meeting

This annual meeting has been called only to consider the approval of the merger proposal, the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal, the incentive compensation plan proposal, the election of directors and the adjournment proposal. Under our by-laws, other than procedural matters incident to the conduct of the meeting, no other matters may be considered at the annual meeting if they are not included in the notice of the meeting, as no other matters have been proposed by stockholders in a timely manner to be presented at the meeting.

## Conversion Rights

Any of our stockholders holding Public Shares as of the record date who affirmatively vote their Public Shares against the merger proposal may also demand that we convert such shares into a pro rata portion of the trust account, inclusive of any interest thereon, calculated as of two business days prior to the consummation of the merger. If demand is properly made and the merger is consummated, we will convert these shares into a pro rata portion of funds deposited in the trust account, inclusive of any interest thereon, calculated as of such date. Fortissimo stockholders who seek to exercise this conversion right ( converting stockholders ) must affirmatively vote against the merger proposal.

Abstentions and broker non-votes do not satisfy this requirement.

Additionally, holders demanding conversion must continue to hold their Public Shares through the closing of the meeting and then deliver their stock certificates (either physically or electronically using Depository Trust Company's DWAC (Deposit Withdrawal at Custodian) System) to our transfer agent within the time period specified in a notice they will receive from Fortissimo within 10 days after the closing of the merger, which period will be not less than 20 days from the date of such notice. There are no costs to you associated with tendering your stock certificates. If you exercise your conversion rights, you will be exchanging your Public Shares for cash and will no longer own those shares.

If you hold the shares in street name, you will have to coordinate with your broker to have your shares certificated or delivered electronically. Certificates that have not been tendered (either physically or electronically) in accordance with these procedures will not be converted into cash.

The closing price of our common stock on      , 2008, the record date for the annual meeting, was \$ and the per-share, pro-rata cash held in the trust account on the record date was approximately \$      . Prior to exercising conversion rights, stockholders should verify the market price of our common stock as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights if the market price per share is higher than the conversion price. We cannot assure our stockholders that they will be able to sell their shares of Fortissimo common stock in the open market, even if the market price per share is higher than the conversion price stated above, as there may not be sufficient liquidity in our securities when our stockholders wish to sell their shares.

If the holders of 907,000 or more Public Shares (an amount equal to 20% or more of the Public Shares) vote against the merger proposal and properly demand conversion of their shares, we will not be able to consummate the merger. In such case, or in any other circumstances in which the merger is not completed, Public Shares held by holders who demand conversion will not be converted into cash. However, in such circumstances, Fortissimo will be forced to liquidate and the holders of Public Shares will receive an amount equal to the amount of funds in the trust account at the time of a liquidation distribution divided by the number of Public Shares. Although both the per share liquidation price and the per share conversion price are

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equal to the amount of trust funds in the trust account divided by the number of Public Shares, the amount a holder of Public Shares would receive in liquidation may be greater or less than the amount such a holder would have received had it sought conversion of his shares and Fortissimo consummates the acquisition because (i) there will be greater earned interest in the trust account at the time of a liquidation distribution since it would occur at a later date than a conversion and (ii) Fortissimo may incur expenses it otherwise would not incur if Fortissimo consummates the acquisition, including, potentially, claims requiring payment from the trust account by creditors who have not waived their rights against the trust account. Our directors (Yuval Cohen, Eli Blatt, Marc Lesnick, Shmoulik Barashi and Yochai Hacohen) will be personally liable under certain circumstances (for example, if a vendor successfully makes a claim against funds in the trust account) to ensure that the proceeds in the trust account are not reduced by the claims of prospective target businesses and vendors or other entities that are owed money by us for services rendered or products sold to us. While Fortissimo has no reason to believe that Messrs. Cohen, Blatt, Lesnick, Barashi and Hacohen will not be able to satisfy those obligations, there cannot be any assurance to that effect. Please see *Other Information Related to Fortissimo Liquidation If No Business Combination* for additional information.

## **Appraisal Rights**

Stockholders of Fortissimo do not have appraisal rights in connection the merger under the DGCL.

## **Proxies and Proxy Solicitation Costs**

We are soliciting proxies on behalf of our board of directors. This solicitation is being made by mail but also may be made by telephone or in person. We and our directors, officers and employees may also solicit proxies in person, by telephone or by other electronic means.

We have hired Morrow & Co., LLC to assist in the proxy solicitation process. We will pay Morrow & Co., LLC a fee of approximately \$12,500 plus disbursements. Such fee will be paid with funds outside of the trust account.

We will ask banks, brokers and other institutions, nominees and fiduciaries to forward its proxy materials to their principals and to obtain their authority to execute proxies and voting instructions. We will reimburse them for their

reasonable expenses.

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## THE MERGER PROPOSAL

The discussion in this document of the merger and the principal terms of the merger agreement by and among Fortissimo, Psyop and the shareholders of Psyop is subject to, and is qualified in its entirety by reference to, the merger agreement. A copy of the merger agreement, as amended and restated, is attached as Annex A to this proxy statement.

### Structure of the Merger

On January 15, 2008, Fortissimo entered into the merger agreement with Merger Sub, Psyop, Blacklist, Psyop's shareholders and Justin Booth-Clibborn, as representative of Psyop's shareholders, which was amended on May 12, 2008 and August 1, 2008. Pursuant to the merger agreement, as amended, Merger Sub will merge into Psyop, with Psyop being the surviving corporation and becoming a wholly owned subsidiary of Fortissimo. Within 10 days thereafter, Psyop will merge into Fortissimo, which will change its name to Psyop, Inc. The merger agreement also provides that Fortissimo will purchase all of the outstanding membership interests of Blacklist. As a result of such purchase, Blacklist will become a wholly owned subsidiary of Fortissimo. The combination of these events is referred to as the merger in this proxy statement.

The merger is expected to be consummated in the summer of 2008, after the required approval by the stockholders of Fortissimo and the fulfillment of certain other conditions, as described in this proxy statement.

### Merger Consideration

*Closing Merger Consideration.* At the closing, Fortissimo will pay Psyop's shareholders merger consideration (including payment for the Blacklist membership interests) of 3,337,941 shares of Fortissimo's common stock and \$4,140,079 in cash.

*Cash Bonus Consideration.* The Psyop shareholders will also receive \$3,000,000 in cash for each of the years 2008 and 2009 in which Psyop achieves at least 100% of specified EBITDA milestones for such year, as set forth in the table below. If Psyop achieves 90% or more but less than 100% of a specified EBITDA milestone for a year, then the Psyop shareholders will receive an amount equal to the product of \$3,000,000 and the actual EBITDA achieved for such year divided by the EBITDA milestone for such year.

If Psyop achieves more than 50% but less than 100% of the specified EBITDA milestone for 2008, and if Psyop achieves in excess of 100% of the specified EBITDA milestone for 2009, then the Psyop shareholders will receive a catch-up bonus payment for 2008, calculated as described below.

The catch-up pro rata percentage shall be equal to a fraction, the numerator of which is the dollar amount by which Psyop's 2009 actual EBITDA exceeds the specified EBITDA milestone for 2009 and the denominator of which shall be the dollar amount by which Psyop's 2008 actual EBITDA falls short of the specified EBITDA milestone for 2008, provided, however, that under no circumstances shall the catch-up pro rata percentage exceed 100%.

If Psyop achieves more than 50%, but less than 75%, of the specified EBITDA milestone for 2008, and if Psyop achieves in excess of 100% of the specified EBITDA milestone for 2009, then the Psyop shareholders will receive, following the determination of Psyop's 2009 year-end financial results, a cash bonus payment in an amount equal to

the product of (A) the catch-up pro rata percentage and (B) \$3,000,000, up to a maximum of \$2,250,000; and If Psyop achieves 75% or more, but less than 100%, of the specified EBITDA milestone for 2008, and if Psyop achieves in excess of 100% of the specified EBITDA milestone for 2009, then the Psyop shareholders will receive, following the determination of Psyop's 2009 year-end financial results, a cash bonus payment in an amount equal to the product of (A) the catch-up pro rata percentage and (B) \$3,000,000, up to a maximum of \$3,000,000;

*provided, however,* that under no circumstances will the aggregate amount of the 2008 EBITDA cash bonus consideration (aggregating both amounts paid following the determination of Psyop's 2008 year-end financial results and amounts paid following the determination of Psyop's 2009 year-end financial results) exceed \$3,000,000.

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*Contingent Consideration.* The Psyop shareholders will also be entitled to receive additional payments of shares of Fortissimo common stock and cash based on Psyop's achievement of specified revenue and EBITDA milestones in the years 2008, 2009 and 2010. Such payments are referred to in the merger agreement as contingent payments. Contingent payments will be payable two-thirds in shares Fortissimo common stock and one-third in cash, with the stock valued at the average of the closing prices of the Fortissimo common stock for the 30 trading days preceding the date that is two days prior to the closing date of the merger. Samuel Selinger, a shareholder of Psyop and party to the merger agreement who resigned as an officer and employee as of June 30, 2008, will be entitled to receive his proportionate share of the contingent consideration, except that he has relinquished his rights to receive any contingent consideration with respect to the 2010 revenue and EBITDA milestones. His share of such consideration, if earned, will be allocated among the other Psyop shareholders. Mr. Selinger remains a shareholder of Psyop and will be entitled to receive all other elements of merger consideration. The following table sets forth the milestones and the contingent payment to which the Psyop shareholders will be entitled if 100% of the milestones are achieved:

Year	Revenue Milestone	Revenue Earnout Payment (100% of Milestone)	EBITDA Milestone	EBITDA Earnout Payment (100% of Milestone)
2008	\$ 31,000,000	\$ 2,000,000	\$ 4,700,000	\$ 2,000,000
2009	\$ 48,000,000	\$ 2,000,000	\$ 7,000,000	\$ 2,000,000
2010	\$ 59,000,000	\$ 1,500,000	\$ 10,000,000	\$ 1,500,000
Totals		\$ 5,500,000		\$ 5,500,000

The Psyop shareholders will be entitled to contingent payments in 2008 if 90% of the revenue milestone is reached, in which event the contingent payment will be 90% of the amount set forth in the above table, or if 85% of the EBITDA milestone is achieved, in which event the contingent payment will be 85% of the amount set forth in the above table.

They will also be entitled to contingent payments in 2009 and 2010 if 85% of the respective revenue or EBITDA milestones are reached, in which event the respective contingent payments will be 85% of the amount set forth in the above table. The contingent payment they will be entitled to will increase proportionally up to 125% of the contingent payment amount set forth in the table if 125% of the milestone amount is achieved. The maximum contingent payment that the Psyop shareholders may receive with respect to any milestone is 125% of the contingent payment amount set forth in the above table; no greater contingent payment will be made even if the achievement is greater than 125% of the milestone. The foregoing contingent payments will be payable two-thirds in shares of Fortissimo common stock and one-third in cash, with the stock valued at the average of the closing prices of the Fortissimo common stock for the 30 trading days preceding the date that is two days prior to the closing date of the merger. The following table sets forth the minimum contingent payment (if the applicable minimum percentage of a milestone is achieved) and maximum contingent payment (if at least 125% of a milestone is achieved) that the Psyop shareholders may receive for each of the milestones:



Year	Minimum Revenue Payment (90% of Milestone for 2008 and 85% of Milestone for 2009 and 2010)	Maximum Revenue Payment (125% of Milestone)	Minimum EBITDA Payment (85% of Milestone)	Maximum EBITDA Payment (125% of Milestone)
2008	\$ 1,800,000	\$ 2,500,000	\$ 1,700,000	\$ 2,500,000
2009	\$ 1,700,000	\$ 2,500,000	\$ 1,700,000	\$ 2,500,000
2010	\$ 1,275,000	\$ 1,875,000	\$ 1,275,000	\$ 1,875,000
Totals	\$ 4,775,000	\$ 6,875,000	\$ 4,675,000	\$ 6,875,000

For purposes of these contingent payments, EBITDA is defined in the merger agreement to mean Psyop's earnings before interest, taxes, depreciation and amortization, except that in 2008, EBITDA shall be adjusted to exclude the following items from expenses: (i) up to an aggregate of \$750,000 in costs incurred by Psyop in connection with (A) the closing of the business combination and (B) those legal, accounting and other similar costs incurred by Psyop solely as a result of its operation as a public company; (ii) up to an aggregate

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of \$375,000 of general and administrative costs incurred in connection with the establishment of a new office in Los Angeles, CA; (iii) up to an aggregate of \$330,000 in costs associated with market research and investments in new business initiatives; and (iv) the Black-Scholes valuation of any stock-based awards granted during 2008 under the equity incentive plan that will be implemented, subject to stockholder approval, at the time of the consummation of the merger; and provided further that with respect to the calculation of Actual EBITDA for the Annual Contingent Consideration Periods ending December 31, 2009 and December 31, 2010, EBITDA shall be adjusted to exclude from expenses the Black-Scholes valuation of any stock-based awards granted during 2008, 2009 or 2010, as applicable, under the equity incentive plan that will be implemented, subject to stockholder approval, at the time of the consummation of the merger. Any contingent consideration or additional consideration payment made pursuant to the merger agreement will not be deducted from earnings for that year for the purpose of calculating the amount of the EBITDA earnout payment. Please see *The Merger Proposal - Restricted Stock Agreements*.

*Additional Consideration.* The Psyop shareholders will also receive a minimum additional payment of \$4,000,001 if at least a majority of the warrants issued in Fortissimo's IPO are exercised prior to their expiration, which will be increased proportionally to \$8,000,000 if all of the warrants are exercised. Such minimum and maximum payments will increase to \$5,000,001 and \$10,000,000, respectively, and intermediate payments will increase proportionally, if there is a call by Fortissimo to redeem its warrants. Such payments will be payable two-thirds in shares Fortissimo common stock and one-third in cash, with the stock valued at the closing price of the Fortissimo common stock on the date the warrants are redeemed or expire, as applicable.

In order to further align the interests of Psyop shareholders/management with the interest of the stockholders of Fortissimo, we provided Psyop shareholders/management with the bonus described above in the event that the warrants are exercised. Fortissimo may redeem the warrants in the event that the price of the Common Stock equals or exceeds \$8.50 per share. Upon achievement of that milestone, the shareholders of Psyop will receive as a bonus for their having succeeded in enhancing shareholder value, up to \$10 million of the approximately \$48 million that will be infused into Fortissimo upon exercise of the warrants. Such payments to Psyop shareholders, if any, will be paid on a pro rata basis.

The maximum total merger consideration, representing the sum of the closing consideration and the maximum contingent consideration, is equal to \$[\_\_\_\_\_] (assuming that the issuance price is equal to the closing price of Fortissimo's common stock of \$[\_\_\_\_\_] on [\_\_\_\_], 2008) and assuming that (i) with respect to the cash bonus consideration, Psyop achieves 100% of the specified EBITDA milestones as described above for each of 2008 and

2009, (ii) with respect to the contingent consideration, Psyop achieves 125% of the specified revenue and EBITDA milestones as described above for each of 2008, 2009 and 2010, and (iii) Fortissimo redeems all outstanding warrants as described above.

## Restricted Stock Agreements

The maximum number of shares of Fortissimo common stock that the Psyop shareholders would be entitled to receive upon achievement of the revenue and EBITDA milestones will be issued to them at the closing of the merger pursuant to the provisions of Restricted Stock Agreements and placed in escrow pursuant to the Escrow Agreement that will also provide for the escrow of shares to secure Fortissimo's rights to indemnification, as described below. The Restricted Stock Agreements will provide that, upon partial attainment of the revenue and EBITDA milestones, all of such shares above those to which the Psyop shareholders will be entitled to retain as a result of such partial achievement will be returned to Fortissimo and canceled. If a Psyop shareholder's employment with Fortissimo after the merger is terminated for cause or by the shareholder without good reason (as such terms are defined in the shareholder's employment agreement), milestone shares issued with respect to all periods ending on or after the date of termination will be reallocated among the other eligible Psyop shareholders. A copy of the form of Restricted Stock Agreement is annexed to this proxy statement as Annex E. We encourage you to read it in its entirety.

## Escrow Arrangements; Indemnification of Fortissimo

To provide a fund for payment to Fortissimo with respect to its post-closing rights to indemnification under the merger agreement for breaches of representations and warranties and covenants by Psyop and its subsidiaries and shareholders, there will be placed in escrow 333,794 of the shares and \$414,008 of the cash

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payable to the Psyop shareholders at closing ( Indemnity Escrow Fund ). Other than as described below, the escrow will be the sole remedy for Fortissimo for its rights to indemnification under the merger agreement. Claims for indemnification may be asserted against the Indemnity Escrow Fund by Fortissimo once its damages exceed a \$250,000 threshold and will be reimbursable to the full extent of the damages, except that claims made with respect to representations and warranties relating to capitalization, employee matters, environmental matters, taxes, and title to the Psyop shares will not be subject to such deductible. Indemnification claims may be made until one year after the closing date, or, in the case of certain representations of Psyop and its shareholders, until the expiration of the applicable statute of limitations. Notwithstanding such escrow, the stockholders shall be responsible to pay Fortissimo, from their own funds, for established indemnification claims resulting from specified breaches by Psyop related to taxation matters and made prior to the expiration of the sixtieth day after the respective statutes of limitations applicable to such matters. At the closing, the parties will enter into an Escrow Agreement, pursuant to which American Stock Transfer & Trust Company will act as escrow agent, to provide for such escrow arrangements. A copy of the form of Escrow Agreement is annexed to this proxy statement as Annex I. We encourage you to read it in its entirety.

## Indemnification of Psyop

The merger agreement also provides that Fortissimo will indemnify Psyop and its shareholders against all damages sustained by them for breaches by Fortissimo of its representations and warranties and covenants. No escrow will be provided to secure such indemnification obligations, which will be subject to the same threshold provisions and the same claim period requirements as pertain to Fortissimo's right to be indemnified by Psyop and its shareholders (except that Fortissimo's representations relating to capitalization, employee benefit plans, taxes and environmental

matters will not be subject to such threshold).

## Lock-Up; Trading Restrictions; Registration of Shares

Pursuant to the merger agreement, at the closing, each Psyop shareholder will enter into a Lock-up and Trading Restriction Agreement with Fortissimo that will provide that, except with Fortissimo's consent, which may be withheld for any reason, no shares of Fortissimo common stock received by him or her in the merger may be sold for a period of one year following the closing and that no more than one-third of such shares may be sold during the second year following the closing, after which any or all of such shares may be sold. The certificates representing such shares will be legended to such effect.

The Lock-up and Trading Restriction Agreement also provides that sales of the shares of Fortissimo common stock received by the Psyop shareholders in the merger, in the aggregate on any trading day, may not exceed 10% of the average daily trading volume over the 20 trading days before such day, and that sales, in the aggregate in any week, cannot exceed 30% of the average daily trading volume over the 20 trading days before such week, subject to oversight by a trading restriction administrator. These trading restrictions will remain in effect for the three years following the closing of the merger.

A copy of the Lock-up and Trading Restriction Agreement is attached to this proxy statement as Annex H. You are encouraged to read it in its entirety.

Within 11 months following the closing of the merger, Fortissimo will use its best efforts to file a registration statement under the Securities Act of 1933 to effect the registration of the shares of Fortissimo common stock issued in the transaction for public resale by the holders thereof. Notwithstanding such registration, the sale restriction and the trading restrictions shall remain in effect for the balance of their respective restriction periods.

## Employment Agreements

Each of the Psyop shareholders other than Samuel Selinger has entered into an employment agreement with Psyop to be effective upon the closing of the merger, after which Fortissimo will be responsible for Psyop's obligations. Please see *The Director Election Proposal Employment Agreements* for the information regarding these agreements, a form of which is attached to this proxy statement as Annex J. We encourage you to read it in its entirety.

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## Background of the Merger

The terms of the merger agreement are the result of arm's-length negotiations between Fortissimo and Psyop and their representatives. The following is a brief description of the background of these negotiations, the merger agreement and related transactions.

Fortissimo was formed on December 27, 2005 to effect a merger, capital stock exchange, asset acquisition or similar business combination with an operating business that has operations or facilities located in Israel, or that is a company operating outside Israel which management believes would benefit from establishing operations or facilities in Israel. On October 17, 2006, Fortissimo closed its initial public offering of 4,000,000 units with each unit consisting of one share of its common stock and two warrants, each to purchase one share of its common stock at an exercise price of \$5.00 per share. On October 25, 2006, it consummated the closing of an additional 535,000 units that were subject to

the over-allotment option. The units from the initial public offering (including the over-allotment option) were sold at an offering price of \$6.00 per unit, generating total gross proceeds of \$27,210,000. After deducting the underwriting discounts and commissions payable at the closing of the initial public offering and the offering expenses, the total net proceeds to Fortissimo from the offering (including the over-allotment option) were approximately \$26,633,686, of which \$26,257,650 was deposited into the trust account and the remaining proceeds plus the underwriter's deferred compensation, for a total of \$728,386 became available to be used to provide for business, legal and accounting due diligence on prospective business combinations and continuing general and administrative expenses. Concurrently with the closing of the initial public offering, Fortissimo also sold 333,334 similar units to one of its initial stockholders for total proceeds of \$2,000,004, all of which was also placed in the trust account. Through March 31, 2008, Fortissimo has used all of the net proceeds that were not deposited into the trust account to pay general and administrative expenses, and subsequent to March 31, 2008, Fortissimo received a loan from FCF in the amount of \$100,000 and a line of credit of up to \$300,000. Amounts in the trust account remain on deposit in the trust account earning interest. As of , 2008, there was approximately \$ held in the trust account. The underwriter deferred a portion of its compensation and agreed to receive \$352,350 upon the consummation of a business combination, which funds shall be paid from the cash held in the trust account upon the closing of the merger.

As disclosed in the prospectus for the IPO, at no time prior to the consummation of the IPO did Fortissimo, or any of its officers, directors, advisors, consultants or affiliates, contact, or engage in any discussions regarding a business combination with, any potential target on behalf of Fortissimo. Following the consummation of the IPO, Fortissimo's executive officers commenced an active search for a prospective acquisition candidate. Fortissimo conducted exploratory discussions with respect to effecting a business combination with approximately 60 potential targets. With respect to a number of these business combination opportunities, discussions included financial disclosures, reviews of potential transaction structures, estimates of transaction values and discussions of management objectives, business plans and projections. None of the discussions with the potential target companies, other than Psyop, resulted in a definitive agreement regarding a potential business combination. Some of these targets were located in Israel, while others were located in the United States and Eastern Europe. Fortissimo did not agree to substantive terms or enter into a term sheet or letter of intent for a business combination with any of these companies.

In evaluating each prospective acquisition candidate, Fortissimo's executive officers considered the following factors, in addition to others:

- the quality, experience and skill of management and the availability of additional personnel;
- the financial condition and results of operations of the target;
- the target's growth potential;
- the target's capital requirements;
- the competitive position of the target;
- the degree of current or potential market acceptance of the products, processes or services of the target;

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the proprietary features and degree of intellectual property or other protection of the products, processes or services of the target;

the costs and specific deal structure associated with effecting the business combination; and with respect to potential targets that were located outside of Israel, the advantage of establishing research and development facilities or other operations in Israel.

Fortissimo evaluated several prospective acquisition candidates. Fortissimo felt that many of these companies were not mature enough to function as a public company. Several of the prospective target companies sought valuations that Fortissimo felt were not justified. Fortissimo did not believe that other prospective target companies had excellent growth potential and/or did not have a good use of the proceeds of the transaction. When Fortissimo evaluated Psyop, it recognized the following characteristics:

a company that Fortissimo believes is a creative leader in its field, having created award winning commercials for Fortune 100 brands;

a company that can utilize additional cash to expand its business geographically;

a company that can use its equity to attract and retain top talent;

a company with the ability to acquire complementary businesses to enhance its growth;

a company that operates in an attractive market enables brands to direct message to target market in an entertaining and captivating manner; and

a company with the potential to expand from primarily television advertising market to cinema, internet, cell phone and other forms of digital content media.

Based on the aforementioned characteristics, Fortissimo believes that Psyop has tremendous potential to expand the scope of its activities and by merging with Fortissimo to be in a better position to significantly enhance its growth.

In April 2007, Mr. Yuval Cohen, the Chairman of Fortissimo, was approached by Allon Bloch, an individual with whom he had worked at Jerusalem Venture Partners ( JVP ), an Israeli based venture capital fund, from May 2000 to February 2002. Mr. Bloch left JVP in February 2007, and Mr. Cohen engaged Mr. Bloch in April 2007 as a consultant to Fortissimo to assist with sourcing and evaluating potential acquisition candidates. Mr. Bloch was engaged by Fortissimo prior to meeting with Samuel Selinger, who was then an executive at Psyop responsible for finance and operations, and discussing with him the opportunity of a business combination with Fortissimo. Mr. Bloch was unaware of the specifics of a SPAC and did not seek to identify any SPAC candidates prior to being engaged by Fortissimo. Mr. Bloch assisted Fortissimo with Fortissimo's evaluation of at least nine other special purpose acquisition company, or SPAC, candidates, including Psyop, and presented four other SPAC candidates for Fortissimo's review. Mr. Bloch was a childhood friend of Mr. Selinger. On a trip to the United States in April 2007, Mr. Bloch met with Mr. Selinger in order to learn about Psyop's activities and to evaluate whether or not it would be a suitable candidate for a proposed business combination with Fortissimo. Prior to April 2007, there was no communication between Mr. Bloch and Mr. Cohen or any other officer of Fortissimo with respect to Psyop, or any other potential acquisition candidate, nor was there any discussion between Mr. Bloch and Mr. Selinger regarding a potential business combination with Fortissimo or any other SPAC.

In May 2007, Yochai Hacoen, an officer of Fortissimo, was in New York on other business and met with Mr. Selinger at Psyop's headquarters. Marc Lesnick, another officer of Fortissimo, joined the meeting by phone from Israel. After that meeting, due diligence activities were initiated to better understand Psyop's activities, market, competition, operations and growth potential. Shortly after this meeting, Mr. Selinger traveled to Israel to meet with other members of Fortissimo's management team and to present more information about Psyop to the Fortissimo board of directors. During that trip to Israel, Mr. Selinger also met with two Israeli companies with which Psyop was considering entering into a strategic relationship.

After preliminary diligence was conducted and the executive officers of Fortissimo evaluated the opportunity, Mr. Bloch and Mr. Lesnick met with the senior executives and major shareholders of Psyop at Psyop's

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headquarters in New York on June 11, 2007. During those meetings, an initial discussion ensued regarding the proposed terms of a business combination. It was also understood by the parties at that time that it would be advantageous for Psyop to establish research and development facilities in Israel so that it could create proprietary tools that would increase efficiencies and provide a competitive advantage to the company. Prior to Fortissimo's meetings with Psyop, Psyop had considered developing its own proprietary tools, but no final decision was made. Psyop had in the past met with two companies in Israel that are in a similar field and considered acquiring tools from them, but decided that it would be better to develop such tools in-house rather than acquire an off the shelf product. During Fortissimo's discussions and due diligence evaluation of Psyop, Fortissimo realized that in Israel it could locate

the talent and expertise required to efficiently develop Psyop's required tools. After meeting with a software consultant and reviewing his evaluation, Psyop's management was convinced that it would be advantageous for them to open an R&D center in Israel to develop proprietary tools and management workflow software that can address their specific requirements.

In June 2007, there were several meetings of the board of directors of Fortissimo at which the Board evaluated the terms of business combinations with several targets and determined to pursue a transaction with Psyop. On June 20, 2007, the board approved the terms of a proposed business combination with Psyop. On June 21, 2007, a non-binding term sheet was signed by Fortissimo and Psyop. In the term sheet signed by the parties on June 21, 2007, the valuation of the Company was similar to the valuation in the Merger Agreement as ultimately executed by the parties, but the milestones and contingent payments upon the achievement of such milestones differed somewhat. Specifically, in the term sheet the revenue targets for 2009 and 2010 were \$45 million and \$63 million, respectively. In the Merger Agreement, the revenue targets for 2009 and 2010 are \$48 million and \$59 million, respectively. In addition, the EBITDA targets were changed from \$5.8 million, \$8.6 million and \$12 million, for the years 2008, 2009, and 2010, respectively, to \$4.7 million, \$7.0 million and \$10.0 million during the same periods, respectively. Those changes were made upon completion of our due diligence based upon what management of Psyop and Fortissimo believed would be realistic targets.

In addition, in the term sheet the contingent payments were structured differently, so that a payment of \$4.5 million would be made in 2008 and an additional \$1.5 million would be payable upon the achievement of milestones in 2008, 2009 and 2010. It was later agreed that rather than pay a majority of the contingent consideration in 2008, such payments should be more evenly distributed throughout the three year period and it was determined to pay \$4.0 million in each of 2008 and 2009 and \$3.0 million in 2010.

Fortissimo's Board evaluated comparable companies and other valuation measures, such as discounted cash flow, to arrive as what it believed was a fair valuation for Psyop.

Shortly thereafter, Rothstein, Kass & Company, P.C., was engaged by Psyop to audit its financial statements. The law firm of Wilmer Cutler Pickering Hale and Dorr LLP was engaged by Fortissimo to conduct legal due diligence and to prepare the definitive agreements. On July 11, 2007, Houlihan Smith was engaged to provide a fairness opinion regarding the proposed terms of the transaction.

During the period from July 2007 to January 2008, following the signing of the term sheet with Psyop, our attorneys prepared a draft of the merger agreement and drafts of the other transaction documentation. There were many meetings and discussions between executive officers of Fortissimo and Psyop regarding the transaction documentation, a number of which included their respective counsel, to negotiate further details of the proposed business combination and to evaluate the various growth opportunities for Psyop. Drafts were submitted to Psyop and its shareholders, their attorneys and representatives and were revised several times through the course of the negotiations, which took place in person and by email and teleconference. We held several teleconferences with our directors to update them on the progress of the negotiations. Fortissimo and its counsel also conducted extensive due diligence of Psyop during this period.

In September 2007, Eran Witkon, an independent consultant in Israel, was hired by Psyop to evaluate its information technology and to design a plan to develop tools and software technologies in a research and development facility to be located in Israel. Mr. Witkon is an experienced software designer and architect and has developed a blueprint of Psyop's information technology needs and his ability to develop them. Members of Fortissimo's management had met Mr. Witkon while he served as an R&D manager of Radview Software

Ltd. ( RadView ), a portfolio company of Fortissimo Capital Fund LP, a private equity fund managed by the managers of Fortissimo. Psyop engaged Mr. Witkon as a consultant after his employment at RadView was terminated.

On September 11, 2007, Fortissimo held a formal meeting of its board of directors to further discuss the proposed business combination with Psyop. Also participating via teleconference were Andrew Smith, Karl D Cunha, David Weiss and Brian Weber of Houlihan Smith. Prior to the meeting, copies of the most recent drafts of the significant transaction documents were delivered to the directors in connection with their consideration of the proposed business combination, including the merger agreement, the form of lock-up agreement and the form of employment agreement for senior executives. Representatives of Houlihan Smith made a presentation regarding the fairness of the consideration to be paid in the merger. Representatives of Houlihan Smith advised the board that it was the opinion of Houlihan Smith that the consideration to be paid in the merger was fair to Fortissimo shareholders from a financial point of view and that the fair market value of Psyop was at least 80% of Fortissimo's net assets at the time of the acquisition. Representatives of Houlihan Smith detailed for Fortissimo's board the analysis performed by Houlihan Smith and made a presentation concerning how Houlihan Smith arrived at its opinion. Representatives of Houlihan Smith discussed at length with Fortissimo's board the different analyses used to determine whether or not the merger consideration to be paid by Fortissimo was fair from a financial point of view to its stockholders, as well as to determine the fair market value of Psyop. After considerable review and discussion, the merger agreement and related documents were unanimously approved, subject to any final negotiations and modifications and the board recommended the approval of the merger agreement.

During the negotiations between the parties, management of Psyop wanted to increase the non-contingent portion of the purchase price of the Company from \$30.0 million to \$34.0 million, due to management's feeling that the performance of the Company warranted an increase in the proposed purchase price. In the board meeting on September 11, 2007, Fortissimo's board agreed to such an adjustment. Later, during further negotiations of the merger agreement, Psyop's management agreed to return to the original understanding and agreed to a valuation of \$29.4 million (which was calculated as \$30.0 million less \$600,000 that was reserved for the issuance of shares of common stock to the non-management employees of the Company). Psyop's management agreed to this reduction after understanding that investors would be seeking an attractive deal, irrespective of the positive performance of the Company, and further understanding that if Psyop achieved the Revenue and EBITDA targets, the shareholders of Psyop would receive the contingent consideration payments. The milestone targets and contingent consideration was finalized during this period as well.

The ultimate consideration paid to Psyop was determined based upon what Fortissimo's board of directors believed to be fair consideration after evaluating several valuation mechanisms, including comparable companies and discounted cash flow analysis. To ensure that the interests of Psyop shareholders and Fortissimo's stockholders are aligned, Fortissimo's board wanted a majority of the consideration to be payable in stock and was able to structure the transaction so that approximately 2/3 of the consideration is payable in equity. Based on the proposed cash needs of Psyop, the board determined that the existing nine shareholders of Psyop could receive up to an aggregate of approximately \$10 million in cash.

The revenue and EBITDA targets were derived from projections that were prepared together with Psyop. These projections take into account organic growth of the Psyop business that will be possible after the business combination, in particular due to the opening of new offices and increased staffing.

Psyop shareholders may be granted additional shares and cash payments upon the achievement of certain milestones. The amount of such bonus payments were derived based upon what the board felt was adequate consideration to compensate Psyop shareholders/management for their hard work and future success of Fortissimo.

An additional board meeting was held on December 20, 2007, at which time the board reviewed revised drafts of the transaction documents and an updated opinion from Houlihan Smith and unanimously approved the proposed merger, subject to any final negotiations and modifications.

Between December 20, 2007 and January 15, 2008, the parties finalized all of the remaining issues relating to the merger. The merger agreement was signed on January 15, 2008. On the same date, Fortissimo

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issued a press release and filed a Current Report of Form 8-K announcing the execution of the merger agreement and discussing the terms of the merger agreement.

During the period from April 8, 2008 to April 30, 2008, there were discussions between the executive officers of Fortissimo and Psyop regarding the re-negotiation of the terms of consideration to be paid in the merger in order to maintain the attractiveness of the merger and related transactions to Fortissimo's investors and stockholders. The primary factors that led the parties to renegotiate the terms were the current market conditions in general and the SPAC market in particular. Several SPAC deals have recently failed to receive shareholder approval and Fortissimo felt that it needed to improve the terms of the transaction in order to craft a more attractive deal for its investors. In addition, Psyop's EBITDA for 2007 was lower than anticipated due to its having undertaken some larger projects during the second half of 2007 for lower profit margins. The parties reached agreement on changes to the amount of consideration to be paid in the merger and other related issues. The total consideration remains \$30.0 million, although only \$24.0 million will be paid at closing and the remainder will be paid in 2008 and 2009 upon the achievement of 100% of the EBITDA targets for those years. Changes were also made to the minimum percentage thresholds for revenues and EBITDA for the achievement of the contingent consideration payments for 2008, 2009 and 2010. The amendment to the merger agreement was signed on May 12, 2008. On May 13, 2008, Fortissimo filed a Current Report on Form 8-K announcing the execution of the amendment to the merger agreement and discussing the terms of the amendment to the merger agreement.

## **Experience of Fortissimo's Board of Directors**

Our executive officers and members of our board of directors are very experienced in business and financial matters and we believe that they are capable of applying sophisticated judgment to financial projections and other financial information, as well as to management capabilities and other business factors. Biographical information about our directors, who have extensive experience in the media and advertising arena as well as finance, operations and investment experience, is included in *Directors and Executive Officers of Fortissimo Following the Merger*. Our executive officers and directors thus provide the extensive financial analysis, technical and due diligence investigation skills of the types necessary to evaluate Psyop's business and the industry in which it operates.

## **Factors Considered by Fortissimo's Board of Directors**

In the summer of 2007, Psyop provided Fortissimo with Psyop's internally prepared projections for each of the years in the four-year period ended December 31, 2010. The projections do not include costs associated with the merger transaction with Fortissimo and do not include or estimate any changes due to capital structure or the impact of the potential exercise of Fortissimo's warrants. The projections were not prepared with a view to public disclosure or in compliance with GAAP, the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The internal financial forecasts (upon which the projections were based in part) were, in general, prepared solely for internal use and capital budgeting and other management purposes, are subjective in many respects and therefore susceptible to varying interpretations and the need for periodic revision based on actual experience and business developments.

In compiling the projections, Psyop took into account historical performance as well as estimates regarding revenue,



gross profit, operating income and net income. The projections reflect numerous assumptions that Psyop's management believed were reasonable when made, including assumptions with respect to general business, economic, market, regulatory and financial conditions and various other factors, all of which are difficult to predict and many of which are beyond Psyop's control, such as the risks and uncertainties contained in the Risk Factors section of this proxy statement.

Fortissimo then took the projections prepared by Psyop management, which related solely to the existing operations of Psyop, and added to them potential financial results from newly-opened offices in Los Angeles and London.

The financial projections for revenue and costs are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond Psyop's control. While all projections are necessarily speculative, Fortissimo believes that the prospective financial information covering periods

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beyond twelve months from its date of preparation carries increasingly higher levels of uncertainty and should be read in that context. There will be differences between actual and projected results, and actual results may be materially greater or materially less than those contained in the projections. The inclusion of the projections in this proxy statement should not be regarded as an indication that Fortissimo, Psyop or their respective representatives considered or consider the projections to be a reliable prediction of future events, and reliance should not be placed on the projections.

The projections were disclosed to Fortissimo for use as a component in its overall evaluation of Psyop, and are included in this proxy statement on that account. Neither Psyop's management nor any of its representatives has made or makes any representation to any person regarding the ultimate performance of Psyop compared to the information contained in the projections, and none of them intends to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the projections are shown to be in error.

The projections were prepared by, and are the responsibility of, Psyop's management. Psyop's registered independent public accounting firm has neither examined nor compiled the projections and, accordingly, they do not express an opinion or any other form of assurance with respect thereto. The report of Psyop's registered independent public accounting firm included in this proxy statement relates to Psyop's historical financial information. It does not extend to the projections and should not be read as if it does so.

The projections do not include the impact of any employee stock options plans, any non-cash interest expenses due to the amortization of debt discounts, or any costs associated with the proposed merger with Fortissimo.

The key elements of the projections provided by Psyop, as modified by Fortissimo, are summarized below:

	Projected Years Ending December 31,			
Total	2007	2008	2009	2010
Revenue	\$ 26,658,945	\$ 37,817,127	\$ 60,025,928	\$ 72,024,789
Gross Profit	\$ 8,975,611	\$ 11,213,073	\$ 17,734,841	\$ 21,252,619
Ebitda	\$ 3,830,215	\$ 4,827,308	\$ 9,069,143	\$ 11,460,271

Our board of directors has concluded that it is advisable and in the best interests of Fortissimo's stockholders to acquire Psyop. On an overall basis, the following factors were critical to our decisions at our board of directors meetings held on September 11, 2007 and December 20, 2007 that were called to consider and act upon the approval of the merger

agreement and the transactions contemplated thereby:

Psyop has received many awards for its work from industry groups and much favorable commentary in trade publications. Based upon these awards and testimonials and its own due diligence investigations, Fortissimo believes that Psyop is a creative leader in its market. As the number of advertisements increase, brands are seeking to differentiate their message and make it more captivating and entertaining. The board anticipates that demand for Psyop's services will increase as the market for their offering grows. In addition, Psyop is able to expand its activities to other media which utilize digital content, such as internet, cinema and mobile phones.

Psyop has recently been awarded large contracts overseas and would benefit from expanding its operations geographically. The board also believes that as a public company it will be better able to retain and recruit top talent, especially since it operates in a fragmented market without any other direct competitors that are publicly traded.

The quality of management and premier clients. During the course of the negotiations and investigations by Fortissimo, our board met with key members of Psyop's management team and reviewed their prior employment histories. The senior management of Psyop has extensive experience and

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expertise in creating and producing 3D animation, visual effects and digital content for the advertising industry. In addition, they have strong relationship with leading advertising agencies and corporate brands on behalf of whom they have successfully created and produced projects and campaigns.

The effect on Fortissimo's stock price. Fortissimo's directors believe that attention to stock price is fundamental to governance of the company. Based on the factors discussed above, including Psyop's projected revenue and return on invested capital and a comparison of Psyop's financial metrics and purchase price for Psyop to the financial metrics and stock price of public companies deemed comparable at the time of the board meeting and Fortissimo management's confidence in Psyop's management's ability to achieve its projections, it concluded that, if the Psyop business plan continued to be executed in the manner presented by Psyop (which they believed at the time of the board meeting was reasonable to expect), Fortissimo's board believes that the value being received is favorable.

Some of the challenges that Psyop will face, and that were potential negative factors for Fortissimo's board, include retaining its employees and incurring significant additional costs as it expands. With respect to the first challenge, as a public company Fortissimo's board believes that by providing employees with stock options it will be able to better retain and recruit top talent. In addition, in the past Psyop has been able to retain its employees by providing them with challenging work on cutting edge projects. With respect to the increased costs, the board determined that growth generally costs money and it is prepared to increase capital expenditures in the short term in order to implement a solid long term sustainable growth plan.

The Fortissimo board of directors also considered the matters addressed in *Risk Factors*.

Fortissimo's board of directors also considered the overall consideration payable to Psyop shareholders/management, including all contingent and additional consideration and believes that if Psyop performs as anticipated and achieves the milestones set forth in the merger agreement, payment of the contingent and additional consideration are justified.

Based on the foregoing, our board of directors concluded that the merger agreement with Psyop is in the best interests of Fortissimo's stockholders. As discussed, it also obtained a fairness opinion that came to the same conclusion prior to approving the merger agreement. In light of the complexity of the various factors, the board did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific factors. It should also be noted that individual members of the Fortissimo board may have given different weight to different factors.

## Satisfaction of 80% Test

It is a requirement under Fortissimo's certificate of incorporation that any business acquired by Fortissimo have a fair market value equal to at least 80% of Fortissimo's net assets at the time of acquisition, including funds in the trust account. Based on the financial analysis of Houlihan Smith used to approve the transaction, the Fortissimo board of directors determined that this requirement was met. The factors reviewed by Fortissimo's board of directors in determining that the fair market value of Psyop's business exceeded 80% of Fortissimo's net assets included the following:

The application of certain financial analyses commonly used in the investing community, specifically discounted cash flow analysis, comparable company analysis and precedent transaction analysis.

Using a discounted cash flow analysis, the Fortissimo board of directors evaluated Psyop based on Psyop's historical and projected results.

Using comparable company analysis, the Fortissimo board of directors evaluated Psyop in light of its experience with market capitalizations and price/earnings trading multiples of comparable publicly-traded companies.

Using precedent merger and acquisition transaction analysis, the Fortissimo board of directors analyzed certain relevant transactions in the industry during the past several years.

Psyop's business progress to date, including recent bookings for new client engagements.

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Psyop's current competitive position, including the size of current and potential markets it is targeting, the creative strength of its products as compared to competitive products, the market acceptance achieved to date by Psyop compared to its competitors, and the barriers to further competitive entry established by the intellectual property and market positions held by Psyop relative to its competitors.

Fortissimo estimates that its net assets at the closing of the merger will be approximately \$26.0 million, after deduction of the costs of the merger and assuming that no Fortissimo stockholders vote against the merger and seek conversion of their Fortissimo shares into cash, of which 80% is \$20.8 million. On the basis of its review of the foregoing factors, the Fortissimo board of directors believed that it was reasonable to conclude that the acquisition of Psyop satisfies the 80% test, as all the analyses it used indicated a value of Psyop in excess of \$30 million. In support of its conclusion, the board of directors of Fortissimo also relied on the opinion of Houlihan Smith and the three independent methods used by Houlihan Smith in concluding that the value of Psyop meets the 80% requirement.

These included a discounted cash flow analysis, a comparable company analysis and a comparable transaction analysis, all of which are discussed in detail below under the section Fairness Opinion.

The Fortissimo board of directors believes that all of the valuation methods it used, and those used by Houlihan Smith, were reasonable and customary. Fortissimo stockholders are cautioned to consider the assumptions used the various valuation methodologies, including the financial projections for Psyop. See Risk Factors for a discussion of the risks and uncertainties involved in the various methodologies used to value Psyop.

## Interests of Fortissimo's Directors and Officers in the Merger

When you consider the recommendation of Fortissimo's board of directors in favor of approval of the merger proposal, you should keep in mind that Fortissimo's executive officers and members of Fortissimo's board have interests in the merger transaction that are different from, or in addition to, your interests as a stockholder. These interests include, among other things:

If the merger is not approved, Fortissimo will liquidate. In such event, the 1,333,334 shares of common stock held by

the Fortissimo Insider Stockholders, including Fortissimo's officers and directors and their affiliates and other persons, that were acquired prior to or concurrently with the IPO will be worthless because the Fortissimo Insider Stockholders are not entitled to receive any liquidation proceeds with respect to such shares. Such shares had an aggregate market value of \$ based on the last sale price of \$ on the OTC Bulletin Board on , 2008, the record date. The Fortissimo Insider Stockholders paid \$25,000 for 1,000,000 shares (the Original Shares ) and \$2,000,004 for the 333,334 units of Fortissimo securities (the Insider Units ) that include the 333,334 shares included in the Insider Units (the Insider Unit Shares ).

In addition, the 666,668 warrants included in the Insider Units will become worthless if the merger is not consummated. These warrants had an aggregate market value of \$ based upon the last sale price of \$ on the OTC Bulletin Board on , 2008, the record date.

If we are unable to complete a business combination and are forced to liquidate, our directors (Yuval Cohen, Eli Blatt, Marc Lesnick, Shmoulik Barashi and Yochai Hacoheh) will be jointly and severally liable under certain circumstances (for example, if a vendor does not waive any rights or claims to the trust account) to ensure that the proceeds in the trust account are not reduced by the claims of certain prospective target businesses and vendors or other entities that are owed money by us for services rendered or contracted for or products sold to us. However, we cannot assure you that they will be able to satisfy those obligations if they are required to do so.

## **Vote of Fortissimo Insider Stockholders**

As of , 2008, the Fortissimo Insider Stockholders beneficially owned and are entitled to vote the Original Shares, which were issued to them prior to Fortissimo's IPO. In addition, FCF owns the Insider Units that it acquired concurrently with the consummation of the IPO, each Insider Unit consisting of one share of common stock and two warrants, each entitling the holder to purchase one share of common stock. The total of the Original Shares and the Insider Unit Shares constitutes approximately 22.7% of the outstanding shares

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of our common stock. In connection with Fortissimo's IPO, the holders of Original Shares and the Insider Units entered into agreements with EarlyBirdCapital, Inc. ( EarlyBirdCapital ), the underwriter of the IPO, pursuant to which each Fortissimo Insider Stockholder agreed to vote his or its Original Shares and Insider Unit Shares on the merger proposal in accordance with the majority of the votes cast by the holders of Public Shares. The Fortissimo Insider Stockholders have also indicated that they intend to vote their Original Shares and Insider Unit Shares in favor of all other proposals being presented at the meeting. The Original Shares and the Insider Unit Shares have no liquidation rights and will be worthless if no business combination is effected by Fortissimo. In connection with the IPO, the Fortissimo Insider Stockholders entered into lock-up agreements with EarlyBirdCapital restricting the sale of their Original Shares until the earlier of October 11, 2009 or the consummation of a liquidation, merger, stock exchange or other similar transaction which results in all of Fortissimo's stockholders having the right to exchange their shares of common stock for cash, securities or other property subsequent to Fortissimo consummating a business combination.

FCF has also agreed not sell the Insider Units or the underlying securities until after Fortissimo has completed a business combination.

No Fortissimo Insider Stockholder has purchased any shares of Fortissimo common stock in the open market and, to the knowledge of Fortissimo's management, none of them has any present intention to do so.

At any time prior to the annual meeting, during a period when they are not then aware of any material nonpublic information regarding Fortissimo or its securities, the Fortissimo Insider Stockholders and/or their affiliates may enter into a written plan to purchase Fortissimo securities pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934, and may engage in other public market purchases, as well as private purchases, of securities at any time prior to the annual meeting of stockholders.

At any time prior to the annual meeting, during a period when they are not then aware of any material nonpublic information regarding Fortissimo or its securities, the Fortissimo Insider Stockholders, Psyop or Psyop's shareholders and/or their respective affiliates may purchase shares from institutional and other investors, or execute agreements to purchase such shares from them in the future, or Fortissimo, the Fortissimo Insider Stockholders, Psyop or Psyop's shareholders may enter into transactions with such persons and others to provide them with incentives to acquire shares of Fortissimo's common stock or vote their shares in favor of the merger proposal. The purpose of the share purchases described in this paragraph and the preceding paragraph and other similar transactions, if entered into, would be to increase the likelihood of satisfaction of the requirements that the holders of a majority of the Public Shares cast a vote in favor of the merger proposal and that holders of fewer than 20% of the Public Shares vote against the merger proposal and demand conversion of their Public Shares into cash where it appears that such requirements would otherwise not be met.

Certain of these transactions could be structured in a manner that would provide for settlement subsequent to the consummation of the merger using proceeds from the trust account or shares issued to the Psyop shareholders in the merger. While the exact nature of any such incentives has not been determined as of the date of this proxy statement, they might include, without limitation, arrangements to protect such investors or holders against potential loss in value of their shares, including the granting of put options, the transfer to such investors or holders of shares or warrants owned by the Fortissimo Insider Stockholders for nominal value and the grant to such investors and holders of rights to nominate directors of Fortissimo. However, Fortissimo will not enter into any such arrangement that requires it to purchase Public Shares and no funds in the trust account will be used to make such purchases or to fund other such arrangements.

Entering into any such arrangements may have a depressive effect on the price of Fortissimo's common stock. For example, as a result of these arrangements, an investor or holder may have the ability to effectively purchase shares at a price lower than market and may therefore be more likely to sell the shares he owns, either prior to or immediately after the special meeting.

If such transactions are effected, the consequence could be to cause the merger to be approved in circumstances where such approval could not otherwise be obtained. If the Fortissimo Insider Stockholders and/or their affiliates purchase any shares of Fortissimo common stock prior to the record date of the annual meeting, the Fortissimo Insider Stockholders and/or their affiliates will vote such acquired shares in favor of the approval of the merger proposal, which may be different than the vote of the majority of the non-insider

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stockholders. Purchases of shares by the persons described above would allow them to exert more influence over the approval of the merger proposal and other proposals and would likely increase the chances that such proposals would be approved. Moreover, any such purchases may make it less likely that the holders of 20% or more of the Public Shares will vote against the acquisition proposal and exercise their conversion shares.

As of the date of this proxy statement, there have been no such discussions and no agreements to such effect have been entered into with any such investor or holder. Fortissimo will file a Current Report on Form 8-K to disclose arrangements entered into or significant purchases made by any of the aforementioned persons that would affect the vote on the merger and charter amendment proposals or the conversion threshold. Any such report will include descriptions of any arrangements entered into or significant purchases by any of the aforementioned persons.

## Establishment of Earn-Out Targets

In July 2007, Fortissimo and Psyop prepared certain projections of Psyop's future performance based on several factors, including past performance, organic growth through hiring additional employees and opening additional offices, and the overall growth of the market and demand for Psyop's services. Based on these projections, Fortissimo established the milestones upon the achievement of which the Psyop shareholders would receive a performance bonus. Psyop's management believes that the earn-out targets are realistically achievable and upon attaining such revenue and EBITDA targets the value of the combined company will be increased and accordingly they will be awarded a stock and cash based bonus as more fully described in this Proxy Statement in the section entitled *The Merger Proposal - Merger Consideration*.

While these earn-out figures were prepared in good faith by Fortissimo's and Psyop's management, no assurance can be given regarding future events. Therefore, such financial projections cannot be considered a reliable predictor of future operating results, and this information should not be relied on as such. In light of the foregoing, and considering that the Fortissimo stockholder meeting will be held approximately six months after the date the earn-out figures were prepared, as well as the uncertainties inherent in any financial projections, stockholders are cautioned to keep these facts in mind and to understand that the information contained in this proxy statement in the section entitled *Forward-Looking Statements* apply particularly to these figures.

The estimates and assumptions underlying the earn-out targets involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and the ability of Fortissimo to achieve the projected incremental revenue and operational improvements after the merger. In any event, these estimates and assumptions may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties, all of which are difficult to predict and many of which are beyond the control of Fortissimo after the merger. Accordingly, there can be no assurance that the projected results would be realized or that actual results would not differ materially from those presented as earn-out targets. The inclusion of these figures should not be interpreted as an indication that Fortissimo (or Psyop) considers this information to be a reliable prediction of future results, and this information should not be relied on for that purpose.

## Fairness Opinion

Houlihan Smith delivered a presentation to our board of directors on September 11, 2007 and subsequently delivered its written opinion to our board of directors, which stated that, as of December 10, 2007, and based upon and subject to the assumptions made, matters considered, and limitations on its review as set forth in the opinion, (i) the purchase price is fair, from a financial point of view, to our stockholders, and (ii) the fair market value of Psyop is at least equal to 80% of Fortissimo's net assets at the time of the merger. The amount of the purchase price was determined pursuant to negotiations between us and Psyop and not pursuant to recommendations of Houlihan Smith. The full text of the written opinion of Houlihan Smith is attached as Annex F and is incorporated by reference into this proxy statement. Houlihan Smith delivered a bring down letter to Fortissimo on December 20, 2007, reaffirming as of December 20, 2007, all of the statements made in its written opinion. The bring down letter is attached as Annex G-1 and is incorporated by reference into this proxy statement.

As noted above, the non-contingent portion of the purchase price of Psyop was \$34.0 million at the time Houlihan Smith delivered their presentation to our board of directors and fairness opinion on September 11,

2007 and was subsequently reduced to \$29.4 million at the time Houlihan Smith delivered their presentation to our board of directors and bring-down fairness opinion on December 10, 2007. In addition, there were changes made between September 11, 2007 and December 10, 2007 to the revenue and EBITDA thresholds, as well as to the contingent consideration dollar amounts for 2008, 2009 and 2010. With the exception of these changes to the amount of the non-contingent portion of the purchase price and these changes to the contingent consideration payments, the other parameters of the transaction were identical on September 11, 2007 and on December 10, 2007 and thus did not affect Houlihan Smith's fairness opinion. The information contained in the presentation delivered by Houlihan Smith to our board of directors on September 11, 2007 was substantially the same as the information contained in the presentation delivered by Houlihan Smith to our board of directors on December 10, 2007, and also substantially similar to the information contained in Houlihan Smith's fairness opinion.

Houlihan Smith delivered a second bring-down letter to Fortissimo on April 25, 2008, reaffirming as of that date all of the statements made in its written opinion. The second bring-down letter is attached as Annex G-2 and is incorporated by reference into this proxy statement. As noted above, the non-contingent portion of the purchase price of Psyop was reduced following the initial filing of this proxy statement from \$29.4 million to \$23.4 million. In addition, an additional \$6.0 million was added to the contingent consideration and the minimum percentages required in order for the revenue and EBITDA contingent payments to be made were modified. With the exception of these changes and the elimination of the proposed year-end 2007 dividend payment to the Psyop shareholders, the other parameters of the transaction were identical on September 11, 2007 and on April 25, 2008 and thus did not affect Houlihan Smith's fairness opinion. The second bring-down letter took into account all of the final provisions reflected in the merger agreement as amended on May 12, 2008.

You are urged to read the Houlihan Smith opinion and bring-down letters carefully and in their entirety for a description of the assumptions made, matters considered, procedures followed and limitations on the review undertaken by Houlihan Smith in rendering its opinion. Houlihan Smith has consented to the incorporation by reference of its opinion and the bring-down letters in this proxy statement. The summary of the Houlihan Smith opinion and bring-down letters set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion and the bring-down letters. Houlihan Smith has no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of the rendering of the bring-down letter.

In accordance with its engagement agreements, Houlihan Smith's opinions are addressed solely to our board for its use in connection with its review and evaluation of the acquisition. It is, therefore, Houlihan Smith's view that its duties in connection with its fairness opinions extend solely to Fortissimo's board of directors and that it has no legal responsibilities in respect thereof to any other person or entity (including a Fortissimo stockholder) under the law of the State of Illinois, the laws which have been selected by Houlihan Smith and Fortissimo as governing the engagement letters. Houlihan Smith has consistently taken this view with respect to all of its fairness opinions, which Fortissimo believes is a generally accepted practice of issuers of such opinions. Fortissimo acceded to Houlihan Smith's position because it was made a condition to its engagement of Houlihan Smith. Houlihan Smith would likely assert the substance of this view and the disclaimer described above as a defense to claims and allegations, if any, that might hypothetically be brought or asserted against it by any persons or entities other than Fortissimo's board of directors with respect to the aforementioned opinion and the financial analyses thereunder. However, because no court has definitely ruled to date on the availability of this defense to a financial advisor who furnished to its client for its exclusive use of a fairness opinion, this issue necessarily would have to be judicially resolved on the merits in a final and non-appealable judgment of a court of competent jurisdiction. Furthermore, there can be no assurances that such a court would apply the laws of the State of Illinois to the analyses and ultimate resolution of this issue if it were to be properly briefed by the relevant litigants and presented to the court. In all cases, the hypothetical assertion or availability of such a defense would have absolutely no effect on Houlihan Smith's rights and responsibilities under U.S. federal securities laws, or the rights and responsibilities of Fortissimo's board of directors under applicable state law or under U.S. federal securities laws.

The Houlihan Smith opinion is for the use and benefit of our board of directors in connection with its consideration of the transaction and is not intended to be and does not constitute a recommendation to you as

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to how you should vote or proceed with respect to the transaction. Houlihan Smith was not requested to opine as to, and its opinion does not in any manner address, the relative merits of the transaction as compared to any alternative business strategy that might exist for us, our underlying business decision to proceed with or effect the transaction, and other alternatives to the transaction that might exist for us. Houlihan Smith does not express any opinion as to the future performance of us or Psyop or the price at which either our securities might trade at any time in the future. Fortissimo did not provide any specific instructions or limitations to Houlihan Smith regarding the fairness opinion.

In arriving at its opinion, Houlihan Smith took into account an assessment of general economic, market and financial conditions, as well as its experience in connection with similar transactions and securities valuations generally. In so doing, among other things, Houlihan Smith:

- reviewed the financial terms and conditions of the Merger Agreement;
- analyzed certain unaudited financial statements and historical business information relating to Psyop;
- reviewed publicly available financial information and other data with respect to Fortissimo, including the Annual Report on Form 10-KSB for the year ended December 31, 2006, the Quarterly Reports on Form 10-QSB for the three months ended March 31, 2007, the six months ended June 30, 2007, the nine months ended September 30, 2007, and the Form 8-K filed March 21, 2007;
- reviewed certain internal financial information and other data relating to the business and financial prospects of Psyop, including financial forecasts and estimates prepared by the management of Psyop;
- conducted an on-site visit and held discussions with the senior management of Psyop regarding, among other items, the historic and current situation of Psyop, the future prospects of Psyop, and a potential Employee Stock Ownership Plan;
- held discussions with the senior management of Fortissimo regarding, among other items, the process by which the Company conducted its search for a target acquisition, the number of targets contacted by the Company, the Company's decision to form a business combination with Psyop, and the management of the Company's outlook for the future prospects of Psyop;
- reviewed financial and operating information with respect to certain publicly-traded companies in the digital animation, graphic arts, advertising, and technology consulting industries, which we believe to be generally comparable to the business of the Company;
- reviewed the financial terms of certain recent business combinations in the digital animation, graphic arts, advertising, and technology consulting industries specifically and in other industries generally; and
- performed other financial studies, analyses and investigations, and considered such other information, as we deemed necessary or appropriate.

In arriving at its opinion, Houlihan Smith relied upon and assumed the accuracy and completeness of all of the financial and other information that was used without assuming any responsibility for any independent verification of any such information. Further, Houlihan Smith relied upon the assurances of both our management and Psyop management that they were not aware of any facts or circumstances that would make any such information inaccurate or misleading. With respect to the financial information and projections utilized, Houlihan Smith assumed that such information has been reasonably prepared on a basis reflecting the best currently available estimates and judgments, and that such information provides a reasonable basis upon which it could make an analysis and form an opinion. The projections were solely used in connection with the rendering of Houlihan Smith's fairness opinion. Investors should not place undue reliance upon such projections, as they are not necessarily an indication of what our revenues and profit margins will be in the future. The projections were prepared by Psyop management and are not to be interpreted as projections of future performance (or guidance) by our management. Houlihan Smith did not evaluate the solvency



or fair value of Psyop under any foreign, state or federal laws relating to bankruptcy, insolvency or similar matters. Houlihan Smith did not make a physical inspection of the properties and facilities of Psyop and did not make

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or obtain any evaluations or appraisals of Psyop's assets and liabilities (contingent or otherwise). In addition, Houlihan Smith did not attempt to confirm whether Psyop had good title to its assets.

Houlihan Smith assumed that the transaction will be consummated in a manner that complies in all respects with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable foreign, federal and state statutes, rules and regulations. Houlihan Smith assumed that the transaction will be consummated substantially in accordance with the terms set forth in the stock merger agreement, without any further amendments thereto, and that any amendments, revisions or waivers thereto will not be detrimental to our stockholders.

Houlihan Smith's analysis and opinion are necessarily based upon market, economic and other conditions, as they existed on, and could be evaluated as of, December 10, 2007. Accordingly, although subsequent developments may affect its opinion, Houlihan Smith has not assumed any obligation to update, review or reaffirm its opinion.

In connection with rendering its opinion, Houlihan Smith performed certain financial, comparative and other analyses as summarized below. Each of the analyses conducted by Houlihan Smith was carried out to provide a different perspective on the transaction, and to enhance the total mix of information available. Houlihan Smith did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion as to the fairness, from a financial point of view, of the purchase price to our stockholders. Further, the summary of Houlihan Smith's analyses described below is not a complete description of the analyses underlying Houlihan Smith's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Houlihan Smith made qualitative judgments as to the relevance of each analysis and factors that it considered. In addition, Houlihan Smith may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should not be taken to be Houlihan Smith's view of the value of Psyop's assets. The estimates contained in Houlihan Smith's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses or assets neither purports to be appraisals nor do they necessarily reflect the prices at which businesses or assets may actually be sold. Accordingly, Houlihan Smith's analyses and estimates are inherently subject to substantial uncertainty. Houlihan Smith believes that its analyses must be considered as a whole and that selecting portions of its analyses or the factors it considered, without considering all analyses and factors collectively, could create an incomplete and misleading view of the process underlying the analyses performed by Houlihan Smith in connection with the preparation of its opinion.

The analyses performed were prepared solely as part of Houlihan Smith's analysis of the fairness, from a financial point of view, of the purchase price to our stockholders, and were provided to our board of directors in connection with the delivery of Houlihan Smith's opinion. The opinion of Houlihan Smith was just one of the many factors taken into account by our board of directors in making its determination to approve the transaction, including those described elsewhere in this proxy statement.

As described in more detail below, Houlihan Smith conducted three different types of financial analyses commonly used in the investing community: a guideline public company analysis; a comparable transaction analysis; and a discounted cash flow analysis.

Houlihan Smith determined that the valuations derived from EBITDA and Revenue multiples of the guideline companies would provide the most meaningful indications of value. However, given Psyop's unique operating structure and target niche market, there was a lack of reasonable and justifiable similarity, and therefore Houlihan Smith placed less weight on this approach when performing its analysis. The range of enterprise values using the guideline public company analysis was \$41.0 million to \$54.7 million.

Houlihan Smith found seven comparable transactions within the graphic design, digital animation, marketing, and technology consulting industries that had limited comparability. However, given Psyop's unique

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operating structure and target niche market, there was a lack of reasonable and justifiable similarity, and therefore Houlihan Smith placed less weight on this approach when performing its analysis. The range of enterprise values using the comparable transaction analysis was \$33.3 million to \$39.9 million.

Houlihan Smith was provided with financial projections prepared by Psyop's management which it used in its discounted cash flow analysis. Houlihan Smith performed a discounted cash flow analysis and concluded a discounted cash flow method range of enterprise values of \$36.3 million to \$49.9 million.

Houlihan Smith analyzed the value of the merger consideration as part of its review of the transaction and its analysis of the fairness of the transaction. Specifically, Houlihan Smith did consider the payments made upon achievement of revenue and EBITDA milestones and the exercise or redemption of warrants. Houlihan Smith determined that the estimated value of the total merger consideration will be within the range of approximately \$30.0 million to \$53.8 million. Houlihan Smith concluded the merger consideration to be fair to the stockholders of Fortissimo from a financial point of view. Houlihan Smith based its conclusion on the fact that certain portions of the consideration are contingent upon the performance of Psyop. Houlihan Smith based the high end range of its fair value analysis on the assumption that the full contingent payment (including warrant consideration) is earned, while the low end range of its fair value analysis was based on the assumption that none of the contingent payments are earned.

## **Discounted Cash Flow Method**

A discounted cash flow analysis estimates value based upon a company's projected future free cash flow discounted at a rate reflecting risks inherent in its business and capital structure. Unlevered free cash flow represents the amount of cash generated and available for principal, interest and dividend payments after providing for ongoing business operations.

Houlihan Smith was provided with financial information by Psyop's management, which it used in its discounted cash flow analysis. Houlihan Smith used the financial information to determine the enterprise net cash flows of Psyop over the projected eight-year period. Houlihan Smith used the enterprise net cash flows to calculate a fair market enterprise value applying the discounted cash flow method.

# Psyop, Inc.

## Financial Projections

For purposes of Houlihan Smith's analyses, EBITDA means earnings before interest, taxes, depreciation and amortization, as adjusted for add-backs for owner's compensation, management fees and one-time charges.

### Guideline Public Company Method

The Guideline Public Company Method applies the trading multiples of publicly traded companies to the subject company to derive an indication of value. The analyst searches for guideline companies in industries similar to the subject company with operating structures and target customers as similar to the subject company as possible.

Houlihan Smith searched the universe of publicly traded companies on public exchanges and found ten companies that met its criteria for guideline companies. These companies are in industries similar to Psyop with operating structures and target customers as similar to those of Psyop as possible. The ten companies included in Houlihan Smith's guideline public company analysis were: Asatsu-DK Inc.; Color Chips

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Animation Ltd.; Colorland Animation Ltd.; CRA International Inc.; Crest Animation Studios Ltd.; DreamWorks Animation SKG Inc.; Fortress International Group, Inc.; Interpublic Group of Companies Inc.; Stantec Inc.; and Willdan Group, Inc. The median multiples used for the guideline public company method were 1.5X for enterprise value/revenue and 11.7X for enterprise value/EBITDA. Houlihan Smith used the latest twelve-month revenue and EBITDA for Psyop of \$22.2 million and \$3.8 million, respectively.

Houlihan Smith performed a size, growth, leverage, profitability, turnover ratio and liquidity ( SGLPTL ) analysis to compare the guideline companies to Psyop. The SGLPTL analysis is performed to test the comparability of the companies used in the guideline public company method. This was taken into account when determining the weighting of the market approach in Houlihan Smith's overall analysis. Houlihan Smith determined that Psyop was smaller in size, had more growth over the latest twelve-month period than, was similarly levered as, was more profitable in terms of EBITDA margin than, and was slightly more liquid than the median of the guideline companies.

### Comparable Transaction Method

The comparable transactions method is a market approach which analyzes transactions involving target companies operating in industries similar to Psyop. While it is known that no two companies are exactly alike, nor are any two transactions structured exactly the same, consideration is given to the similarity in capital structure, operations, size and profitability, as well as other operating characteristics of the target companies.

The comparable transactions used in this analysis are those involving acquisitions of Devon Group Inc. in 1998; Alloy, Inc. in 2000; Cunningham Graphics International, Inc. in 2000; Young & Rubicam, Inc. in 2000; AmeriCAM in 2004; Pixar in 2006; and Mainframe Entertainment, Inc. in 2006. Houlihan Smith selected these seven transactions within the graphic design, digital animation, marketing, and technology consulting industries. However, these

transactions had limited comparability to the Psyop transaction. Differences between Psyop and the companies were assessed on the basis of operations, capital structure, size and profitability, as well as other operating characteristics.

Given Psyop's unique operating structure and target niche market, there was a lack of reasonable and justifiable similarity, and therefore Houlihan Smith placed less weight on this approach when performing its analysis.

Houlihan Smith applied the median Enterprise Value to EBITDA and revenue multiples of the comparable transactions to Psyop's EBITDA and revenue over the latest twelve-month period ended June 30, 2007 to conclude an enterprise value based upon the comparable transactions method. The median multiples used for the comparable transactions method were 1.5X for enterprise value/revenue and 10.5X for enterprise value/EBITDA. Houlihan Smith used the latest twelve-month revenue and EBITDA for Psyop of \$22.2 million and \$3.8 million, respectively.

## 80% Test

Our initial business combination must be with a target business whose fair market value is at least equal to 80% of Fortissimo's net assets at the time of such acquisition. Houlihan Smith reviewed the balance in our trust account as of September 30, 2007 and compared that to Psyop's indicated range of enterprise value. Houlihan Smith noted that the fair market value of Psyop exceeds 80% of Fortissimo's net assets.

Based on the information and analyses set forth above, Houlihan Smith delivered its written opinion to our board of directors, which stated that, as of December 10, 2007, based upon and subject to the assumptions made, matters considered, and limitations on its review as set forth in the opinion, (i) the purchase price is fair, from a financial point of view, to our stockholders, and (ii) the fair market value of Psyop is at least equal to 80% of Fortissimo's net assets at the time of the merger.

## Engagement of Houlihan Smith

Houlihan Smith is an investment banking firm that, as part of its investment banking business, regularly is engaged in the evaluation of businesses and their securities in connection with mergers, acquisitions, corporate restructurings, private placements, and for other purposes. We determined to use the services of Houlihan Smith because it is a recognized investment banking firm that has substantial experience in similar matters. Houlihan Smith has received a fee in connection with the preparation and issuance of its opinion and will be reimbursed for its reasonable out-of-pocket expenses, including attorneys' fees. In addition, we have agreed to

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indemnify Houlihan Smith for certain liabilities that may arise out of the rendering of its opinion. Houlihan Smith does not beneficially own any interest in either us or Psyop and has not provided either company with any other services. Fortissimo paid \$50,000 to Houlihan Smith for their preparation of a fairness opinion and agreed to reimburse out-of-pocket expenses up to \$6,500.

## Recommendation of Fortissimo's Board of Directors

After careful consideration, Fortissimo's board of directors determined unanimously that the merger proposal, the capitalization amendment proposal, the charter amendment proposal, the written consent amendment proposal, the incentive compensation plan proposal, the director election proposal election and adjournment proposal are fair to and in the best interests of Fortissimo and its stockholders and unanimously recommends that you vote or give instructions to vote FOR the approval of each of such proposals.

The foregoing discussion of the information and factors considered by the Fortissimo board of directors is not meant to be exhaustive, but includes the material information and factors considered by the Fortissimo board of directors.

## Appraisal Rights

Fortissimo stockholders do not have appraisal rights in connection with the merger under the DGCL.

## Material United States Federal Income Tax Consequences of the Merger

The following section is a general summary of material United States federal income tax consequences of the merger to holders of Fortissimo common stock. This discussion addresses only those Fortissimo stockholders that hold their shares as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code), and does not address all the United States federal income tax consequences that may be relevant to particular holders in light of their individual circumstances or to holders that are subject to special rules, such as:

financial institutions;  
investors in pass-through entities;  
tax-exempt organizations;  
dealers in securities or currencies;

traders in securities that elect to use a mark to market method of accounting; and  
persons that hold Fortissimo common stock as part of a straddle, hedge, constructive sale or conversion transaction.

In addition, this summary applies only to U.S. holders of Fortissimo common stock. As used in this summary, the term U.S. holder includes (i) an individual who is a citizen of the United States or who is a resident of the United States for U.S. federal income tax purposes, (ii) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust if either (a) it is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person, and (iv) an estate that is subject to U.S. federal income tax on its income regardless of the source of such income.

This summary does not address the tax treatment of persons that hold Fortissimo common stock through a partnership or other pass-through entity. If a partnership or other pass-through entity holds Fortissimo common stock, the tax treatment of a partner in such partnership (or member in such pass-through entity) generally will depend on the status of the partner or member and the activities of the partnership or other pass-through entity. A partner in a partnership (or member in pass-through entity) holding Fortissimo common stock should consult its tax advisor regarding the tax consequences of the merger.

No ruling has been, or will be, sought from the Internal Revenue Service as to the tax consequences of the merger.

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#### General

The Merger will not be a taxable event for Fortissimo or the Fortissimo stockholders for United States federal income tax purposes. Thus, no gain or loss will be recognized in the merger by the U.S. holders of Fortissimo common stock if their conversion rights are not exercised.

A U.S. holder of Fortissimo common stock who exercises conversion rights and effects a termination of the stockholder's interest in Fortissimo (a converting holder) generally will be required to recognize gain or loss upon the exchange of that converting holder's shares of common stock of Fortissimo for cash. Such gain or loss will be measured by the difference between the amount of cash received and the tax basis of the converting holder's shares of Fortissimo common stock. This gain or loss will be capital gain or loss if such shares were held as a capital asset on the date of the merger and will be a long-term capital gain or loss if the holding period for the share of Fortissimo common stock is more than one year.

## **Backup Withholding; Information Reporting**

Under U.S. federal income tax laws, Fortissimo may be required to report to a converting holder and to the Internal Revenue Service any reportable payments made to such converting holder and backup withholding may apply to such payment unless such holder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with the applicable requirements of the backup withholding rules. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the holder's U.S. federal income tax liability, provided the required information is furnished.

**This discussion is intended to provide only a general summary of the material United States federal income tax consequences of the merger. It does not address tax consequences that may vary with, or are contingent on, your individual circumstances. In addition, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, you are strongly urged to consult with your own tax advisor to determine the particular United States federal, state, local or foreign income or other tax consequences to you of the merger.**

## **Anticipated Accounting Treatment**

The merger will be accounted for under the purchase method of accounting as a reverse acquisition in accordance with U.S. generally accepted accounting principles (a capital transaction in substance). Under this method of accounting, Fortissimo will be treated as the acquired company for financial reporting purposes. This determination was primarily based on Psyop comprising the ongoing operations of the combined entity and senior management of the combined company. In accordance with guidance applicable to these circumstances, the merger will be considered to be a capital transaction in substance. Accordingly, for accounting purposes, the merger will be treated as the equivalent of Psyop issuing stock for the net assets of Fortissimo, accompanied by a recapitalization. The net assets of Fortissimo will be stated at fair value, which is considered to approximate historical cost, with no goodwill or other intangible assets recorded. Operations prior to the merger will be those of Psyop.

## **Regulatory Matters**

The merger and the transactions contemplated by the merger agreement are not subject to any federal or state regulatory requirement or approval, including the Hart-Scott-Rodino Antitrust Improvement Act of 1976 (the "HSR Act"), except for filings with the States of New York and Delaware necessary to effectuate the transactions contemplated by the merger agreement. A Certificate of Merger will be filed with the Department of State of the State of New York as soon as practicable on or after the closing of the merger of Merger Sub into Psyop, and a Certificate of Merger will be filed with the Secretary of State of the State of Delaware and the Department of State of the State of New York as soon as practicable on or after the closing of the merger of Psyop into Fortissimo.

## Required Vote

The approval of the merger proposal will require the affirmative vote of the holders of a majority of the Public Shares voted on the proposal at the annual meeting. If the holders of 20% or more of the Public Shares vote against the merger proposal and demand to convert their shares into a pro rata portion of our trust

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account, or if the capitalization amendment proposal or the charter amendment proposal are not approved by the Fortissimo stockholders, the other proposals will not be presented for approval at the annual meeting.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE APPROVAL OF THE MERGER PROPOSAL.**

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## THE MERGER AGREEMENT

For a discussion of the merger structure, merger consideration and indemnification provisions of the merger agreement, please see *The Merger Proposal*. Such discussion and the following summary of other material provisions of the merger agreement are qualified by reference to the complete text of the merger agreement, as amended and restated, a copy of which is attached as Annex A to this proxy statement. All stockholders are encouraged to read the merger agreement in its entirety for a more complete description of the terms and conditions of the merger.

## Closing and Effective Time of the Merger

The closing of the merger will take place on the third business day following the satisfaction of the last of the conditions described below under *The Merger Agreement - Conditions to the Closing of the Merger*, unless Fortissimo and Psyop agree in writing to another time. The merger of Merger Sub into Psyop and the purchase by Fortissimo of the Blacklist membership interests are expected to be consummated promptly after the annual meeting of Fortissimo's stockholders described in this proxy statement. The merger of Psyop into Fortissimo will take place within 10 days thereafter.

## Representations and Warranties

The merger agreement contains representations and warranties relating to, for each of Psyop and Fortissimo, among other things:

proper organization and similar limited liability and corporate matters;  
capital structure of each constituent company;  
the authorization, performance and enforceability of the merger agreement;  
licenses and permits;  
taxes;

financial information and absence of undisclosed liabilities;  
holding of leases and ownership of other properties, including intellectual property;  
accounts receivable;  
contracts;  
title to, and condition of, properties and assets and environmental and other conditions thereof;  
absence of certain changes;  
employee matters;  
compliance with laws;  
brokers;  
certain business practices; and  
litigation.

The Psyop shareholders have also represented as to their authorization of the merger and the transaction documents, title to their Psyop shares and Blacklist membership interests, brokerage, status as an accredited investor, absence of related-party transactions with Psyop and tax treatment of the merger.

## Covenants

Fortissimo, Psyop and the Psyop shareholders have each agreed to take such actions as are necessary, proper or advisable to consummate the merger. Fortissimo and Psyop have also agreed to continue to operate their respective businesses in the ordinary course prior to the closing and not to take the following actions, among others, without the prior written consent of the other party:

amend or otherwise change its organizational documents;

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(i) issue or sell or authorize the issuance or sale of any shares of capital stock of any class, or securities convertible into or exchangeable or exercisable for any shares of such capital stock, or any options, warrants or other rights of any kind to acquire any shares of such capital stock, or any other ownership interest (including, without limitation, any phantom interest); or (ii) pledge, dispose of, grant, transfer, lease, license, guarantee or encumber, or authorize the pledge, disposition, grant, transfer, lease, license or encumbrance of any property or assets, except sales of inventory in the ordinary course of business consistent with past practice;

(i) acquire (including, without limitation, by merger, consolidation, or acquisition of stock or assets) any interest in any corporation, partnership, other business organization or Person or any division thereof; (ii) incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any Person for borrowed money or make any loans or advances material to its business, assets, liabilities, financial condition or results of operations; (iii) terminate, cancel or request any material change in, or agree to any material change in, any material contract or license agreement; (iv) make or authorize any capital expenditure, other than, with respect to Psyop, capital expenditures in the ordinary course of business consistent with past practice that have been budgeted for fiscal year 2007 and disclosed to Fortissimo and that are not, in the aggregate, in excess of \$150,000; or (v) enter into or amend any contract, agreement, commitment or arrangement that, if fully performed, would not be permitted under the merger agreement other than, with respect to Psyop, any contract, agreement, commitment or arrangement to lease property or incur indebtedness in connection with the establishment of new offices of Psyop in Los Angeles, California, and London, United Kingdom;

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock, other than as described in the merger agreement;

reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock;



amend the terms of, repurchase, redeem or otherwise acquire, any of its securities or propose to do any of the foregoing;

with respect to Psyop (including its UK subsidiary) and Blacklist only: (i) increase the compensation payable or to become payable to its directors, officers, consultants or employees other than to increase the salary of a director, officer, consultant or employee consistent with past practice and not in excess of 20% of the salary paid to such director, officer, consultant or employee during the prior fiscal year; (ii) grant any rights to severance or termination pay to its directors, officers, consultants or employees; or (iii) enter into any employment or severance agreement which provides benefits upon a change in control of Psyop that would be triggered by the transactions contemplated hereby with, any director, officer, consultant or other employee of Psyop, Blacklist or the subsidiary, in each case who is not currently entitled to such benefits; (iv) establish, adopt, enter into or amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any director, officer, consultant or employee of Psyop, Blacklist or the subsidiary, except to the extent required by applicable law or the terms of a collective bargaining agreement; or (v) enter into or amend any contract, agreement, commitment or arrangement between Psyop, Blacklist or the subsidiary and any of Psyop's directors, officers, consultants or employees;

pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business and consistent with past practice, and with respect to Psyop only, such payment of liabilities reflected or reserved against on the audited consolidated balance sheet of Psyop dated as of December 31, 2007 previously presented to Parent and only to the extent of such reserves;

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make any change with respect to its accounting policies, principles, methods or procedures, including, without limitation, revenue recognition policies, other than as required by GAAP;

make any tax election, settle or compromise any tax liability, or make any application for, negotiate or receive a tax ruling or arrangement, whether or not in connection with the merger, on its own behalf or on behalf of any of its shareholders in connection with the merger, in each case, except as explicitly contemplated in the merger agreement;

cancel or terminate any insurance policy naming it as a beneficiary or a loss payee, except in the ordinary and usual course of business;

maintain its books and records in a manner not consistent with past business practices;

take any action which would materially adversely affect the goodwill of its suppliers, customers and others with whom it has business relations;

fail to pay and perform all of its debts, obligations and liabilities as and when due and all leases, agreements, contracts and other commitments to which it is a party in accordance with the terms and provisions thereof;

fail to comply in all material respects with all laws that may be applicable to its business; or

authorize or enter into any formal or informal agreement or otherwise make any commitment to do any of the foregoing or to take any action which would make any of its representations or warranties contained in the merger agreement untrue or incorrect or prevent it from performing or cause it not to perform its covenants hereunder or result in any of the conditions to the closing set forth in the merger agreement not being satisfied.

The merger agreement also contains additional covenants of the parties, including covenants providing for:

Psyop and its shareholders, prior to October 11, 2008, not to solicit any transaction that would be competitive to the merger. If Psyop breaches this covenant and closes a competing transaction within such period, it will be obligated to pay Fortissimo \$2,000,000 plus any out-of-pocket expenses incurred by Fortissimo in connection with the merger, as liquidated damages and not as a penalty and in lieu of any other right or remedy that Fortissimo may have with respect to such breach;

consultation by the parties with respect to the issuance of public announcements, including press releases;

Fortissimo to use its best efforts to obtain listing of its common stock on the NASDAQ Capital Market;

Fortissimo to use its best efforts to register, within 11 months following the closing of the merger, the shares of its common stock issued to the Psyop shareholders for resale by them;  
Psyop to use its best efforts to establish operations in Israel as soon as possible following the closing of the merger;  
the parties to use commercially reasonable efforts to obtain all necessary approvals from governmental agencies and other third parties that are required for the consummation of the transactions contemplated by the merger agreement;  
the protection of confidential information of the parties and, subject to the confidentiality requirements, the provision of reasonable access to information;  
the filing of tax returns, payment of taxes and other tax-related matters:  
Fortissimo to prepare and file this proxy statement; and

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the waiver by Psyop of its rights to make claims against Fortissimo to collect from the trust account established for the benefit of the holders of Fortissimo's Public Shares for any moneys that may be owed to it by Fortissimo for any reason whatsoever, including breach by Fortissimo of the merger agreement or its representations and warranties therein.

## **Conditions to Closing of the Merger**

### **General Conditions**

Consummation of the merger and the related transactions is conditioned on the Fortissimo stockholders, at a meeting called for these purposes, approving the merger proposal and also approving the capitalization amendment proposal and the charter amendment proposal. The Fortissimo stockholders will also be asked to (i) approve the written consent amendment proposal, (ii) approve the incentive compensation plan proposal, (iii) approve the election of directors proposal and (iv) if necessary, approve the adjournment proposal, but the consummation of the merger is not conditioned on the approval of any of such proposals.

In addition, the consummation of the transactions contemplated by the merger agreement is conditioned upon normal closing conditions in a transaction of this nature, including:

approval of the merger proposal by the requisite vote of the holders of Fortissimo's Public Shares; holders of fewer than twenty percent (20%) of the Public Shares outstanding immediately before the consummation of the merger properly exercising their rights to convert their shares into a pro rata share of the trust account in accordance with Fortissimo's second amended and restated certificate of incorporation;

the execution by and delivery to each party of each of the various transaction documents;  
the delivery by each party to the other party of a certificate to the effect that the representations and warranties of the delivering party are true and correct in all material respects as of the closing and all covenants contained in the merger agreement have been materially complied with by the delivering party;  
the receipt of necessary consents and approvals by third parties and the completion of necessary proceedings. No third-party consents are required for Fortissimo to consummate the merger. The only consent required for Psyop to consummate the merger is that of its New York City landlord, which has been obtained; and  
no order, writ, injunction or decree being issued by any governmental authority preventing, restraining or prohibiting, in whole or in part, the consummation of the merger and the other transactions contemplated by the merger agreement.

### **Fortissimo's Conditions to Closing**

The obligations of Fortissimo to consummate the transactions contemplated by the merger agreement, in addition to the conditions described above in the second paragraph of this section, are conditioned upon each of the following,

among other things:

there being no material adverse change affecting Psyop that has occurred since the signing of the merger agreement; the employment agreements and other agreements with the Psyop shareholders shall be executed and delivered by Psyop and them;

the Lock-up and Trading Restriction Agreements, the Restricted Stock Agreement and the Escrow Agreement shall have been executed and delivered by the parties thereto; and

receipt by Fortissimo of an opinion of Psyop's counsel in agreed form.

Psyop's counsel will opine as to (i) the due organization, valid existence and good standing of Psyop and Blacklist, (ii) the power and authority of Psyop and Blacklist to conduct its business, execute and deliver the merger agreement and to consummate the transactions contemplated thereunder, (iii) the capitalization of

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Psyop and Blacklist, (iv) the due authorization and enforceability of the execution and delivery of the merger agreement and consummation of the transactions contemplated thereunder by Psyop and Blacklist, (v) no conflicts as to the execution and delivery of the merger agreement and the consummation of the transactions contemplated thereunder by Psyop and Blacklist, (vi) no threatened or pending litigation and (vii) no required approval or consent of any United States federal or New York state court, board or governmental agency, instrumentality or authority for the consummation of the transactions contemplated by the merger agreement.

## **Psyop's Conditions to Closing**

The obligations of Psyop to consummate the transactions contemplated by the merger agreement also are conditioned upon, among other things:

there being no material adverse change affecting Fortissimo that has occurred since the signing of the merger agreement;

Fortissimo shall have caused funds remaining in the trust account to be dispersed to Fortissimo; and receipt by Psyop of an opinion of Fortissimo's counsel in agreed form.

Fortissimo's counsel will opine as to (i) the due organization, valid existence and good standing of Fortissimo and Merger Sub, (ii) the power and authority of Fortissimo and Merger Sub to conduct its business, execute and deliver the merger agreement and to consummate the transactions contemplated thereunder, (iii) the capitalization of Fortissimo, (iv) the due authorization and enforceability of the execution and delivery of the merger agreement and the consummation of the transactions contemplated thereunder by Fortissimo and Merger Sub, (v) no conflicts as to the execution and delivery of the merger agreement and the consummation of the transactions contemplated thereunder by Fortissimo and Merger Sub and (vi) no required approval or consent of any United States federal or New York state court, board or governmental agency, instrumentality or authority for the consummation of the transactions contemplated by the merger agreement.

If permitted under applicable law, either Psyop or Fortissimo may waive any inaccuracies in the representations and warranties made to such party contained in the merger agreement and waive compliance with any agreements or conditions for the benefit of itself or such party contained in the merger agreement. The condition requiring that the holders of fewer than 20% of the Public Shares affirmatively vote against the merger proposal and demand conversion of their shares into cash may not be waived. We cannot assure you that all of the conditions will be satisfied or waived.

## Termination

The merger agreement may be terminated at any time, but not later than the closing as follows:

By mutual written consent of Fortissimo and Psyop;

By either Fortissimo or Psyop if the merger is not consummated on or before October 11, 2008, provided that such termination is not available to a party whose failure to act has been a cause of or resulted in the failure of the merger to be consummated before such date;

By either Fortissimo or Psyop if a governmental entity shall have issued an order, decree or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the merger, which order, decree, judgment, ruling or other action is final and nonappealable; and

By either Fortissimo or by Psyop or the Psyop shareholders if the other party has breached any of its covenants or representations and warranties and has not cured its breach within twenty days of the notice of an intent to terminate, provided that the terminating party is itself not in breach; and

By either Fortissimo or Psyop if, at the Fortissimo stockholder meeting, the merger agreement shall fail to be approved by the affirmative vote of the holders of a majority of the Public Shares voted at the annual meeting or the holders of 20% or more of the Public Shares exercise conversion rights.

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## Effect of Termination

In the event of proper termination by either Fortissimo or Psyop, the merger agreement will become void and have no effect, without any liability or obligation on the part of Fortissimo or Psyop, except that if the merger agreement is terminated by a party because of a breach by the other party, the terminating party will be entitled to a payment of \$2,000,000 from the breaching party within one business day after such termination, as liquidated damages and not as a penalty and in lieu of any other right or remedy that the terminating party may have against the other parties to the merger agreement.

## Fees and Expenses

Except as described above with respect to the payment of liquidated damages, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated thereby will be paid by the party incurring such expenses; provided, however, if the merger is consummated, Fortissimo will pay the expenses incurred by Psyop.

As of March 31, 2008, Fortissimo had accounts payable and accrued liabilities of approximately \$642,000, excluding deferred trust interest income and deferred underwriting compensation. It estimates that it will incur additional expenses of approximately \$300,000 that would be required to be paid if the merger is not consummated. Of such total of approximately \$942,000, vendors and service providers to whom \$300,000 is or would be owed have waived their rights to make claims for payment from amounts in the trust account. Any of Fortissimo's accounts payable and accrued liabilities that are outstanding upon the consummation of the merger will be paid by the combined company following the merger.

## Confidentiality; Access to Information

Fortissimo and Psyop will afford to the other party and its financial advisors, accountants, counsel and other

representatives prior to the completion of the merger reasonable access during normal business hours, upon reasonable notice, to all of their respective properties, books, records and personnel to obtain all information concerning the business, including the status of product development efforts, properties, results of operations and personnel, as each party may reasonably request. Fortissimo and Psyop will maintain in confidence any non-public information received from the other party, and use such non-public information only for purposes of consummating the transactions contemplated by the merger agreement.

## Amendments

The merger agreement may be amended by the parties thereto at any time by execution of an instrument in writing signed on behalf of each of the parties.

## Extension; Waiver

At any time prior to the closing, any party to the merger agreement may, in writing, to the extent legally allowed:

extend the time for the performance of any of the obligations or other acts of the other parties to the agreement; waive any inaccuracies in the representations and warranties made to such party contained in the merger agreement or in any document delivered pursuant to the merger agreement; and waive compliance with any of the agreements or conditions for the benefit of such party contained in the merger agreement, except that the condition requiring that the holders of fewer than 20% of the Public Shares affirmatively vote against the merger proposal and demand conversion of their shares into cash may not be waived.

It is the intent of Fortissimo's board of directors to re-solicit stockholder approval of the merger if Fortissimo or Psyop waives a material condition to the merger.

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## THE CAPITALIZATION AMENDMENT PROPOSAL

Assuming the merger proposal is approved by Fortissimo's stockholders, we are proposing to amend Article Fourth of our second amended and restated certificate of incorporation to (i) increase the number of authorized shares of our capital stock from 22,000,000 to 51,000,000 and (ii) increase the number of authorized shares of our common stock from 21,000,000 to 50,000,000, effective upon consummation of the merger. As a result of the issuance of shares of common stock in the merger as described below and the adoption of the 2008 stock incentive plan, as described in the incentive plan proposal, we will require additional shares of common stock to be reserved in our certificate of incorporation. Accordingly, this proposal to amend our second amended and restated certificate of incorporation is conditioned upon and subject to the approval of the merger proposal.

In the judgment of our board of directors, the increase in our capitalization is desirable and in our stockholders' best interests. As of January 31, 2008, there are 5,868,334 shares of our common stock outstanding and we will be issuing an additional 3,337,941 (based on a price of \$5.77 per share) shares of common stock upon consummation of the merger as well as up to 1,588,677 shares of common stock as contingent consideration (based on a price of \$5.77 per share) and up to 1,733,102 shares of common stock as additional consideration (based on a price of \$5.77 per share) pursuant to the merger agreement. We have also reserved 10,936,668 shares of common stock issuable upon exercise of warrants and a unit purchase option issued in our IPO. We will also need to reserve 865,390 shares of common stock in connection with our incentive compensation plan proposal discussed below. We will need to use a portion of the newly available authorized shares of common stock in order to issue such shares pursuant to the merger and to

reserve such shares in connection with the incentive compensation plan. Authorized but unissued shares of our common stock may enable our board of directors to render it more difficult or to discourage an attempt to obtain control of Fortissimo and thereby protect continuity of or entrench our management, which may adversely affect the market price of our common stock. If in the due exercise of its fiduciary obligations, for example, our board of directors were to determine that a takeover proposal were not in the best interests of Fortissimo, such shares could be issued by the board of directors without stockholder approval in one or more private placements or other transactions that might prevent or render more difficult or make more costly the completion of any attempted takeover transaction by diluting voting or other rights of the proposed acquirer or insurgent stockholder group, by creating a substantial voting block in institutional or other hands that might support the position of the incumbent board of directors, by effecting an acquisition that might complicate or preclude the takeover, or otherwise. The authorization of additional shares of common stock will also enable us to have the flexibility to authorize the issuance of shares of common stock in the future for financing our business, for acquiring other businesses, for forming strategic partnerships and alliances and for stock dividends and stock splits. We currently have no such plans, proposals, or arrangements, written or otherwise, to issue any of the additional authorized shares of common stock for such purposes.

## **Effect of the Authorized Share Proposal on Existing Stockholders**

*Advantages.* Prior to voting, each stockholder should consider the fact that the capitalization amendment proposal is a prerequisite to the issuance of shares of common stock which will be used to complete the merger of Psyop described in the merger proposal. Each stockholder should consider the fact that if we do not complete the merger and related share issuances, Fortissimo will continue as a blank check company until the trust is liquidated and Fortissimo ceases to operate as a public blank check company.

*Disadvantages.* The capitalization amendment proposal, in conjunction with the merger proposal, will result in a dilutive effect on our current stockholders. Our current stockholders' aggregate percentage ownership will decline as a result of the issuance of our common stock in the merger. The number of shares issued in connection with the merger will increase the number of shares of common stock currently outstanding. This means that our current stockholders will own a smaller interest in us as a result of the additional share issuances.

All shares of common stock issued in connection with the merger will be entitled to registration rights. Consequently, if these shares are registered, the shares may be freely transferable without restriction under the Securities Act, absent other securities law restrictions. Such free transferability could materially and adversely affect the market price of our common stock if a sufficient number of such shares are sold in the market.

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## **Required Vote**

The approval of the capitalization amendment proposal will require the affirmative vote of the holders of a majority of the outstanding shares of Fortissimo common stock on the record date.

## **Recommendation of Fortissimo's Board of Directors**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE**

**FOR THE APPROVAL OF THE CAPITALIZATION AMENDMENT PROPOSAL.**

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## **THE CHARTER AMENDMENT PROPOSAL**

Assuming the merger proposal is approved by Fortissimo's stockholders, we are proposing to (i) change our corporate name from Fortissimo Acquisition Corp. to Psyop, Inc., (ii) amend Article Sixth of our second amended and restated certificate of incorporation to change the term of our corporate existence to perpetual from one that now is scheduled to end on October 11, 2008 and (iii) remove the preamble and sections A through D, inclusive, of Article Seventh of our second amended and restated certificate of incorporation and redesignate section E of Article Seventh as Article Seventh, all effective upon consummation of the merger. This proposal to amend our second amended and restated certificate of incorporation is conditioned upon and subject to the approval of the merger proposal.

In the judgment of our board of directors, the charter amendment proposal is desirable as it will be necessary to extend the term of our corporate existence to allow us to continue in business as a valid corporation after October 11, 2008.

Making such existence perpetual will conform to the standard used by the overwhelming proportion of other corporations. Also, sections A through D of Article Seventh relate to the operation of Fortissimo as a blank check company prior to the consummation of a business combination and will not be applicable upon consummation of the merger. Article Eleventh is being added to bring our third amended and restated certificate of incorporation following the closing of the merger in line with a similar provision in the charters of most other publicly-traded companies.

In the judgment of our board of directors, the change of our corporate name is desirable to reflect our merger with Psyop. The Psyop name is a recognized name in the animation and mixed media advertising production industry.

Stockholders will not be required to exchange outstanding stock certificates for new stock certificates if the amendment is adopted.

### **Required Vote**

The approval of the charter amendment proposal will require the affirmative vote of the holders of a majority of the outstanding shares of Fortissimo common stock on the record date.

### **Recommendation of Fortissimo's Board of Directors**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE APPROVAL OF THE CHARTER AMENDMENT PROPOSAL.**

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## **THE WRITTEN CONSENT AMENDMENT PROPOSAL**

Assuming the merger proposal is approved by Fortissimo's stockholders, we are proposing to add Article Eleventh to our second amended and restated certificate of incorporation to prohibit stockholders from acting by written consent.

The proposal to amend our second amended and restated certificate of incorporation to prohibit stockholders from

acting by written consent is conditioned upon and subject to the approval of the merger proposal.

In the judgment of our board of directors, the written consent amendment proposal is desirable as it will prevent the holders of a majority of the outstanding shares of Fortissimo common stock from using the written consent procedure to take stockholder action without affording all stockholders an opportunity to participate and take action at an annual or special meeting of stockholders at which a proposal is submitted to stockholders in accordance with the advance notice provisions of Fortissimo's by-laws. Although this could lengthen the amount of time required to take stockholder actions, stockholders will have sufficient time to weigh the arguments presented by both sides in connection with any contested stockholder vote, and could also, under certain circumstances, have an anti-takeover effect by discouraging certain unsolicited takeover attempts by third parties.

## Required Vote

The approval of the written consent amendment proposal will require the affirmative vote of the holders of a majority of the outstanding shares of Fortissimo common stock on the record date.

## Recommendation of Fortissimo's Board of Directors

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE APPROVAL OF THE WRITTEN CONSENT AMENDMENT PROPOSAL.**

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## THE INCENTIVE COMPENSATION PLAN PROPOSAL

On , 2008, Fortissimo's board of directors adopted, subject to stockholder approval, the 2008 stock incentive plan. If the plan is approved by the stockholders, up to 865,390 shares of common stock (subject to adjustment in the event of stock splits and other similar events) may be issued pursuant to awards granted under the 2008 stock incentive plan.

Fortissimo's board of directors believes that the future success of Fortissimo depends, in large part, upon the ability of Fortissimo to maintain a competitive position in attracting, retaining and motivating key personnel.

## Description of the 2008 Stock Incentive Plan

The following is a brief summary of the 2008 stock incentive plan, a copy of which is attached to this proxy statement as Annex D.

## Types of Awards

The 2008 stock incentive plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Code, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards as described below (collectively, awards).

*Incentive Stock Options and Non-statutory Stock Options.* Optionees receive the right to purchase a specified number of shares of common stock at a specified option price and subject to such other terms and conditions as are specified in connection with the option grant. Options must be granted at an exercise price that is at least equal to the fair



market value of the common stock on the date of grant. Under present law, incentive stock options and options intended to qualify as performance-based compensation under Section 162(m) of the Code may not be granted at an exercise price less than 100% of the fair market value of the common stock on the date of grant (or less than 110% of the fair market value in the case of incentive stock options granted to optionees holding more than 10% of the voting power of Fortissimo). Options may not be granted for a term in excess of ten years. The 2008 stock incentive plan permits the following forms of payment of the exercise price of options: (i) payment by cash, check or in connection with a cashless exercise through a broker, (ii) subject to certain conditions, delivery to Fortissimo of shares of common stock, (iii) subject to certain conditions, delivery to Fortissimo of a promissory note, (iv) any other lawful means, or (v) any combination of these forms of payment.

*Stock Appreciation Rights.* A Stock Appreciation Right, or SAR, is an award entitling the holder, upon exercise, to receive an amount in common stock or cash or a combination thereof determined by reference to appreciation, from and after the date of grant, in the fair market value of a share of common stock. SARs may be granted independently or in tandem with an option.

*Restricted Stock Awards.* Restricted stock awards entitle recipients to acquire shares of common stock, subject to the right of Fortissimo to repurchase all or part of such shares from the recipient in the event that the conditions specified in the applicable award are not satisfied prior to the end of the applicable restriction period established for such award.

*Restricted Stock Unit Awards.* Restricted stock unit awards entitle the recipient to receive shares of common stock to be delivered at the time such shares vest pursuant to the terms and conditions established by Fortissimo's board of directors.

*Other Stock-Based Awards.* Under the 2008 stock incentive plan, Fortissimo's board of directors has the right to grant other awards based upon the common stock having such terms and conditions as Fortissimo's board of directors may determine, including the grant of shares based upon certain conditions, the grant of awards that are valued in whole or in part by reference to, or otherwise based on, shares of common stock, and the grant of awards entitling recipients to receive shares of common stock to be delivered in the future.

*Performance Conditions.* Fortissimo's board of directors may determine, at the time of grant, that a restricted stock award, restricted stock unit award or other stock-based award granted to a recipient will vest solely upon the achievement of specified performance criteria. With respect to awards that are intended to qualify as performance based compensation under Section 162(m) of the Code, the performance criteria for

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each such award will be based on one or more of the following measures: net income, earnings before or after discontinued operations, interest, taxes, depreciation and/or amortization, operating profit before or after discontinued operations and/or taxes, sales, sales growth, earnings growth, cash flow or cash position, gross margins, stock price, market share, return on sales, assets, equity or investment, improvement of financial ratings, achievement of balance sheet or income statement objectives or total stockholder return. These performance measures may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated. Such performance goals may be adjusted to exclude any one or more of (i) extraordinary items, (ii) gains or losses on the dispositions of discontinued operations, (iii) the cumulative effects of changes in accounting principles, (iv) the write-down of any asset, and (v) charges for restructuring and rationalization programs. Such performance goals: (i) may vary by recipient and may be different for different awards; (ii) may be particular to a recipient or the department, branch, line of business, subsidiary or other unit in which the recipient works and may cover such period as may be specified by Fortissimo's board of directors; and (iii) will be set by Fortissimo's board of directors within the time period prescribed by, and will otherwise comply with the requirements of, Section 162(m). Awards that are intended

to qualify as performance-based compensation under Section 162(m) may be based on these or other performance criteria.

Fortissimo believes that disclosure of any further details concerning the performance measures for any particular year may be confidential commercial or business information, the disclosure of which would adversely affect Fortissimo.

## Transferability of Awards

Except as Fortissimo's board of directors may otherwise determine or provide in an award agreement, awards may not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an incentive stock option, pursuant to a qualified domestic relations order. During the life of the recipient, awards are exercisable only by the recipient.

## Eligibility to Receive Awards

Employees, officers, directors, consultants and advisors of Fortissimo and its subsidiaries are eligible to be granted awards under the 2008 stock incentive plan. Under present law, however, incentive stock options may only be granted to employees of Fortissimo and its subsidiaries. As of \_\_\_\_\_, 2008, all of Psyop's employees (approximately \_\_\_ persons), as well as the seven persons who will serve as directors after the merger (including Allon Bloch, who has served as an advisor to Fortissimo), will be eligible to receive awards under the plan. Other than Mr. Bloch, no one presently serves as an advisor or consultant to either Fortissimo or Psyop but people who serve in such capacities in the future will be eligible for awards under the plan. In addition to future awards under the plan, upon consummation of the merger, all employees of Psyop who were employed on January 15, 2008, the date of the public announcement of the signing of the merger agreement, and who continue to be employed on the date of the closing of the merger, will be awarded options to purchase an aggregate of \_\_\_\_\_ shares of common stock under the plan.

The maximum number of shares with respect to which awards may be granted to any participant under the 2008 stock incentive plan is \_\_\_\_\_ shares per calendar year. For purposes of this limit, the combination of an option in tandem with a SAR is treated as a single award. The maximum number of shares with respect to which awards other than options and SARs may be granted is \_\_\_\_\_ % of the total number of authorized shares under the plan. In addition, the maximum number of shares with respect to which awards may be granted to directors who are not employees of Fortissimo at the time of grant is \_\_\_\_\_ % of the total number of authorized shares under the plan.

## Plan Benefits

The granting of awards under the 2008 stock incentive plan is discretionary, and Fortissimo cannot now determine the number or type of awards to be granted in the future to any particular person or group.

On \_\_\_\_\_, 2008, the last reported sale price of Fortissimo common stock on the OTC Bulletin Board was \$ \_\_\_\_\_.

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## Administration

The 2008 stock incentive plan is administered by Fortissimo's board of directors. Fortissimo's board of directors has the

authority to adopt, amend and repeal the administrative rules, guidelines and practices relating to the 2008 stock incentive plan and to interpret the provisions of the 2008 stock incentive plan and any award agreements entered into under the plan. Pursuant to the terms of the 2008 stock incentive plan, Fortissimo's board of directors may delegate authority under the 2008 stock incentive plan to one or more committees or subcommittees of our board of directors.

Fortissimo's board of directors will form a compensation committee shortly after the merger and authorize it to administer certain aspects of the 2008 stock incentive plan, including the granting of options to executive officers, and has authorized certain officers of Fortissimo to grant options to employees or officers, but in no case executive officers, subject to limitations set by the board of directors and/or compensation committee.

Subject to any applicable limitations contained in the 2008 stock incentive plan, Fortissimo's board of directors or any committee to whom our board of directors delegates authority, as the case may be, selects the recipients of awards and determines (i) the number of shares of common stock covered by options and the dates upon which such options become exercisable, (ii) the exercise price of options, (iii) the duration of options (which may not exceed 10 years), and (iv) the number of shares of common stock subject to any SAR, restricted stock award, restricted stock unit award or other stock-based awards and the terms and conditions of such awards, including conditions for repurchase, issue price and repurchase price.

Fortissimo's board of directors is required to make appropriate adjustments in connection with the 2008 stock incentive plan and any outstanding awards to reflect stock splits, stock dividends, recapitalizations, spin-offs and other similar changes in capitalization. The 2008 stock incentive plan also contains provisions addressing the consequences of any reorganization event, which is defined as (i) any merger or consolidation of Fortissimo with or into another entity as a result of which all of the common stock of Fortissimo is converted into or exchanged for the right to receive cash, securities or other property, or is cancelled or (b) any exchange of all of the common stock of Fortissimo for cash, securities or other property pursuant to a share exchange transaction or (c) any liquidation or dissolution of Fortissimo. In connection with a reorganization event, Fortissimo's board of directors may take any one or more of the following actions as to all or any outstanding awards (other than restricted stock and restricted stock unit awards): (i) provide that awards will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice, provide that all unexercised options or other unexercised awards will become exercisable in full and will terminate immediately prior to the consummation of such reorganization event unless exercised within a specified period following the date of such notice, (iii) provide that outstanding awards will become exercisable, realizable or deliverable, or restrictions applicable to an award will lapse, in whole or in part prior to or upon such reorganization event, (iv) in the event of a reorganization event under the terms of which holders of common stock will receive upon consummation thereof a cash payment for each share surrendered in the reorganization event (the acquisition price), make or provide for a cash payment to an award holder equal to (A) the acquisition price times the number of shares of common stock subject to the holder's awards (to the extent the exercise price does not exceed the acquisition price) minus (B) the aggregate exercise price of all the holder's outstanding awards, in exchange for the termination of such awards, (v) provide that, in connection with a liquidation or dissolution of Fortissimo, awards will convert into the right to receive liquidation proceeds (if applicable, net of the exercise price thereof) and (vi) any combination of the foregoing.

Upon a reorganization event other than a liquidation or dissolution of Fortissimo, Fortissimo's repurchase and other rights with respect to restricted stock awards will inure to the benefit of Fortissimo's successor. Upon a liquidation or dissolution of Fortissimo, except to the extent provided to the contrary in an award agreement or other agreement between Fortissimo and the recipient, all restrictions and conditions on all restricted stock awards then outstanding will automatically be deemed terminated or satisfied.

Fortissimo's board of directors may at any time provide that any award will become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

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If any award expires or is terminated, surrendered, canceled or forfeited, the unused shares of common stock covered by such award will again be available for grant under the 2008 stock incentive plan, subject, however, in the case of incentive stock options, to any limitations under the Code.

### **Substitute Options**

In connection with a merger or consolidation of an entity with Fortissimo or the acquisition by Fortissimo of property or stock of an entity, Fortissimo's board of directors may grant options in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute options may be granted on such terms as Fortissimo's board of directors deems appropriate in the circumstances, notwithstanding any limitations on options contained in the 2008 stock incentive plan. Substitute options will not count against the 2008 stock incentive plan's overall share limit, except as may be required by the Code.

### **Provisions for Foreign Participants**

Fortissimo's board of directors may modify awards granted to participants who are foreign nationals or employed outside the United States or establish sub-plans or procedures under the 2008 stock incentive plan to recognize differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

### **Amendment or Termination**

No award may be made under the 2008 stock incentive plan after \_\_\_\_\_, 2018 but awards previously granted may extend beyond that date. Fortissimo's board of directors may at any time amend, suspend or terminate the 2008 stock incentive plan; provided that, to the extent determined by Fortissimo's board of directors, no amendment requiring stockholder approval under any applicable legal, regulatory or listing requirement will become effective until such stockholder approval is obtained. No award will be made that is conditioned upon stockholder approval of any amendment to the 2008 stock incentive plan.

If stockholders do not approve the adoption of the 2008 stock incentive plan, the 2008 stock incentive plan will not go into effect, and Fortissimo will not grant any awards under the 2008 stock incentive plan. In such event, Fortissimo's board of directors will consider whether to adopt alternative arrangements based on its assessment of the needs of Fortissimo.

### **U.S. Federal Income Tax Consequences**

The following is a summary of the United States federal income tax consequences that generally will arise with respect to awards granted under the 2008 stock incentive plan. This summary is based on the federal tax laws in effect as of the date of this proxy statement. In addition, this summary assumes that all awards are exempt from, or comply with, the rules under Section 409A of the Code regarding nonqualified deferred compensation. The plan provides that no award will provide for deferral of compensation that does not comply with Section 409A of the Code, unless Fortissimo's board of directors, at the time of grant, specifically provides that the award is not intended to comply with Section 409A. Changes to these laws could alter the tax consequences described below.

## Incentive Stock Options

A participant will not have income upon the grant of an incentive stock option. Also, except as described below, a participant will not have income upon exercise of an incentive stock option if the participant has been employed by Fortissimo or its corporate parent or 50%-or-more-owned corporate subsidiary at all times beginning with the option grant date and ending three months before the date the participant exercises the option. If the participant has not been so employed during that time, then the participant will be taxed as described below under Non-statutory Stock Options. The exercise of an incentive stock option may subject the participant to the alternative minimum tax.

A participant will have income upon the sale of the stock acquired under an incentive stock option at a profit (if sales proceeds exceed the exercise price). The type of income will depend on when the participant sells the stock. If a participant sells the stock more than two years after the option was granted and more than one year after the option was exercised, then all of the profit will be long-term capital gain. If a participant

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sells the stock prior to satisfying these waiting periods, then the participant will have engaged in a disqualifying disposition and a portion of the profit will be ordinary income and a portion may be capital gain. This capital gain will be long-term if the participant has held the stock for more than one year and otherwise will be short-term. If a participant sells the stock at a loss (meaning sales proceeds are less than the exercise price), then the loss will be a capital loss. This capital loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

## Non-statutory Stock Options

A participant will not have income upon the grant of a non-statutory stock option. A participant will have compensation income upon the exercise of a non-statutory stock option equal to the value of the stock on the day the participant exercised the option less the exercise price. Upon sale of the stock, the participant will have capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the day the option was exercised. This capital gain or loss will be long-term if the participant has held the stock for more than one year and otherwise will be short-term.

## Stock Appreciation Rights

A participant will not have income upon the grant of a stock appreciation right. A participant generally will recognize compensation income upon the exercise of an SAR equal to the amount of the cash and the fair market value of any stock received. Upon the sale of the stock, the participant will have capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the day the SAR was exercised. This capital gain or loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

## Restricted Stock Awards

A participant will not have income upon the grant of restricted stock unless an election under Section 83(b) of the Code is made within 30 days of the date of grant. If a timely 83(b) election is made, then a participant will have compensation income equal to the value of the stock less the purchase price, if any. When the stock is sold, the participant will have capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the date of grant. If the participant does not make an 83(b) election, then when the stock vests the participant will

have compensation income equal to the value of the stock on the vesting date less the purchase price. When the stock is sold, the participant will have capital gain or loss equal to the sales proceeds less the value of the stock on the vesting date. Any capital gain or loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

## **Restricted Stock Units**

A participant will not have income upon the grant of a restricted stock unit. A participant is not permitted to make a Section 83(b) election with respect to a restricted stock unit award. When the restricted stock unit vests, the participant will have income on the vesting date in an amount equal to the fair market value of the stock on the vesting date less the purchase price, if any. When the stock is sold, the participant will have capital gain or loss equal to the sales proceeds less the value of the stock on the vesting date. Any capital gain or loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

## **Other Stock-Based Awards**

The tax consequences associated with any other stock-based award granted under the 2008 stock incentive plan will vary depending on the specific terms of such award. Among the relevant factors are whether or not the award has a readily ascertainable fair market value, whether or not the award is subject to forfeiture provisions or restrictions on transfer, the nature of the property to be received by the participant under the award and the participant's holding period and tax basis for the award or underlying common stock.

## **Tax Consequences to Fortissimo**

There will be no tax consequences to Fortissimo except that Fortissimo will be entitled to a deduction when a participant has compensation income. Any such deduction will be subject to the limitations of Section 162(m) of the Code.

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## **Required Vote**

The approval of the incentive compensation plan proposal will require the affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy and entitled to vote at the meeting.

## **Recommendation of Fortissimo's Board of Directors**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE APPROVAL OF THE INCENTIVE COMPENSATION PLAN PROPOSAL.**

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# THE DIRECTOR ELECTION PROPOSAL

## Election of Directors

Fortissimo's board of directors is divided into three classes, each of which serves for a term of three years, with only one class of directors being elected in each year. Assuming the merger proposal is approved by Fortissimo's stockholders, Fortissimo stockholders will be asked to elect the following persons who have been nominated to serve as a director of Fortissimo:

Class A to stand for reelection in 2009:     and     ;

Class B to stand for reelection in 2010:     and     ; and

Class C to stand for reelection in 2011:     ,     and     .

For information regarding these persons, please see *Directors and Executive Officers of Fortissimo Following the Merger*. If the merger proposal is not approved, the director election proposal will not be submitted to the stockholders for a vote and Fortissimo's current directors will continue in office until Fortissimo is liquidated.

## Required Vote

The election of directors requires a plurality vote of the shares of common stock present in person or represented by proxy and entitled to vote thereon at the annual meeting. Plurality means that the individuals who receive the largest number of votes cast FOR are elected as directors. Consequently, any shares not voted FOR a particular nominee (whether as a result of abstentions, a direction to withhold authority or a broker non-vote) will not be counted in the nominee's favor.

Unless authority is withheld, the proxies solicited by the board of directors will be voted FOR the election of these nominees. In case any of the nominees becomes unavailable for election to the board of directors, an event that is not anticipated, the persons named as proxies, or their substitutes, will have full discretion and authority to vote or refrain from voting for any other candidate in accordance with their judgment.

## Recommendation of Fortissimo's Board of Directors

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE DIRECTOR NOMINEES AS SET FORTH IN THE DIRECTOR ELECTION PROPOSAL.**

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## THE ADJOURNMENT PROPOSAL

An adjournment proposal, if presented by Fortissimo's board of directors, would allow the annual meeting to be adjourned to a later date or dates, if necessary, to permit further solicitation of proxies in the event, based on the tabulated votes, there are not sufficient votes at the time of the annual meeting to approve the consummation of the merger. In no event will Fortissimo solicit proxies to adjourn the annual meeting or consummate the merger beyond

the date by which it may properly do so under its second amended and restated certificate of incorporation and Delaware law.

In addition to an adjournment of the annual meeting upon approval of an adjournment proposal, the board of directors of Fortissimo is empowered under Delaware law to adjourn or otherwise reschedule the meeting at any time prior the meeting being called to order. In such event, Fortissimo will issue a press release and take such other steps as it believes are necessary and practical in the circumstances to inform its stockholders of the adjournment or rescheduling.

## **Consequences if Adjournment Proposal is not Approved**

If an adjournment proposal is presented to the meeting and is not approved by the stockholders, Fortissimo's board of directors may not be able to adjourn the annual meeting to a later date in the event, based on the tabulated votes, there are not sufficient votes at the time of the annual meeting to approve the consummation of the merger. In such event, the merger would not be completed and, unless Fortissimo were able to consummate a business combination with another party no later than October 11, 2008, it would be required to liquidate.

## **Required Vote**

The approval of the adjournment proposal requires the affirmative vote of a majority of the shares of Fortissimo's common stock represented in person or by proxy at the meeting. Approval of the adjournment proposal is not conditioned upon the approval of any of the other proposals.

## **Recommendation of Fortissimo's Board of Directors**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE APPROVAL OF AN ADJOURNMENT PROPOSAL, IF PRESENTED.**

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## **OTHER INFORMATION RELATED TO FORTISSIMO**

### **Business of Fortissimo**

Fortissimo was formed on December 27, 2005, to serve as a vehicle for a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business that has operations or facilities located in Israel, or that is a company operating outside Israel which management believes would benefit from establishing operations or facilities in Israel. Prior to executing the merger agreement with Psyop, Fortissimo's efforts were limited to organizational activities, completion of its IPO and the evaluation of possible business combinations.

### **Offering Proceeds Held in Trust**

On October 17, 2006, Fortissimo closed its initial public offering of 4,000,000 units with each unit consisting of one share of its common stock and two warrants, each to purchase one share of its common stock at an exercise price of \$5.00 per share. On October 25, 2006, it consummated the closing of an additional 535,000 units that were subject to



the over-allotment option. The units from the initial public offering (including the over-allotment option) were sold at an offering price of \$6.00 per unit, generating total gross proceeds of \$27,210,000. After deducting the underwriting discounts and commissions payable at the closing of the initial public offering and the offering expenses, the total net proceeds to Fortissimo from the offering (including the over-allotment option) were approximately \$26,633,686, of which \$26,257,650 was deposited into the trust account and the remaining proceeds plus the underwriter's deferred compensation, for a total of \$728,386 became available to be used to provide for business, legal and accounting due diligence on prospective business combinations and continuing general and administrative expenses. Concurrently with the closing of the initial public offering, Fortissimo also sold 333,334 similar units to one of its initial stockholders for total proceeds of \$2,000,004, all of which was also placed in the trust account. Through March 31, 2008, Fortissimo has used all of the net proceeds that were not deposited into the trust account to pay general and administrative expenses, and subsequent to March 31, 2008, Fortissimo received a loan from FCF in the amount of \$100,000 and a line of credit of up to \$300,000. The net proceeds deposited into the trust account remain on deposit in the trust account earning interest. The trust account will not be released until the earlier of the consummation of a business combination or the liquidation of Fortissimo. As of , 2008, the record date, there was approximately \$ held in the trust account. If the merger with Psyop is consummated, the trust account will be released to Fortissimo for use by Psyop, less the amounts paid to holders of Public Shares who vote against the merger and elect to convert their shares of common stock into their pro-rata share of the trust account and expenses of Fortissimo not paid from non-trust account funds.

The holders of Public Shares will be entitled to receive funds from the trust account only in the event of Fortissimo's liquidation or if the stockholders seek to convert their respective shares into cash and the merger is actually completed. In no other circumstances shall a stockholder have any right or interest of any kind to or in the trust account.

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## Use of Net Proceeds Not Held in Trust

Fortissimo has incurred the following expenses through March 31, 2008, as compared to estimates of such expenses contained in the use of proceeds disclosure in the registration statement for its IPO on Form S-1:

Type of Expense	Actual Through March 31, 2008	Per S-1
Payment of administrative fee to Fortissimo Capital Management, Ltd. (\$7,500 per month)	\$ 132,526	\$ 180,000
Due diligence of prospective target businesses by officers, directors and existing stockholders	\$ 69,219	\$ 100,000
Legal, accounting and other third-party expenses attendant to the due diligence investigations, structuring and negotiation of a business combination	\$ 721,110	\$ 200,000
Legal and accounting fees relating to SEC reporting obligations	\$ 103,171	\$ 100,000
Working capital to cover miscellaneous expenses, D&O insurance, taxes, general corporate purposes, dissolution obligations and reserves	\$ 185,248	\$ 200,004
Total	\$ 1,211,273	\$ 780,004

Actual cash paid through March 31, 2008 totaled \$720,000. FCF has agreed to provide a loan to Fortissimo to fund any cash deficiency through the closing of the proposed business combination.

## **Fair Market Value of Target Business**

Pursuant to the underwriting agreement for Fortissimo's IPO, the initial target business that Fortissimo acquires must have a fair market value equal to at least 80% of Fortissimo's net assets at the time of such acquisition. Fortissimo's board of directors determined that this test was met in connection with its acquisition of Psyop. Further, Fortissimo has received an opinion from Houlihan Smith that this test has been met.

## **Stockholder Approval of Business Combination**

Fortissimo will proceed with the merger of Psyop only if the holders of a majority of the Public Shares voted on the merger proposal at the annual meeting vote in favor of the merger proposal. The Fortissimo Insider Stockholders have agreed to vote their common stock issued prior to the IPO on the merger proposal in accordance with the vote of holders of a majority of the Public Shares present in person or represented by proxy and entitled to vote at the annual meeting. If the holders of 20% or more of the Public Shares vote against the merger proposal and properly demand that Fortissimo convert their Public Shares into their pro rata share of the trust account, then Fortissimo will not consummate the merger. In this case, Fortissimo will be forced to liquidate unless it is able to consummate a business combination with another party no later than October 11, 2008.

## **Liquidation If No Business Combination**

Fortissimo's second amended and restated certificate of incorporation provides for mandatory liquidation of Fortissimo if Fortissimo does not consummate a business combination by October 11, 2008. If we have not completed a business combination by such date, our corporate existence will cease except for the purposes of winding up our affairs liquidating, pursuant to Section 278 of the Delaware General Corporation Law. This has the same effect as if our board of directors and stockholders had formally voted to approve our dissolution pursuant to Section 275 of the Delaware General Corporation Law. Accordingly, limiting our corporate existence to a specified date as permitted by Section 102(b)(5) of the Delaware General Corporation Law removes the necessity to comply with the formal procedures set forth in Section 275 (which would have required our board of directors and stockholders to formally vote to approve our dissolution and liquidation and to have filed a certificate of dissolution with the Delaware Secretary of State).

We anticipate notifying the trustee of the trust account to begin liquidating such assets promptly after such date and anticipate it will take no more than 10 business days to effectuate such distribution.

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In connection with its liquidation, Fortissimo will distribute to the holders of its Public Shares, in proportion to their respective amounts of Public Shares, an aggregate sum equal to the amount in the trust account, inclusive of any interest thereon, plus remaining net assets (subject to our obligations under Delaware law to provide for claims of creditors as described below). Fortissimo's stockholders who obtained their Fortissimo stock prior to Fortissimo's IPO have waived their rights to participate in any liquidation distribution with respect to shares of common stock owned by them immediately prior to the IPO. FCF, as holder of the Insider Units, has also waived such rights with respect to the Insider Unit Shares included in the Insider Units. As a consequence of the provisions of Fortissimo's second amended and restated certificate of incorporation and such waivers, a liquidating distribution will be made only with

respect to the Public Shares and no liquidating distribution will be made with respect to any other shares of Fortissimo capital stock. There will be no distribution from the trust account with respect to Fortissimo's warrants, which will expire worthless.

Fortissimo expects to have expended all of the net proceeds of the IPO, other than the proceeds deposited in the trust account, in pursuit of its business combination transaction. Accordingly, the per-share liquidation price for the Public Shares as of [redacted], 2008, the record date, is approximately \$ [redacted], or \$ [redacted] less than the per-unit offering price of \$6.00 in

Fortissimo's IPO. The proceeds deposited in the trust account could, however, become subject to the claims of Fortissimo's creditors (which could be prior to the claims of the holders of the Public Shares and could include vendors and service providers Fortissimo has engaged to assist it in connection with its search for a target business and that are owed money by it, as well as target businesses themselves) and there is no assurance that the actual per-share liquidation price will not be less than \$ [redacted], due to those claims. If Fortissimo liquidates prior to the consummation of a business combination, our directors have agreed to be personally liable to pay debts and obligations to vendors and other entities that are owed money by Fortissimo for services rendered or products sold to Fortissimo, or to any target business, to the extent such creditors bring claims that would otherwise require payment from moneys in the trust account. There is no assurance, however, that they would be able to satisfy those obligations. Also, as there will be no funds remaining to pay the costs associated with the implementation and completion of our liquidation and distribution, FCF, one of our initial stockholders, has agreed to advance us the funds necessary to pay such costs and complete such liquidation (currently anticipated to be no more than approximately \$50,000) and not to seek repayment for such expenses. However, if FCF is unable to satisfy this obligation, this would reduce the amount held in the trust account. Accordingly, we cannot assure you that the per-share distribution from the trust account, if we liquidate, will not be less than \$ [redacted], plus interest, due to claims of creditors.

Our public stockholders will be entitled to receive funds from the trust account only in the event of our liquidation or if the stockholders seek to convert their respective shares into cash upon a business combination which the stockholder voted against and which is completed by us. In no other circumstances will a stockholder have any right or interest of any kind to or in the trust account.

Under the Delaware General Corporation Law, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. If the corporation complies with certain procedures set forth in Section 280 of the Delaware General Corporation Law intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. However, as stated above, it is our intention to make liquidating distributions to our stockholders as soon as reasonably possible after October 11, 2008 and, therefore, we do not intend to comply with those procedures. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them and any liability of our stockholders may extend well beyond the third anniversary of such date.

Because we will not be complying with Section 280, Section 281(b) of the Delaware General Corporation Law requires us to adopt a plan that will provide for our payment, based on facts known to us at such time, of (i) all existing claims, (ii) all pending claims and (iii) all claims that may be potentially brought against us within the subsequent 10 years. Accordingly, we would be required to provide for any claims of creditors

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known to us at that time or those that we believe could be potentially brought against us within the subsequent 10 years prior to our distributing the funds in the trust account to our public stockholders. However, because we are a

blank check company, rather than an operating company, and our operations will be limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from potential target businesses, from all of whom we've received agreements waiving any right, title, interest or claim of any kind they may have in or to any monies held in the trust account, or our vendors (such as accountants, lawyers, investment bankers, etc.). As a result, the claims that could be made against us are significantly limited and the likelihood that any claim that would result in any liability extending to the trust is remote. Nevertheless, such agreements may not be enforceable. Accordingly, we cannot assure you that third parties will not seek to recover from our stockholders amounts owed to them by us.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us that is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. Also, in any such case, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a preferential transfer or a fraudulent conveyance. As a result, a bankruptcy court could seek to recover all amounts received by our stockholders. Furthermore, because we intend to distribute the proceeds held in the trust account to our public stockholders promptly after October 11, 2008, this may be viewed or interpreted as giving preference to our public stockholders over any potential creditors with respect to access to or distributions from our assets. In addition, our board may be viewed as having breached their fiduciary duties to our creditors and/or may have acted in bad faith, and thereby exposing itself and our company to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors and/or complying with certain provisions of the Delaware General Corporation Law with respect to our liquidation. We cannot assure you that claims will not be brought against us for these reasons. To the extent any bankruptcy or other claims deplete the trust account, we cannot assure you we will be able to return to our public stockholders at least \$ per share.

## Facilities

Fortissimo Capital Management Ltd ( FCM ) makes available to us a small amount of office space and certain office and secretarial services, as we may require from time to time. We have agreed to pay FCM \$7,500 per month for these services. Through March 31, 2008, an aggregate of approximately \$133,000 has been incurred for such services. FCM is controlled by Yuval Cohen, our Chairman and Chief Executive Officer. FCM provides management services to and is affiliated with FCF. This arrangement is solely for our benefit and is not intended to provide FCF or Mr. Cohen compensation in lieu of salary. We believe, based on rents and fees for similar services in Israel, that the fee charged by FCM is at least as favorable as we could have obtained from an unaffiliated person. However, as our directors may not be deemed independent, we did not have the benefit of disinterested directors approving this transaction. This arrangement began on October 11, 2006 and will continue until we complete our merger with Psyop or another business combination.

## Employees

Fortissimo presently has five executive officers, all of whom are members of its board of directors. These individuals are not obligated to contribute any specific number of hours per week and devote only as much time as they deem necessary to our affairs. Fortissimo does not intend to have any full time employees prior to the consummation of the merger.

## Periodic Reporting and Audited Financial Statements

Fortissimo has registered its securities under the Securities Exchange Act of 1934, as amended (the Exchange Act ), and has reporting obligations, including the requirement to file annual and quarterly reports with the SEC. In

accordance with the requirements of the Exchange Act, Fortissimo's annual reports contain financial statements audited and reported on by Fortissimo's independent accountants. Fortissimo has filed with the SEC its Annual Report on Form 10-KSB covering the fiscal years ended December 31, 2006 and December 31, 2007. In addition, Fortissimo has filed Quarterly Reports on Form 10-QSB covering the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007 and a Quarterly Report on Form 10-Q covering the quarter ended March 31, 2008.

## Legal Proceedings

There are no legal proceedings pending against Fortissimo.

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# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FORTISSIMO

*The following discussion should be read in conjunction with Fortissimo's financial statements and related notes thereto included elsewhere in this proxy statement. This discussion includes forward looking statements that involve risks, uncertainties and assumptions. Fortissimo's actual results and the timing of events could differ materially from those anticipated in the forward looking statements as a result of many factors, including those discussed under "Risk Factors" and elsewhere in this proxy statement. See "Forward-Looking Statements."*

## Overview

We were incorporated on December 27, 2005 as a blank check company whose objective is to acquire an operating business that has manufacturing operations or research and development facilities located in Israel, or that is a company operating outside Israel which management believes would benefit from establishing operations or facilities in Israel. We intend to utilize cash derived from the proceeds of our recently completed public offering, our capital stock, debt or a combination of cash, capital stock and debt, in effecting a business combination.

We consummated our initial public offering on October 17, 2006. All activity from December 27, 2005 through October 17, 2006 related to our formation and our initial public offering. Since October 17, 2006, we have been searching for prospective target businesses to acquire.

## Results of Operations

Net loss of \$153,550 reported for the three months ended March 31, 2008 consists primarily of \$22,500 expense for administrative services, \$10,922 expense for director and officer liability insurance, \$225,479 for legal, accounting and other professional services which increased due primarily to the merger agreement entered in January 2008, \$6,381 for franchise taxes, and \$32,692 for other expenses. Interest on the trust fund investment was \$144,424, excluding \$36,084 of deferred interest.

Net income of \$129,835 reported for the three months ended March 31, 2007 consists primarily of \$22,500 expense for administrative services, \$11,250 expense for director and officer liability insurance, \$7,313 for legal and

accounting services, \$6,438 for franchise taxes, \$66,885 for federal income taxes and \$17,426 for other expenses. Interest on the trust fund investment was \$258,028, excluding \$64,467 of deferred interest, and interest earned on the money market account was \$3,619.

Net income of \$65,032 for the fiscal year ended December 31, 2007 consisted of net financial income of \$840,884 offset by \$576,282 of professional fees, and \$244,044 of general and administrative expenses, and a tax benefit of \$44,474.

Net income of \$89,329 for the fiscal year ended December 31, 2006 consisted of net financial income of \$223,775 offset by \$89,973 of general and administrative expenses, and a tax provision of \$44,473.

## Liquidity and Capital Resources

\$26,257,650 of the net proceeds of our initial public offering (\$27,575,303 including interest) are in trust, with the remaining net proceeds of \$728,386 to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. We will use substantially all of the net proceeds of our initial public offering not held in trust to identify and evaluate prospective acquisition candidates, select the target business, and structure, negotiate and consummate the business combination. We intend to utilize our cash, including the funds held in the trust fund, capital stock, debt or a combination of the foregoing to effect a business combination. To the extent that our capital stock or debt securities are used in whole or in part as consideration to effect a business combination, the proceeds held in the trust fund as well as any other available cash will be used to finance the operations of the target business. At March 31, 2008, we had cash outside of the trust fund of \$8,179 and total current liabilities of \$941,764 (not including \$352,350 deferred underwriting fees), leaving us with negative working capital of \$746,964. In the event that we do not have sufficient funds outside the trust fund to operate through October 11, 2008, FCF has agreed to provide us with the requisite funding, assuming that a business combination is not consummated during that time. In April 2008, FCF provided an interest-free loan to us in the amount of \$100,000 that is payable on the

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earlier of (i) October 11, 2008 or (ii) the consummation of a business combination, as well as a line of credit of up to \$300,000. However, we may need to raise additional funds through a private offering of debt or equity securities if such funds are required to consummate a business combination that is presented to us. We would only consummate such a financing simultaneously with the consummation of a business combination.

Commencing on October 11, 2006 and ending upon the acquisition of a target business, we began incurring a fee from Fortissimo Capital Management Ltd ( FCM ), an affiliate of FCF, of \$7,500 per month for providing us with office space and certain general and administrative services. In addition, in December 2005 and in January 2006, FCF advanced an aggregate of \$115,000 to us for payment on our behalf of offering expenses. These loans were repaid following our initial public offering from the proceeds of the offering.

In connection with our initial public offering, we issued an option, for \$100, to EarlyBirdCapital to purchase 400,000 units at an exercise price of \$7.50 per unit, with each unit consisting of one share of common stock and two warrants.

The warrants underlying such units are exercisable at \$6.25 per share. We accounted for the fair value of the Underwriter's option, inclusive of the receipt of the \$100 cash payment, as an expense of the public offering resulting in a charge directly to stockholders' equity. The Company estimates that the fair value of the Underwriter's Option is approximately \$1,485,882 (\$3.71 per Unit) using a Black-Scholes option-pricing model. The fair value of the Underwriter's Option is estimated as of the date of grant using the following assumptions: (1) expected volatility of

77.9%, (2) risk-free interest rate of 4.77% and (3) expected life of 5 years. The expected volatility in the preceding sentence was calculated as an average of the volatilities of publicly-traded companies in the United States, with a market capitalization between \$20 million and \$200 million, which are Israeli or Israeli-related. In calculating volatility for the representative companies, we used daily historical volatilities for the period of time equal to the term of the option (5 years). The Underwriter's Option may be exercised for cash or on a cashless basis, at the holder's option, such that the holder may use the appreciated value of the option (the difference between the exercise prices of the option and the underlying Warrants and the market price of the Units and underlying securities) to exercise the option without the payment of any cash. The Warrants underlying such Units will be exercisable at \$5.00 per share.

The Company will have no obligation to net cash settle the exercise of the Underwriter's Option or the Warrants underlying the Underwriter's Option. The holder of the Underwriter's Option will not be entitled to exercise the Underwriter's Option or the Warrants underlying the Underwriter's Option unless a registration statement covering the securities underlying the Underwriter's Option is effective or an exemption from registration is available. If the holder is unable to exercise the Underwriter's Option or underlying Warrants, the Underwriter's Option or Warrants, as applicable, will expire worthless.

In January 2008, we entered into a Merger Agreement, which was amended on May 12, 2008 and August 1, 2008, with Psyop, a producer of digital content for advertising, specializing in animation and special effects, including combined animation and live action imagery. The merger is expected to be consummated in the summer of 2008, after the required approval by our stockholders and the fulfillment of certain other conditions, set forth in the Merger Agreement. See *The Merger Proposal* and *The Merger Agreement*. In connection with the Merger Agreement, as more fully described in the section entitled *The Merger Proposal - Merger Consideration - Additional Consideration*, the Psyop shareholders will receive up to \$10,000,000 of additional consideration upon the exercise and/or redemption of Fortissimo's outstanding warrants. The exercise of the warrants will infuse additional cash into the company, a portion of which will be used to pay a bonus to the Psyop shareholders. This will not have a negative impact on Fortissimo's liquidity since such event (the exercise or redemption of the warrants) will increase the cash position of the company in excess of the amount that will be paid out in additional consideration.

We have complied with Section 404 of the Sarbanes-Oxley Act of 2002 ( "Sarbanes-Oxley ") for the fiscal year ended December 31, 2007. We anticipate incremental costs of approximately \$700,000 annually associated with Psyop's being a public company. These costs include legal fees, accounting fees and costs associated with compliance with Section 404 of Sarbanes-Oxley.

Fortissimo has agreed to cover the legal and accounting and related transactional costs of both parties upon the consummation of the merger. We anticipate one-time legal and accounting and related transactional costs of the business combination of approximately \$1.5 million, of which approximately \$700,000 are anticipated to be transaction costs incurred by Psyop.

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### **Off-Balance Sheet Arrangements**

Warrants issued in conjunction with our initial public offering are equity linked derivatives and accordingly represent off-balance sheet arrangements. The warrants meet the scope exception in paragraph 11(a) of Financial Accounting Standards (FAS) 133 and are accordingly not accounted for as derivatives for purposes of FAS 133, but instead are accounted for as equity. See Note 6 to the financial statements for more information.

## Subsequent Event

As more fully described under The Merger Proposal and The Merger Agreement, Fortissimo has entered into a merger agreement, which was amended on May 12, 2008 and August 1, 2008, pursuant to which its wholly owned subsidiary, Merger Sub, will merge into Psyop, with Psyop being the surviving corporation and becoming a wholly owned subsidiary of Fortissimo. The merger agreement also provides that Fortissimo will purchase all of the outstanding membership interests of Blacklist, whose members are the same persons who are the shareholders of Psyop. As a result of such purchase, Blacklist will become a wholly owned subsidiary of Fortissimo. Within 10 days thereafter, Psyop will merge into Fortissimo, which will change its name to Psyop, Inc. At the closing of the merger, the Psyop shareholders will receive merger consideration of 3,337,941 shares of Fortissimo's common stock and \$4,140,079 in cash. The Psyop shareholders will also be entitled to receive additional payments of shares of Fortissimo common stock and cash based on Psyop's achievement of specified revenue and EBITDA milestones in the years 2008, 2009 and 2010 as further described in The Merger Proposal Merger Consideration and elsewhere in this proxy statement.

Fortissimo's expected cash balance after the merger is expected to be approximately \$20.0 million, assuming no conversion of the Public Shares, and more than \$14.5 million, assuming 19.99% of the Public Shares are converted. These expected balances are after the repayment of all the merged company's liabilities (except current payables and current liabilities to suppliers, totaling approximately \$3.0 million). We expect that the surviving company in the merger will have cash available to pay the both the \$6.0 million contingent cash payment and the \$13.75 million (two-thirds in stock and one-third in cash) upon the achievement of the maximum earnout, and that such payments will have little to no impact on the company's liquidity. In addition, upon exercise of warrants, only a fraction of the cash infused into the company will be paid as a bonus to Psyop shareholders and accordingly those payments will have little to no impact on the company's liquidity.

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## DIRECTORS AND EXECUTIVE OFFICERS OF FORTISSIMO FOLLOWING THE MERGER

Upon completion of the merger, it is anticipated that the executive officers and other management of Psyop prior to the merger will continue to serve in substantially similar positions as executive officers and management of Fortissimo. The following table sets forth, as of July 31, 2008, the name, age and position of each of those executive officers and other key employees and the board of directors of Fortissimo following the merger:

Name	Age	Position
Justin Booth-Clibborn	44	Chief Executive Officer and Director
Thomas Boyle	40	Chief Financial Officer
Marie Hyon	41	Creative Director
Justin Lane	35	Creative Director
Kylie Matulick	37	Creative Director
Eben Mears	37	President, Creative Director and Director
Todd Muller	40	Creative Director
Marco Spier	39	Creative Director
Chris Staves	41	Creative Director
Allon Bloch		Director



Esther Lee  
Marc Lesnick  
Peter Levin

Director  
Director  
Director

## Management

**Justin Booth-Clibborn.** Upon the consummation of the business combination, Mr. Booth-Clibborn will continue as chief executive officer of Psyop. Mr. Booth-Clibborn has been an executive producer at Psyop since 2002. From 1996 to 2001, he worked in Los Angeles, California as a freelance director, producer, assistant director and visual effects/post production supervisor for music videos and television commercials. Mr. Booth-Clibborn started his career as an account executive at FCO and DFS/Bozell, London based advertising agencies. Mr. Booth-Clibborn has been a producer or executive producer for hundreds of commercials for clients including: Coke, Nike, Adidas, Ford and Intel. Mr. Booth-Clibborn received an MA from Cambridge University. Mr. Booth-Clibborn will become a director of Fortissimo upon consummation of the merger.

**Thomas Boyle.** Mr. Boyle joined Psyop on April 24, 2008 as Chief Financial Officer. Prior to joining Psyop, Mr. Boyle was Vice President of Finance and Corporate Controller for MDC Partners, Inc. from July 2005 to April 2008. Prior thereto, Mr. Boyle was Senior Director of Corporate Finance at Symbol Technologies, Inc. from March 2004 to May 2005. Before that, he served as Assistant Corporate Controller at Moody's Corporation from October 2002 to March 2004. Previously, Mr. Boyle was Corporate Controller and Chief Accounting Officer at DoubleClick Inc. Mr. Boyle received a BS in Accountancy from Villanova University.

**Marie Hyon.** Ms. Hyon is a founder and a creative director of Psyop. In that capacity, she has worked on projects for clients such as Fanta, Adidas, MTVHD, Lugz, Miller, Fox Sports Nascar and Motley Bird to name a few. Prior to joining Psyop, from 1993 to 1999, Ms. Hyon served as a Designer and Director overseeing all three Nickelodeon Networks: Nickelodeon, Nick-At-Nite and TVLand. She has won numerous awards including 17 BDS awards, including the BDA World Class Awards, D&AD gold award, AICP awards, several ID Magazine Design recognition awards and The Art Directors Club Award. Her work was also included in the National Design Triennial of Cooper Hewitt and is part of the permanent collection at the MOMA. Ms. Hyon received a BA from Parsons School of Design, New School University.

**Justin Lane.** Mr. Lane entered the visual effects field as a producer at New York based Black Logic. While working as a producer and later senior producer, Justin turned his attention to the west coast to advance his knowledge of the visual effects business. Working as an independent visual effects producer, starting in 2002, Justin collaborated with Method in what turned out to be a 4 year relationship with that company. Projects included numerous spots for Nike, Acura and Xbox as well as collaborations with Agencies such as

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Wieden and Kennedy, McCann Erickson, BBDO and Y&R. In 2004, Justin, along with creative director/Fame Artist Chris Staves partnered with Psyop and opened MassMarket as the visual effects arm of Psyop. Justin holds a BA degree from Hofstra University.

**Kylie Matulick.** Ms. Matulick is a founder and a creative director of Psyop. In that capacity, she has worked on projects for clients such as Coke, Sheryl Crow, Bombay Sapphire, Nike and Infiniti. Prior to joining Psyop, from 1997 to 2000, Ms. Matulick served as an innovative motion graphics freelance director at Lee Hunt. There she worked on projects including an image campaign for Court TV, global repackaging of FOX Kids and an on-air campaign for AT&T. Ms. Matulick received a Design Degree from Swinborne University, Melbourne Australia.

**Eben Mears.** Mr. Mears was one of the founders of Psyop and serves as its president. In 2007, Mr. Mears became a creative director of Psyop and in that capacity has worked on projects for clients such as Mercedes, Renault, Guinness, and Safeway. From inception until 2006, Mr. Mears served as a flame artist and as the chief technology officer of Psyop. In that capacity, he has worked on most projects created at Psyop, including Toyota, Lutz, ESPN, Fox Sports, MTVHD and Coca-Cola. Prior to joining founding Psyop, Mr. Mears was an Inferno artist at USA Networks. Prior thereto, Mr. Mears was the director of animation at MTV's digital television laboratory (DTV) and Nickelodeon's Nick Digital, which he helped create and managed. Mr. Mears received a BA from Oberlin University and a BFA from NYU Film School. Mr Mears will become President and a director of Fortissimo upon consummation of the merger.

**Todd Muller.** Mr. Muller was one of the founders of Psyop and serves as a creative director. In that capacity, he has been involved with projects for clients such as Coke, Bombay Sapphire, Nike, Sheryl Crow and Atari/Ecko. Most recently his directorial work for Coca-Cola garnered him an Emmy nomination for the most outstanding television commercial of the year. Prior to founding Psyop, Mr. Muller worked at MTV's lauded On-Air Promotions department from 1991 through 1999. During that time, Mr. Muller moved from production assistant to creative director amassing 23 Broadcast Design Awards, a World Class B.D.A., 10 Art Director's Guild Awards, 15 International Monitor Awards, and ID magazine award for a redesign of MTV, and an MTV Video Music Award. He then moved on to the SciFi Channel as the company's creative director. The redesign went on to receive numerous industry awards. While at MTV he was responsible for creating the late night electronic music show AMP from which he produced two top selling albums. Mr. Muller received a BA degree from the School of Visual Arts, NY.

**Marco Spier.** Mr. Spier encouraged a team of creatives of different disciplines to come together to found Psyop in 2000. As a creative director, he has directed projects for Adidas, MTV, Fanta, Siemens, among others, and received many international awards including numerous BDS awards, including the BDA World Class Awards, D&AD gold award, AICP awards, several ID Magazine Design recognition awards and The Art Directors Club Award. His work was also included in the National Design Triennial of Cooper Hewitt and is part of the permanent collection at the MOMA. As Psyop's head of animation, Mr. Spier has overseen all 3D work at Psyop since inception. Prior to founding Psyop, from 1996 through 1999, Mr. Spier served as one of the original members of MTV's digital television laboratory (DTV). There he developed and tested new animation technologies, techniques and unique content. Mr. Spier received an MA in Industrial Design from the Berlin Art College HdK, Germany.

**Chris Staves.** Mr. Staves began his career in visual effects in 1993 as a Henry artist for the now defunct 525 Post. After amassing a loyal client following including directors Francis Lawrence, Mark Romanek and Dayton/Ferris as well as winning an MTV Music Video Award amongst other accolades, Chris left 525 Post in 1998 to become one of the founding members of Method, Santa Monica. Chris has since collaborated on such projects as the feature films One Hour Photo with Mark Romanek and Gore Verbinski's The Ring, as well as an extensive number of commercials and music videos for Madonna, Jay-Z, Nike, Powerade and Pepsi. In 2004, Chris, along with Executive Producer Justin Lane joined Psyop and opened Mass Market as the visual effects arm of Psyop.

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### **Directors**

**Allon Bloch.** Mr. Bloch currently serves as the Chief Executive Officer of Wix.com, an internet publishing company, which he joined in February 2008. From May 2000 to February 2007, Mr. Bloch was General Partner at Jerusalem Venture Partners (JVP), an international venture capital firm with \$700 million under management. During his tenure at JVP, Mr. Bloch was involved in multiple trade sales of his investments, including Xmpie to Xerox, Sheet Networks to Cisco, Bristol to HP and Magnifire to F-5 Networks. Prior to joining JVP, Mr. Bloch worked at McKinsey & Company as a consultant in London from 1997 to 2000. He focused primarily on media and software company

projects. Mr. Allon has an MBA from Columbia University and a BSc from Tel Aviv University.

**Justin Booth-Clibborn.** Mr. Booth-Clibborn will become a director of Fortissimo upon consummation of the merger. See Management for biographical information about Mr. Booth-Clibborn.

**Esther Lee.** Ms. Lee will become a director of Fortissimo upon consummation of the merger. Ms. Lee has been the Chief Executive Officer, Euro RSCG North America and President of Global Brands of Euro RSCG Worldwide, an advertising agency, since [\_\_\_\_\_] 2007. Prior to joining Euro RSCG Worldwide, she was SVP, Chief Creative Officer at The Coca-Cola Company from [month, year] to [month, year]. Ms. Lee founded DiNoto Lee in [\_\_\_\_], at which she was [\_\_\_\_\_] from [\_\_\_\_\_] to [\_\_\_\_]. From [\_\_\_\_] to [\_\_\_\_] Ms. Lee was EVP, Director of Client Services at Deutsch Inc. Ms. Lee received a [degree] from [university].

**Marc Lesnick.** Marc Lesnick has served as a Vice President and a member of Fortissimo's board of directors since Fortissimo's formation, and as Assistant Secretary of Fortissimo since January 30, 2006. Mr. Lesnick joined Fortissimo Capital Fund GP, L.P as a partner in May 2003. From October 2001 through May 2003, Mr. Lesnick served as an independent consultant to high tech companies and institutional investors. From September 1997 through June 1999, Mr. Lesnick served as the Managing Director at Jerusalem Global, a boutique investment bank that specialized in raising capital for Israeli based technology startup companies. Mr. Lesnick managed a team of 10 professionals and was instrumental in raising in excess of \$250 million for 35 companies, several of which later went public or were acquired. Mr. Lesnick was also part of the founding team of Yazam.com, a spin off of Jerusalem Global where he served as the Executive Vice President from June 1999 through September 2001. Prior to moving to Israel and joining Jerusalem Global, Mr. Lesnick served as a senior corporate attorney at the New York offices of Weil, Gotshal & Manges from September 1992 through September 1997. Mr. Lesnick currently serves on the board of directors of Telrad Networks Ltd. and Soda Club Holdings Ltd., both portfolio companies of the private equity arm of Fortissimo Capital Fund. Mr. Lesnick received a JD from the University of Pennsylvania and a BA from Yeshiva University.

**Peter Levin.** Mr. Levin will become a director of Fortissimo upon consummation of the merger. Mr. Levin has been the Chief Executive Officer of GYL, LLC, a technology development and investment portfolio focused on digital media companies and video game platforms, since January 2008. Prior to joining GYL, LLC, he was President and Co-Founder of Bellrock Media, Inc., a mobile and broadband entertainment company, from March 2005 to December 2007. Prior to that, Mr. Levin was managing director of Lynx Technologies from September 1998 to June 2000. Mr. Levin attended the University of Southern California.

**Eben Mears.** Mr. Mears will become a director of Fortissimo upon consummation of the merger. See Management for biographical information about Mr. Mears.

## Board of Directors and Committees of the Board

After the merger, Fortissimo's board of directors will consist of seven directors, of whom three will be selected by Psyop, at least one of whom will be an independent director under applicable SEC and exchange rules; two will be selected by Fortissimo, at least one of whom will be an independent director under applicable SEC and exchange rules; and two will be jointly selected by Psyop and Fortissimo, each of whom will be an independent director as defined under Rule 4200(a)(15) of The NASDAQ Stock Market, Inc. Marketplace Rules.

## Board Meetings and Attendance

Fortissimo's board of directors met five times during the fiscal year ended December 31, 2007. During fiscal 2007, each director attended at least 75% of the aggregate of the number of meetings of the board of directors.

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## **Director Attendance at Annual Meeting of Stockholders**

All directors are encouraged to attend the annual meeting of stockholders.

### **Board Committees**

#### **Audit Committee**

Upon consummation of the merger, the board of directors of Fortissimo will establish an audit committee with members, each an independent director as defined under the rules of the NASDAQ Stock Market, including the independence requirements of Rule 10A-3 under the Exchange Act. The purpose of the audit committee will be to appoint, retain, set compensation of, and supervise Fortissimo's independent registered public accounting firm, review the results and scope of the audit and other accounting related services and review Fortissimo's accounting practices and systems of internal accounting and disclosure controls. Since the audit committee will not be formed until the consummation of the merger, it has not held any prior meetings.

#### **Nominating Committee**

Upon consummation of the merger, the board of directors of Fortissimo will establish a nominating committee with members, each an independent director as defined under the rules of the NASDAQ Stock Market. The purpose of the nominating committee will be to oversee the selection of persons to be nominated to serve on our board of directors. The nominating committee will consider persons identified by its members, management, stockholders, investment bankers and others. Since the nominating committee will not be formed until the consummation of the merger, it has not held any prior meetings.

#### **Compensation Committee**

As no executive officer of Fortissimo has received to the date of this proxy statement any cash or non-cash compensation for services rendered to Fortissimo, a compensation committee has been unnecessary. Upon consummation of the merger, the board of directors of Fortissimo will establish a compensation committee with members, each an independent director as defined under the rules of the NASDAQ Stock Market. The purpose of the compensation committee will be to review and approve compensation paid to Fortissimo's officers and to administer Fortissimo's compensation plans, including authority to make and modify awards under such plans. Since the compensation committee will not be formed until the consummation of the merger, it has not held any prior meetings.

### **Communications with the Board of Directors**

The stockholders may communicate with the board of directors and executive officers by sending written communications addressed to such person or persons in care of Fortissimo Acquisition Corp., 14 Hamelacha Street, Park Afek, Rosh Haayin Israel 48091. All communications will be compiled by the Secretary and submitted to the addressee.

## Code of Ethics

We have adopted a code of ethics that applies to our directors, officers and employees. We will provide a copy of the code of ethics to any person without charge upon request. Requests for copies of our code of ethics should be sent in writing to Fortissimo Acquisition Corp., 14 Hamelacha Street, Park Afek, Rosh Haayin Israel 48091, Attention: Corporate Secretary.

## Compensation of Directors

Fortissimo's directors do not currently receive any cash compensation for their services as members of the board of directors. Upon consummation of the merger, non-employee directors of Fortissimo will receive varying levels of compensation for their services as directors based on their eligibility as members of Fortissimo's audit, nominating and compensation committees. Fortissimo anticipates determining director compensation in accordance with industry practice and standards.

## Compensation of Officers

No officer has received any cash compensation for services rendered to us. No compensation of any kind, including finders, consulting or other similar fees, will be paid to any of our initial stockholders, our officers

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and directors, or any of their respective affiliates, prior to, or for any services they render in order to effectuate, the consummation of a business combination. However, such individuals and entities will be reimbursed for any out-of-pocket expenses incurred in connection with activities on our behalf such as identifying potential target businesses and performing due diligence on suitable business combinations. There is no limit on the amount of these out-of-pocket expenses and there will be no review of the reasonableness of the expenses by anyone other than our board of directors, which includes persons who may seek reimbursement, or a court of competent jurisdiction if such reimbursement is challenged. Because our directors may not be deemed independent, we generally do not have the benefit of independent directors examining the propriety of expenses incurred on our behalf and subject to reimbursement.

## Summary Compensation Table

Fortissimo did not pay any of its executive officers salary or compensation during the fiscal year ended December 31, 2007.

## Grants of Plan-Based Awards

Fortissimo does not have an existing incentive plan for the grant of options or other awards.

## Outstanding Equity Awards at Fiscal Year-End

Fortissimo does not have an existing incentive plan for the grant of options or other awards.

## Option Exercises and Stock Vested

Fortissimo does not have an existing incentive plan for the grant of options or other awards.

### Directors Compensation

Fortissimo did not pay any compensation to its directors for the fiscal year ended December 31, 2007.

### Equity Compensation Plan

Fortissimo does not currently have any authorized or outstanding equity compensation plans.

### Employment Agreements

Psyop has entered into employment agreements with each of its shareholders other than Samuel Selinger that will become effective upon the closing of the merger, at which time Psyop's obligations under the agreements will become the obligations of Fortissimo. Each Psyop shareholder will be employed pursuant to his or her agreement in the same executive capacity as he or she held prior to the merger - Mr. Booth-Clibborn as Chief Executive Officer, Mr. Lane as Executive Producer and the other executives as Creative Directors. Each agreement will be for an employment term of three years, subject to earlier termination in certain circumstances. After the three-year term is concluded, employment will continue on an at will basis and may be terminated by either Fortissimo or the executive at any time. Psyop has also entered into an employment agreement with Thomas Boyle, who has been its Chief Financial Officer since April 24, 2008.

### Summary of Terms for Each Executive Officer Other Than Mr. Boyle

Each agreement will provide for compensation consisting of a specified base annual salary, a discretionary annual bonus of up to \$75,000 that will be determined based on milestones that the compensation committee of Fortissimo's board of directors will establish for each fiscal year, 15 paid vacation days per year (or a greater number of days as provided by Fortissimo's vacation policy in effect from time to time), health and dental insurance, participation in Fortissimo's 401(k) and profit sharing plans and short and long term disability insurance. Salaries will be subject to cost-of-living increases for the second and third years of the employment term. The base annual salaries will be \$275,000 for Mr. Booth-Clibborn and \$225,000 for the other executives (other than Mr. Lane, whose base annual salary has not yet been established).

The employment agreements are subject to termination upon the executive's death or disability (which is defined to be the inability of the executive to perform his or her duties for a period of more than 3 consecutive months or for periods aggregating more than 120 days in any 360 day period as a result of physical or mental illness or disability).

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The agreements are also terminable by Fortissimo for cause, which is defined as a good faith finding by Fortissimo's board of directors that the executive (a) failed to perform (other than by reason of physical or mental illness or disability for a period of less than three (3) consecutive months or in aggregate less than 120 days during any 360-day period) his or her assigned duties diligently or effectively or was negligent in the performance of these duties, provided that the executive was given prior written notice of such deficiencies and was granted thirty (30) days to

correct any such deficiencies; (b) materially breached the employment agreement in a manner other than as set forth in the previous clause (a), which breach is materially adverse to Fortissimo and has not been cured within thirty (30) days after written notice of such breach has been given to the executive by Fortissimo; (c) breached his or her Proprietary Rights, Non-Disclosure, Developments, Non-Competition, and Non-Solicitation Agreement; (d) committed fraud, theft or embezzlement; (e) committed willful misconduct relating to Fortissimo; (f) engaged in any conduct that is materially harmful to the business, interests or reputation of Fortissimo; or (g) was convicted of, or pleading guilty or nolo contendere to, any felony.

The executive may terminate the agreement for good reason, which is defined as (a) a material breach by Fortissimo of the terms of the employment agreement; (b) a liquidation, bankruptcy or receivership of Fortissimo; (c) the relocation of the executive's place of work such that the distance from the executive's primary residence to his or her place of work is increased by more than fifty (50) miles; (d) any material diminution of the executive's duties and responsibilities. For purposes hereof, an isolated or inadvertent action by Fortissimo that is not taken in bad faith and that is remedied by Fortissimo as soon as practicable after notice thereof is given by the executive shall not be deemed a material diminution of the executive's duties and responsibilities; or (e) the failure of Fortissimo to have a successor assume the obligations under the employment agreement in the event of a Change of Control. Change of Control means mean (i) any person or entity other than Fortissimo who acquires securities of Fortissimo other than from the executive or his or her affiliates (in one or more transactions) and has 50% or more of the total voting power of all Fortissimo's securities then outstanding; (ii) a sale of all or substantially all of the assets of Fortissimo; or (iii) if Fortissimo's business is substantially operated through its subsidiaries, a sale of all or substantially all of the assets of all of its subsidiaries (taken as a whole). Termination by the executive for good reason can only occur if (i) the executive has given Fortissimo a written notice indicating the existence of a condition giving rise to good reason and Fortissimo has not cured the condition giving rise to good reason within thirty (30) days after receipt of such notice, and (ii) such notice is given within sixty (60) days after the initial occurrence of the condition giving rise to good reason.

Upon termination by Fortissimo without cause or by the executive for good reason, Fortissimo will be obligated to pay the executive all accrued salary, vacation pay, expense reimbursements and any other sums due to the executive through the date of termination. In addition, the executive shall be entitled to receive the following severance benefits, subject to the executive signing and not revoking a severance and release agreement drafted by and satisfactory to Fortissimo: (i) for a period of six months (three months with respect to Messrs. Lane and Staves) following the executive's date of termination, in accordance with Fortissimo's regularly established payroll procedure, Fortissimo will continue to pay to the executive his or her base salary; and (ii) should the executive be eligible for and elect to continue receiving group medical and dental insurance pursuant to the federal COBRA law, 29 U.S.C. §1161 et seq., Fortissimo will, for 12 months (3 months with respect to Messrs. Lane and Staves) following the executive's date of termination, pay all premium costs for such continued coverage. Also, the Restrictive Period (as defined in the executive's Proprietary Rights, Non-Disclosure, Developments, Non-Competition and Non-Solicitation Agreement) will be deemed modified such that it is reduced to a six month period (three month period with respect to Messrs. Lane and Staves).

Except for a termination by Fortissimo without cause or by the executive for good reason, upon the termination of the executive's employment for any reason before or after the expiration of the three-year employment term, the obligations of Fortissimo to pay the executive's compensation shall immediately cease, and the executive shall be entitled to only the base salary, vacation pay, expense reimbursements and any other sums due to the executive through his or her last day of employment.

## Summary of Terms for Mr. Boyle

Psyop is also a party to an employment agreement with Thomas J. Boyle, who became Psyop's chief financial officer on April 24, 2008. Upon conclusion of the merger, Fortissimo will assume this employment agreement and become the employing entity. Mr. Boyle's agreement provides for at will employment and is terminable by either party on 30 days prior written notice.

Mr. Boyle's agreement provides for an annual salary of \$250,000, payable in equal bi-weekly installments. It also provides for an annual bonus targeted at \$75,000, on similar terms to the bonus arrangements with the other executives. Upon completion of the merger, he will also be eligible to receive a one-time \$50,000 cash bonus, which must be repaid if he initiates termination of his employment prior to April 23, 2009. Also, he will be entitled to receive a one-time cash bonus of \$150,000 if at least a majority of Fortissimo's public warrants are exercised prior to their expiration or if Fortissimo redeems the warrants. Mr. Boyle will also be eligible to receive restricted shares pursuant to Fortissimo's incentive compensation plan (if approved by its stockholders at the annual meeting) in an amount equal to 1% of Fortissimo's outstanding shares of common stock that are outstanding immediately after the closing of the merger (which award is anticipated to be for [92,063] shares). One-third of such shares will vest on the first anniversary of the commencement of his employment and the balance will vest in equal monthly shares over the following two years. Mr. Boyle is also entitled to vacation, insurance, 401k plan and other fringe benefits similar to those to which the other executives will be entitled.

If termination of employment is initiated by the employer for any reason or if Mr. Boyle initiates termination for good reason (defined in the same manner as defined in the employment agreements for the other executives), Mr. Boyle will be entitled to severance benefits similar to those that would be provided to the other executives if they were terminated without cause, including continuation of salary for six months (but with COBRA payments continuing for six months rather than twelve). If Mr. Boyle terminates his employment for other than good reason, he will not be entitled to such severance benefits.

## Employment Terms Applicable to All Executive Officers

Pursuant to Proprietary Rights, Non-Disclosure, Developments, Non-Competition, and Non-Solicitation Agreements between Fortissimo and each executive that will be in effect following the merger, the executive is obligated to keep confidential all of Fortissimo's proprietary information (as defined in the agreement) and to disclose and assign to Fortissimo all inventions, creations, improvements and other developments relating to Fortissimo's business that are created by the executive. These agreements also provide that, for twelve months following the termination of an executive's employment for any reason (which period is reduced to six months or three months under the employment agreements if such termination is by Fortissimo without cause or by the executive for good reason), the executive may not work for or have more than a 1% interest in any company that competes with Fortissimo, solicit for employment anyone who was an employee or independent contractor of Fortissimo within the prior six months or solicit clients, customers, accounts or prospective clients, customers or accounts of Fortissimo that were contacted, solicited or served by the executive while the executive was employed by Fortissimo.

## Description of Auditor's Services and Fees

### Auditor's Services

As previously disclosed in our 8-K filing on January 30, 2008, certain of the partners of Goldstein Golub Kessler (GGK) became partners of McGladrey & Pullen, LLP (M&P). As a result, GGK resigned as auditors of the company effective January 28, 2008 and M&P was appointed as our independent registered public accounting firm in connection with our annual financial statements for the fiscal year ended December 31, 2007.



GGK had a continuing relationship with RSM McGladrey, Inc. ( RSM ), from which it leased auditing staff who were full-time, permanent employees of RSM and through which its partners provided non-audit services. GGK had no full time employees, and, therefore, none of the audit services performed were provided by permanent full-time employees of GGK. GGK manages and supervises the audit and audit staff, and is exclusively responsible for the opinion rendered in connection with its examination.

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### **Audit Fees**

The aggregate fees paid to GGK in 2007 primarily for the December 31, 2006 audit and review of financial statements included in Fortissimo's quarterly reports on Form 10-QSB were approximately \$39,443.

The aggregate fees for professional services rendered by GGK in 2006, which includes fees relating to the initial public offering and related audits and review of financial statements included in Fortissimo's quarterly reports on Form 10-QSB were approximately \$51,950.

McGladrey & Pullen's fees for the audit of Fortissimo's December 31, 2007 financial statements were \$23,000.

### **Audit-Related Fees**

Audit related fees are for assurance and related services including, among others, consultation concerning financial accounting and reporting standards. There were no aggregate fees billed for audit related services rendered by GGK or M&P.

### **Tax Fees**

Fees paid to RSM for tax compliance, tax planning and tax advice for the fiscal year ended December 31, 2006 were \$2,546.

There were no fees paid to M&P in 2007 for tax compliance.

## **Pre-Approval Policies and Procedures**

We currently do not have an audit committee.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires Fortissimo's officers and directors and persons who beneficially own more than 10% of Fortissimo's common stock to file initial reports of ownership of such securities and reports of changes in ownership of such securities with the SEC. Based solely on its review of the copies of such reports furnished to Fortissimo, or representations from certain reporting persons that no other reports were required, Fortissimo believes that the reporting persons complied with all Section 16(a) filing requirements.

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## BUSINESS OF PSYOP

### Overview

Headquartered in New York City, Psyop is an award-winning provider of design based 3D animation, innovative visual effects and digital content for the advertising market. Psyop produces creative advertisements on behalf of premier brands in a variety of industries, including food and beverage, sports, automotive, retail and financial services. In addition to its creative production for television advertising, Psyop has recently expanded into producing content for other, growing forms of electronic marketing including short themed branded films, ads shown in movie theaters, in-store and site specific presentations and the internet.

### Representative Projects

The following chart lists some of the brands on behalf of whom Psyop has produced advertising projects.

*(Trademarks shown in this report are the property of the owners thereof.)*

### Company History

Psyop was founded in April 2000 by five creative individuals who, as a group, were able to provide all of the disciplines needed to create and execute animation projects from start to finish. The initial founders worked as creative directors, designers, and graphic artists at Viacom (MTV, Nickelodeon), USA Networks, Sci-Fi Channel and Lee Hunt. Their collective areas of expertise include conception, design, direction, 3-D and 2-D animation and all of the associated technologies. All of Psyop's founders are currently fulltime employees of the company.

Since its founding, Psyop has grown organically and, as of March 31, 2008, employed 84 people on its staff at its headquarters in New York City. It also engages a range of freelance personnel as required on a project by project basis. As a result of its growth, Psyop's revenues have increased from approximately \$2 million in 2000 to \$25.3 million in the year ended December 31, 2007.

Over the years, Psyop has won numerous awards and accolades for its creative output. These include:

- \* Cannes Lion (2007 silver award),
- \* Clio (2007 gold, silver and bronze awards, 2004 silver award),
- \* The One Show (2007 bronze award),
- \* Art Director's Club (2007 silver, Distinctive Merit),
- \* Andy Awards (2007 gold and bronze awards),

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\* Promax/Broadcast Design Awards (BDA) (2007 three gold awards, 2005 4 gold and 1 silver awards, 2003 silver and bronze awards, 2002 1 gold, 3 silver and 1 bronze awards),

- \* International Design (I.D.) Magazine (2004 and 2007),
- \* Creativity Awards (2007),

\* Design and Art Direction (D&AD) book (2001 and 2007),  
\* Association of Independent Commercial Production Companies (AICP) show (2003 through 2007).  
Psyop was nominated for an Emmy in 2007 for the Coca Cola Happiness Factory spot and was also included in the 2007 Smithsonian Institution's Cooper Hewitt Design Museum's Triennial Review of design at the center of contemporary American culture based on the company's overall work.

Psyop's principal executive offices are located at 124 Rivington Street, New York, New York 10002. Its phone number is 212-533-9055. Psyop maintains a website at www.psyop.tv; however, information in, or that can be accessed through, its website is not to be considered part of this proxy statement.

## Psyop's Current Business

Psyop's principal clients are advertising agencies, who engage Psyop to create content, on a project by project basis, on behalf of their own clients. At present, only a small portion of Psyop's business is received directly from the corporate brands. Typically, Psyop executes a contract with an advertising agency or corporate brand that typically requires payment of 50% of the fees up front, 25% of the fees during the pre-production and the remainder upon completion of the project. A typical project will range in size from a few hundred thousand dollars to over a million dollars and would take between two to three months to complete.

Psyop's business is presently run through three business units—Psyop, Mass Market and Blacklist. Below is a brief description of each business unit.

*Psyop* The Psyop business unit is a design-led, full service production unit for advertising agencies, marketers and content creators. Psyop offers creative development and innovative visual effects combining the expertise of directors, designers and visual effects artists utilizing a collaborative and multidisciplinary approach to deliver the desired result for its clients. Psyop charges fixed fees for its services.

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*Mass Market* Mass Market specializes in the production of visual effects. Mass Market often works together with Psyop on mixed media projects that include both animation and live action imagery. In addition, Mass Market works as an independent entity with third party agencies, production companies and other content creators. Mass Market charges fixed fees for its services.

*Blacklist* Blacklist is a representation arm for design-led commercial and content creators through which Psyop outsources projects and receives a percentage of the project cost for lead generation, branding, mentoring and project management.

## Psyop's Strengths

Psyop believes that its strengths include:

***Solid Reputation:*** Over the years, Psyop has earned an excellent reputation for its creative ability, innovation, execution and on-time delivery of complex and challenging animation and visual effects projects. Its track record creates demand for its services and has enabled it to leverage its abilities by outsourcing and overseeing certain projects via its Blacklist division.

**Talented Team:** The unique corporate culture at Psyop breeds a collaborative effort and multidisciplinary approach among its directors, designers and visual effects artists that enables Psyop to deliver superb quality work in a timely manner. Its innovative and creative work facilitates its ability to recruit and retain top talent in the industry.

**Strong Relationships with Advertising Agencies:** Psyop produces highly successful and creative ad campaigns for renowned global brands and through its work has developed strong relationships with leading advertising agencies and advertisers.

**End to End Solution:** Psyop developed in-house production processes that enable it to serve as a one-stop-shop, providing a full suite of solutions to the advertising industry. It is able to conduct a project from concept through design and all stages of production.

Psyop believes that the many awards it has won, which include an Emmy nomination for its Happiness Factory spot for Coca Cola, provide objective evidence of its various strengths. The AICP award, which recognizes excellence in 23 categories of commercial film production, with a focus on artistry and technical expertise, has been won by Psyop in the fields of graphics, visual effects and animation. It has twice won the best of year award for its works in the prestigious D&AD Annual and has won the D&AD Yellow Pencil award for creative excellence once. It has also won gold and bronze Andy awards, which honor creativity in advertising and those who create the work. Other awards received by Psyop are listed above.

Psyop's status has also been recognized in the trade magazines in the advertising field. *Creativity* magazine, in its December 17, 2007 issue, stated "Last, but most certainly not least, the year in commercials would not have been as dazzling, or as uplifting without the work of Psyop, whose continued creations for Coca-Cola helped to bring feel-good back to the brand, and frankly, advertising in general. *boards* magazine, in an article entitled "Psyop, Nobody does it Better" in its July 2006 issue, stated that "... the Lower Eastside collective has found a way to branch out in the worlds of motion graphic and animation while still retaining their supremacy. And ... it doesn't look like they're going to cede the title any time soon. Similarly, the Cooper-Hewitt National Design Museum, part of the Smithsonian Institution, when including work by Psyop in its 2006 National Design Triennial, noted that "Surprising results, however, emerge when design takes the lead in an ad campaign or an animated spot, as evidenced by the painterly work of Psyop."

## Psyop's Market

Psyop provides animation and visual effects primarily to the television advertising industry. Psyop's core strength in creating highly entertaining, compelling, narrative based advertising is becoming critical as leading marketers are seeking to differentiate their messages and their brands in today's cluttered advertising world. In addition, as advertising skipping technologies such as Tivo become more popular and audiences become more fragmented, the stand-alone 30 second television commercial is becoming less effective in reaching consumers. Advertisers understand that they need to reach out and engage their consumers and that messages need to be more focused and better targeted. Television advertising will be one tool, with its own strengths and weaknesses, with which to reach target audiences. Other media, such as online video, cinema, branded

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entertainment and podcasts, are becoming increasingly important and, used effectively with good content, provide a huge opportunity to reach consumers in more effective ways.

Psyop is working closely with advertising agencies and leading brands to facilitate message creation in this evolving market. It is increasingly being called upon earlier in the marketing process as agencies and marketers experiment with and formulate effective branding and communication strategies. For example, following the worldwide success of the Happiness Factory commercial for Coke (which was released in August of 2006), Psyop created a 6 minute branded content piece for the New World of Coke Visitor Center in Atlanta, a 3-1/2 minute short movie for on-line distribution and assets (characters, animations, environments and the like) for a Happiness Factory website and interactive game. The campaign that Psyop created for Fanta is also being rolled out worldwide, not only using the commercials Psyop produced, but also using the assets (characters, designs, environments, etc.) for new spots, on-line sites, point of sale material and other merchandising material.

Although Psyop is pioneering new advertising mediums, management believes that in the near future a majority of its revenues will continue to be derived from television related advertising. Television advertising may be growing at a slower pace than internet advertising, yet it is still a large market and a critical tool through which advertisers seek to relay their message. Television advertising expenditure is expected to continue growing in absolute terms, but its portion of the overall advertising market is expected to decrease, as wider use of other platforms (i.e., the internet) becomes the norm. The amount spent on television advertising in the United States, as mentioned above, is estimated to reach \$60 billion in 2009.

Television advertising expenditures in many markets outside of the United States are expected to increase at even faster rates. These include such emerging markets as Eastern Europe, Russia and Pacific-Asia. Approximately half of Psyop's business in recent periods has been from non-US based advertising agencies, predominately Europe but significantly in China, as well. Psyop intends to invest in growing its non-US business and plans to establish a London operation in late 2008.

Psyop believes its outstanding creative ability will enable it to continue to be a preferred vendor for advertisers as they evolve their consumer initiatives and that Psyop's proven strength in helping to strategize and develop engaging brand messages will enhance the value of Psyop's services in the new advertising landscape.

## Clients and Projects

Psyop's direct clients are predominantly advertising agencies. During the years 2006 and 2007, almost all of Psyop's revenues came from this group. Wieden+Kennedy (Amsterdam and Portland) was Psyop's largest client during 2007, providing approximately \$4.3 million of revenues, or 17.1% of Psyop's revenues in that year, and \$2.8 million or 17.9% of revenues in 2006. Major projects for Wieden+Kennedy included multiple projects for Coca-Cola and projects for the National Basketball Association (NBA), Electronic Arts (EA Games) and Partnership for Drug Free America (PDFA).

Psyop's second largest client during the year ended December 31, 2007 was BBDO (New York, Paris and Dublin), which provided revenues of approximately \$4.0 million or 15.9% of total revenues during 2007 and \$2.9 million or 18.6% of revenues during 2006. 2007 projects for this firm were done for Guinness, Bank of America, Aquafina, Mountain Dew, Ebay, General Electric, Pepsi, Sierra Mist, Target, Mercedes-Benz and Campbell's.

JWT (NY, China and Brazil) was Psyop's third largest client during 2007, providing approximately \$3.9 million of revenue or 15.5% of Psyop's revenue. During 2006 Psyop was awarded \$1.1 million of work from JWT which represents about 7.1% of 2006 revenue. In 2007 projects for JWT included HSBC, Caress, L.L.Bean, and Adidas.

Psyop's fourth largest client in 2007 was DDB Worldwide representing \$2.8 million or 11.2% of total revenues. During 2006, Psyop produced \$1.3 million of projects for DDB which represents about 8.8% of 2006 revenue. Most of the revenue from DDB in 2007 was generated from a project produced for Safeway.

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Other notable clients in 2007 included:

Ogilvy, primarily projects for Fanta  
TBWA, projects for Infiniti, Martel and Starburst  
Y&R, projects for Miller, United Negro College Fund and Bacardi

## **Strategy and Growth**

Management believes that Psyop has developed a distinct brand in the video commercial animation/live action market that could be leveraged in several ways. Key elements of Psyop's growth strategy include:

***Enhance Growth of Existing Business:*** Due to breakthroughs in technology, and the need to differentiate marketing messages, animation and visual effects are becoming more widely used and are replacing live action footage in advertising media. Psyop intends to leverage this trend and to continue to build its core business.

***Geographic Expansion:*** Psyop has been increasingly working on worldwide projects for European and Asian customers. In order to facilitate its global reach, Psyop plans to open two new offices: one in Los Angeles and another in London. The Los Angeles core team has already been hired, and will become fully operational during the first quarter of 2008. The London office is expected to open during the second half of 2008 and will focus primarily on European customers.

***Acquiring talent through Blacklist:*** The Blacklist partner program has allowed Psyop to leverage its brand and project management skills and work with talented teams in a global manner. Most of the Blacklist projects have been executed by small teams in Sweden, Spain and Brazil. Psyop believes that Blacklist is a useful way of assessing talented individuals and teams that could be hired to join Psyop. It intends to accelerate this program and recruit creative talent globally as opposed to paying a buyout premium when purchasing large companies.

***Extend Animation and Visual Effects Expertise into Branded Content:*** Psyop believes that it can generate new revenue opportunities by utilizing its expertise in animation and video effects to create branded content that will be aired on the internet in the form of a standalone video or as part of virtual worlds or video games.

***Expand Development of Technology:*** To maintain a leading edge over the competition, and to increase production efficiencies and collaboration among the creative team, Psyop intends to increase its investment in developing proprietary tools such as asset management, project management and workflow software solutions. It anticipates opening a research and development facility in Israel where it can develop its proprietary solutions in a creative, efficient and cost-effective manner.

## **Psyop's Creative Process**

Psyop's success depends upon bringing a continued high level of creativity and uniqueness to the production of animated and mixed media (combining live action, 3D and/or 2D techniques) content for television and other advertising platforms. The creative process required to maintain the highest and freshest quality of work is delicate and involves close collaboration among the various participants—the clients, the directors, the designers and the technical personnel involved with the project. There is often an element of experimentation to see what works—both creatively and technically and experience with the tools and techniques from previous projects is a very important factor in developing the work. Below is a detailed description of each phase of the process that is involved in a typical

television advertisement project that portrays the breadth of Psyop's service offering.

## The Pitch

The process begins with a pitch—an analysis of the client's requests and the development of the director's vision or concept for the project. Based upon initial conversations with the client (most usually an advertising agency but sometimes the end-user), possible creative directions, styles, mood and tone, and techniques such as 3D, 2D, stop frame animation, and/or live action might be discussed and proposed. Based on the initial input, Psyop's team develops a written narrative proposal for the project (commonly referred to

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as the treatment). This will cover the overall vision, the story (usually an interpretation of the client or agency's initial idea, and sometimes expressed with pencil drawn storyboards), the style, the look and feel and the techniques proposed.

Hand in hand with the treatment, Psyop will usually develop visual style-frames—snapshots of the intended final look, or looks, of the piece, which are often described as the posters of the film. At this stage, it is not unusual for a range of styles and looks to be explored and presented to the client. Based on the feedback received, the favorite style frames are chosen and often adjusted. These serve as the visual anchor for communication with clients later in production if the job is awarded. At this stage, technical directors are consulted to provide assurance that the director's vision is capable of being produced in an efficient and timely manner. This stage of the process culminates in a presentation to the client, who in turn communicates with the end-user customer. Advertising agencies will generally recommend which company they want to work with and the clients normally go along with that recommendation. Sometimes, Psyop pitches and pulls out before the decision is made if it determines that it is not a good fit creatively, if the schedule cannot be worked out to fit with other commitments, or if the budget does not match the creative approach proposed.

## Pre-Production

Upon the award of a project, Psyop commences its pre-production stage. For most projects, this begins with the creation of, or if they formed part of the pitch, the further development of, storyboards—individual panels that portray the story, the action and possible shot compositions and camera angles. These panels are then edited together in sequence to form a boardamatic, which starts to inform the team mainly about the timing, pacing and rhythm of the piece. The boardamatic is revised and reviewed by the project director and the clients until the desired result is achieved. At the same time as developing storyboards and boardamatics, Psyop usually also continues to develop the designs or style frames for the project, refining and improving what was presented for the pitch, further defining the color palette, environments, textures, look and feel. These, too, are presented to the clients and, together with the storyboards and boardamatics, should form a clear picture of what the final piece will look and feel like.

Where a live action component is involved, a freelance production team is hired and a production office is established, generally on the Psyop premises. Based upon the nature of the film and the production budget, the producer will hire a production crew, which might be as many as 50 people for a major campaign or only a skeleton crew of eight or nine for low-budget projects.

## Production/Post Production

Psyop uses many different techniques to realize the vision laid out in the treatment, style frames and storyboards. The exact techniques used vary from project to project depending on the creative approach developed and agreed upon by all parties, but usually involve some or all of the following: 3D computer graphic and animation work, 2D computer graphic and animation work, live action shooting on video or film of people, sets and/or specific elements, hand drawing or painting of graphic elements and textures, and 2D compositing of many layers of images, textures and elements to create the final image.

Whatever the initial image creation technique used, the results are always brought together in the digital realm. Computer animation, for example, is the art of creating moving images through the use of computers as opposed to using hand drawn frames as was done in traditional animation. To create the illusion of movement, an image is displayed on the computer screen that is quickly replaced by a new image that is similar to the previous one but is shifted slightly. Even hand drawn or painted elements are scanned into the computer and manipulated and applied digitally. As the technology has improved, become more powerful and less costly, access to it has become much more widespread, and the differentiating factor between companies has become talent and creative vision.

A typical Psyop production has several phases that may or may not overlap depending on the project and its schedule: 3D previsualization; 3D modeling and rigging; animation; shading and lighting; rendering; and compositing. If live action shooting is involved, that usually occurs once the 3D previsualization is complete and approved by all parties.

*3D previsualization:* Building on the approximate timings in the boardamatics (see above), artists place digital models of all the main elements into each scene and position digital cameras at the angles from which

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the three-dimensional shot is to be seen. This allows the directors to investigate the camera angles and moves that make the piece flow, tell the story and portray the product as desired. The pre-viz is done in 3-D with very rough models but, together with the designs, it gives a very clear picture of how a final piece will look and feel, and thus its approval by all parties is a critical part of Psyop's process.

*Live action shooting:* If required, the live action shoot will happen once the previsualization is completed and approved. The shoot will usually involve filming actors and other moving elements, either in sets or against green screen, so their images can be isolated and added in to the 3D digital world being created.

*3D modeling and rigging:* Digital models of all three dimensional elements in each set and of all characters are created by defining their three-dimensional shapes and adding the rigging (the sets of animation controls that allow the model to be moved or animated).

*Animation:* The digital models are made to move in three dimensions by changing the animation controls over time to create a motion sequence. Artists will use various techniques to create the motion. Motion capture is sometimes used for human characters, with the actors filmed with 3D sensors attached to their bodies so their exact motion can be captured in 3D space by a computer. This data is then processed and applied to the 3D models created in the previous phase to create a base layer of movement based on real human motion, which is then further refined and finessed by the artist, according to the style required for the project. The other main technique used to create animation is simply referencing real world motion by eye or by using video references, in which, similar to an artist painting a scene from a photograph, there is a lot of room for creative interpretation.



*Shading and lighting:* The surface characteristics, or shading, are attached to each model to define the pattern, texture, finish and color of all the objects in each scene, and digital lighting is added into each scene. It is in this stage that the style frames and designs developed earlier are used as a guide for the artists to create all the elements needed to achieve the look laid out in those still images.

*Rendering:* The renderer takes the data for the models, layout, animation, shading and lights and, for each frame in the sequence, computes a two-dimensional image of how the scene looks at each point in time from the point of view of the camera. Usually all the 3D elements are rendered out as separate passes to allow maximum control in the compositing stage.

*Compositing:* All the elements created in 3D, and shot in live action, are layered and blended together and are sometimes color corrected. Additional elements and effects are added at this stage to achieve, as close as possible, the look laid out in the style frames and designs developed at the start of the project.

*Sound:* Sound effects and music are usually developed while production is underway and, at the end of the production process, they are integrated, mixed, and laid back to the final completed picture.

Depending on the final output media of the project, the final product will be put on to digital files (such as Quicktime), film, digital tape or other media.

Although the general process of a typical project is outlined above, actual work required for each job often varies due to the unique nature of each project. Psyop's expertise in the various disciplines required, enable us to provide a high quality finished product in a timely manner.

## Competition

Competition in the animated and mixed media advertising production industry is highly fragmented among a number of firms, no single one or group of which has a significant share of the market. Psyop's competitors vary according to the type of project. There are many companies that utilize some of the same techniques that Psyop uses, but Psyop believes, based, in part, on the third-party recognition evidenced by its many awards and favorable notices in the trade press, that there are very few that master as many, have the same creative range, and are as renowned for outputting consistently fresh and high quality work, as Psyop. It is this range of expertise, creativity and production quality that differentiates Psyop from other companies and drives the demand for Psyop's services.

There are several companies that Psyop would consider competitors and against whom Psyop pitches regularly: Nexus Productions (London), Motion Theory (LA), Imaginary Forces (New York and LA), Stardust

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(New York & LA), Pleix (Paris) and Logan (LA). Recently, Psyop has been competing against A-list commercial directors from traditional live action production companies. This market space is also very fragmented and competitive but there are a few names who are very sought after Daniel Klienman (Rattling Stick, London), Frank Budgen (Gorgeous, London), Dante Ariola, Rupert Sanders (MJZ productions), David LaChapelle (HSI productions), amongst others.

The competition for Psyop and Blacklist mainly comes from privately owned creative companies with revenues of below \$10 million, and sometimes from larger production companies with revenues of \$10 million and above. The visual effects market in which Mass Market competes is somewhat less fragmented, with a few larger players and

several smaller companies all specializing in post-production operations, finishing and effects. Mass Market competes regularly against The Mill (London, New York and LA), Framestore (London and LA), Method (LA), and Asylum (LA). Such firms generally have revenues in the range of \$10 million to \$60 million per year and may be financed by institutional investors and other large entities.

## Research & Development

In order to maintain a leading edge in the industry, upon completion of the proposed business combination, Psyop intends to develop a research and development facility in Israel, where a team of software engineers will work directly with Psyop in developing proprietary tools for specific applications. Psyop has already commissioned a report that outlines the initial plans for its research and development center and the initial projects upon which it will focus. Psyop believes that it can develop the requisite software in Israel more quickly and efficiently due to the availability and reduced cost of such expertise in that country.

## Employees

At March 31, 2008, Psyop employed 84 persons, of whom 57 (including 8 executive officers) perform creative, technical and production functions; 2 perform managerial and administrative functions; and 25 perform staff and other functions. Psyop also engages creative, technical and production personnel on a freelance, independent contractor basis from a pool of over 200 such persons. Psyop considers its relations with its employees and freelance staff to be quite satisfactory.

Psyop aims to seek out and hire the most highly qualified persons in the fields in which it operates. Many of its creative, technical and production personnel are hired upon graduation from the colleges and universities that maintain programs in the fields for which Psyop requires talent. Most of these institutions are located in the United States and Psyop seeks to hire students who are at or near the tops of their classes in academic and professional achievement. However, in recent years a large number of such students have not been United States citizens or legal residents prior to the commencement of their attendance in the programs and were required to obtain student visas in order to attend the programs. For Psyop to hire them, it must obtain J1, H1-B, O1 or E3 visas. The H1-B visas in particular are limited in number and thus difficult to obtain; however, Psyop has been successful for the most part in being able to hire the people it needs who have the talent it requires. Competition for such persons is intense and the continuation of such trends may impair Psyop's ability to continue to hire sufficient numbers of people having the necessary talents and achievements. It believes, though, that the opening of its planned offices in Europe and Israel will alleviate, at least in part, potential hiring difficulties. Employees of the European and Israel offices, after one year of employment, will be eligible for employment with Psyop within the United States under an E-2 visa, which has less onerous requirements than the other types of visas.

## Psyop Compensation Discussion and Analysis

Psyop has employment agreements with all of its shareholders in their capacities as executive officers (other than Samuel Selinger, whose employment with Psyop terminated on June 30, 2008). These agreements will be superseded by the agreements that will become effective upon the closing of the merger that are described in the section entitled *Directors and Executive Officers of Fortissimo Following the Merger - Employment Agreements*.

The elements of compensation under the employment agreements currently in effect are base salary, bonuses and employer contribution payments pursuant to Psyop's 401(k) and profit sharing plans. Since its formation, Psyop has not provided any compensation through stock options, stock appreciation rights or other equity-based payments or plans.

Under the employment agreements for all of the executives other than Messrs. Lane and Staves, the executives are eligible to receive yearly cash bonuses of up to 7.1% of Psyop's pre-tax operating income. The agreements with Messrs. Lane and Staves do not address bonuses but the directors have awarded them bonuses in years that bonuses were awarded to the other executives.

Psyop's directors (who are presently all of its shareholders other than Mr. Selinger, who was a director through June 30, 2008) have not historically established guidelines or targets that are to be achieved as a basis for the granting of bonuses. The amount of the bonus pool and individual bonuses are determined by Psyop's directors by consensus based upon their collective judgment as to the contributions of each of them to Psyop's performance and growth during the fiscal year, taking into account factors such as professional creativity, client development, timely completion of projects and ability to meet budgetary requirements. This determination is usually made in the period prior to the end of the fiscal year at a time when the directors are able to make an accurate estimate of the year's profitability, with bonuses paid shortly thereafter. No bonuses were paid to Psyop's executives with respect to the fiscal year ended December 31, 2007, as Psyop's directors determined that it was important to preserve cash in connection with the development of its Los Angeles office and for other corporate purposes. The bonuses for 2006 were based in part on the bonus provisions in the employment agreements and in part as a result of the directors' belief that the base salaries of the shareholder-employees were below levels they could command in the competitive marketplace.

Under Psyop's 401(k) plan, employees may contribute up to maximum amount allowable under law to the plan and Psyop, under the "safe harbor" provisions governing such plans, contributes an amount equal to 3% of the employee's salary and bonus. In addition, under the "non-safe harbor" provisions of the plan, the directors may authorize additional discretionary profit sharing contributions each year of a percentage of an employee's salary and bonuses up to allowable limits on compensation under governing regulations. For 2005 and 2006, such percentage was 10%. The directors did not authorize any non-safe harbor contributions for 2007.

To remain competitive with other employers in its industry and to attract and retain talented executives, Psyop provides its executive officers with health and welfare benefits that the directors believe are reasonable and consistent with Psyop's overall compensation objectives.

Psyop does not provide perks (such as automobile allowances) to its executives.

The following table sets forth information regarding the compensation for 2007, 2006 and 2005 of Justin Booth-Clibborn, Psyop's principal executive officer, Samuel Selinger, Psyop's principal financial officer during such years, and the next five highest paid executive officers.

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## Summary Compensation Table

Executive	Year	Salary (\$)	Bonus (\$)	401(k) Contribution (\$)	Profit Sharing (\$)	Total (\$)
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Justin Booth-Clibborn	2007	172,060		5,161		179,228
Principal Executive Officer	2006	148,846	111,337	7,805	22,976	292,970
	2005	135,000	85,503	6,615	22,050	251,173
Samuel Selinger (1)	2007	157,060		4,711		163,778
Principal Financial Officer	2006	133,462	101,472	6,448	22,713	266,101
	2005	115,000	76,104	5,733	19,110	217,952
Christopher C. Staves	2007	205,000		6,150		213,157
Creative Director	2006	205,000	42,704	7,431	22,400	279,541
	2005	205,000	32,028	7,111	23,703	269,847
Marie Hyon	2007	172,060		5,161		179,228
Creative Director	2006	148,846	192,817	10,250	22,976	376,895
	2005	135,000	144,613	8,388	27,961	317,967
Eben T. Mears	2007	172,060		5,161		179,228
Creative Director	2006	148,846	192,817	10,250	22,400	376,319
	2005	135,000	144,613	8,388	27,961	317,967
Todd Mueller	2007	172,060		5,161		179,228
Creative Director	2006	148,846	192,817	10,250	22,976	376,895
	2005	135,000	144,613	8,388	27,961	317,967
Marco Spier	2007	172,060		5,161		179,228
Creative Director	2006	148,846	192,817	10,250	22,976	376,895
	2005	135,000	144,613	8,388	27,961	317,967

(1) Mr. Selinger's employment with Psyop terminated on June 30, 2008.

### Director Compensation

All of the persons listed in the above table, together with Kylie Matulick and Justin Lane, each of whom is also a Psyop Creative Director, served as directors of Psyop during the years listed in the table. None of such persons received any separate compensation for serving as a director.

### Compensation Committee Interlocks and Insider Participation

Psyop's board of directors does not have a compensation committee and its executive compensation has historically been determined by all of its directors acting by consensus. During the years reported in the above table, the persons serving as directors (who also constituted all of its shareholders) were its only executive officers. Samuel Selinger ceased serving as a director and executive officer effective June 30, 2008.

### Intellectual Property

Psyop believes that the names *Psyop*, *Blacklist* and *Mass Market* are important to its business and is in the process of registering those names with the United States Patent and Trademark Office as registered trademarks.

Rights to characters and other creative elements created by Psyop for completed client projects become the property of the respective clients. Often, the contracts with the clients provide for separate payment for characters in addition to payments for the production of the project. Creative elements, including characters, design and music, created by Psyop for projects that are not completed remain the property of Psyop for further development and use as it may determine. To date, Psyop has not registered copyrights for its owned intellectual properties that are copyrightable.

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Psyop also has not yet developed any proprietary software, techniques or processes. However, one of the major purposes for its Israeli operations is to develop such proprietary products for its internal use and license or sale to others.

## **Facilities**

Psyop leases 15,700 square feet of space in 3 connected buildings in the Lower East Side of Manhattan. The primary location of 10,700 square feet is located at 124 Rivington Street, New York, N.Y. and is under a lease that continues until 2017. The leased space is used for its executive offices and production facilities. Psyop believes that such facilities will be adequate for a staff of up to 115 employees. It has no reason to believe that it would not be able to find additional space at commercially reasonable rates should it require additional space in New York City.

Psyop leases a 10,000 square feet of space at 523 Victoria Avenue, Venice, California under a lease that continues through 2017. The leased space is used for production facility and can hold up to 80 employees.

## **Legal Proceedings**

Psyop is not a party to any pending litigation and is not aware of any threatened legal proceedings that could have a material adverse effect on its business, financial condition and/or results of operations.

## **Government Regulation**

Psyop is not currently subject to direct federal, state or local regulation other than regulations applicable to business generally.

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS PSYOP**

*The following discussion should be read in conjunction with Psyop's consolidated and combined financial statements and related notes and Psyop's unaudited condensed consolidated financial statements and related notes included elsewhere in this proxy statement. This discussion contains forward-looking statements that involve risks and uncertainties. Psyop's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this proxy statement, particularly under the headings Forward-Looking Statements and Risk Factors.*

## **Overview**

Headquartered in New York City, Psyop, Inc., its wholly-owned subsidiary Psyop UK, LLC ( Psyop UK ) and an affiliate through common ownership, Psyop Services, LLC ( Psyop Services ) and, together with Psyop, Inc. and Psyop

UK, Psyop ) together form an award-winning provider of design-based 3D animation, innovative visual effects and digital content for the advertising market. Psyop produces creative advertisements on behalf of premier brands in a variety of industries, including food and beverage, sports, automotive, retail and financial services. In addition to its creative production for television advertising, Psyop has recently expanded into producing content for other, growing forms of electronic marketing including short, themed, branded films, ads shown in movie theaters, in-store and site specific presentations and the internet.

Psyop creates state-of-the-art digital motion imagery for the advertising industry in its many outlets, including television, cinema, interactive and others. Psyop intends to continue building its existing digital imagery business, which will focus opportunistically on advertising campaigns primarily utilizing animated and visual effects.

Psyop is regularly approached by leading advertising companies to help conceptualize and develop new and unique ideas for visual effects-driven and animated commercial campaigns. Psyop intends to and may invest capital and production work in major studio feature film projects that meet management's budgetary, development and return on investment criteria in accord with its growth strategy. Within this strategy, Psyop intends to expand further into entertainment properties that provide opportunity through the convergence of films and video games. Psyop expects that the implementation of its business strategy will involve the investment of capital in expanding its services in existing and related market segments and by setting up opportunities to new geographic locations.

Psyop operates in three related and linked production areas that share leads, management and resources: (1) commercials production, (2) production services and (3) production management. The commercials production area has historically been the dominant part of Psyop's operations and is expected to continue to command a significant portion of its operations. This area takes on full projects, where Psyop designs, directs and produces the whole project. The production services area collaborates with outside production companies and directors by creating sub-portions of a project. In 2006, Psyop launched its production management area with a goal of developing a roster of outsourced facilities that complement and expand the reach on its commercial production branch. For its services, the production management area receives a commission based on the total budget it secures for its production companies. All areas collaborate and cross-market with each other on a per-project agreed upon fee structure.

## Industry Trends

Visual effects and more recently animation have become an integral part of the commercial production and entertainment industry. The techniques and tools used in visual effects and animation continue to evolve rapidly in response to continuous and increased demand from motion pictures, television commercials and several other forms of marketing and entertainment outlets.

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Commercials and entertainment avenues have become increasingly reliant on digitally created content as the result of a confluence of cultural and industry trends, including:

consumers' expectations and the constant demand for new, compelling looks and techniques to make content stand out above the clutter in all mediums;

box-office success of animated movies, especially those using 3D animation, as well as visual effects-rich feature films—the top 20 grossing films in worldwide box office history are either computer animated or otherwise heavily reliant on visual effects;

the cross referencing of looks and techniques between film, advertising, video games, music videos, etc.;

decrease in cost of tools and equipment, such as powerful computers, coupled with an increased sophistication of the software running on these computers;  
technological advancement in delivery of visual content including broadband internet, HD television, satellite, and broadband wireless technologies; and  
talent being attracted to the industry which has many good training programs in higher education institutions who have created degrees in subjects such as digital media, animation and graphic design.

### **Company-Specific Trends**

Psyop is not aware of any known trends or uncertainties that it expects will have a material impact on its future results of operations. While Psyop does expect revenue to increase in 2008 to the highest level in its history, Psyop does not expect the significant revenue percentage growth experienced in 2007 to continue in 2008.

## **Critical Accounting Policies and Estimates**

Psyop's discussion and analysis of its financial condition and results of operations is based upon its consolidated and combined financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these financial statements requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in Psyop's consolidated and combined financial statements and accompanying notes. Psyop bases its estimates on historical experience and on other assumptions that it believes to be reasonable under the circumstances. However, estimates inherently relate to matters that are uncertain at the time the estimates are made, and are based upon information then presently available. Actual results may differ significantly from these estimates under different assumptions or conditions.

### **Revenue Recognition**

Psyop has historically derived substantially all of its revenues from contracts to provide digital imagery and elements to third parties.

Psyop recognizes revenues using the percentage-of-completion method of accounting in accordance with Statement of Position 81-1 Accounting for Performance of Construction-Type and Certain Production-Type Contracts and in conjunction with SEC Staff Accounting Bulletin No. 104, Revision of Topic 13: Revenue Recognition in Financial Statements (SAB 104), which provides for the recognition of revenue when (1) pervasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the selling price is fixed or determinable, and (4) collectability is reasonably assured. Accordingly, earnings are recognized on a contract-by-contract basis in the ratio of actual costs incurred compared to total estimated costs that will be incurred under each contract, as determined by management. Adjustments to cost estimates are made periodically, based upon the specific circumstances affecting each contract in progress. Losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined.

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The aggregate of costs incurred and earnings recognized on uncompleted contracts in excess of related billings is shown as a current asset, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and earnings recognized is shown as a current liability.

Psyop Services recognizes revenues as services are provided and when all other criteria for revenue recognition in

accordance with SAB 104 have been met.

## **Cost Recognition**

Contract costs include all labor, subcontractors and other direct costs related to contract performance such as supplies and tool costs. Changes in job performance, job conditions, and estimated profitability, including final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revenues or costs are determined. All costs incurred in connection with pitches made to obtain a contract are expensed as incurred. If a contract is awarded, the costs associated with the pitch are included as part of the cost of the related project. If the contract is not awarded, the costs are classified as selling and administrative expenses.

## **Accounts Receivable**

Psyop carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, management evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. Psyop's write-offs of accounts receivable during 2007 and 2006 have been insignificant. Based on management evaluation of the collectability of accounts receivable, an allowance for doubtful accounts was not considered necessary at December 31, 2007 and 2006.

## **Impairment of Long-Lived Assets**

Psyop adheres to SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* and periodically assesses the recoverability of the carrying amounts of long-lived assets. A loss is recognized when expected undiscounted future cash flows are less than the carrying amount of the asset. The impairment loss is the difference by which the carrying amount of the asset exceeds its fair value.

## **Income Taxes**

Psyop, the parent company, is a United States corporation and files corporate income tax returns in the United States. Psyop Services is a United States limited liability company and is subject to the New York City Unincorporated Business Tax ( UBT ). Psyop UK is incorporated in England and Wales and, as such, files its own corporate income tax returns in the United Kingdom. Psyop complies with SFAS No. 109 *Accounting for Income Taxes*, which requires an asset and liability approach to financial reporting of income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

## **Internal Control over Financial Reporting**

Management periodically reviews the design and effectiveness of its disclosure controls and procedures. Management makes modifications to improve the design and effectiveness of its disclosure controls and procedures and may take corrective action if its reviews identify a need for such modifications or actions.

Psyop's management believes that it will be able to develop an effective system of internal controls compliant with applicable statutory requirements prior to December 31, 2009, when it must have such controls in place to meet such statutory requirements. However, Psyop's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures or its internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only



reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in

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all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Psyop have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake.

Additionally, controls can be circumvented by the individual acts of some persons or by collusion of two or more people. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **Results of Operations**

### **Overview**

The following describes certain line items set forth in Psyop's consolidated and combined results of operations. Psyop's consolidated and combined financial statements include the accounts of Psyop, Psyop Services and Psyop UK. All material inter-company accounts and transactions have been eliminated in the consolidated and combined financial statements. Although the financial data have been combined, they do not represent those of a single legal entity.

*Revenues.* Psyop derives its revenues from a broad number of customers and projects. Most commonly, Psyop's customers are advertising agencies that are the contracting agency on behalf of marketers. Psyop might service a number of different marketers through a single customer, nonetheless, no single customer will typically generate more than 20% of Psyop's revenues in any given year, and its largest clients tend to change year-over-year. Projects usually extend over three or four months but can be as short as a few weeks and no project to date has been longer than eight months. When Psyop enters into contracts, it can reasonably project the timing of its revenues, costs and cash flows.

Psyop controls the timing and mix of individual projects as they are in production; however, Psyop does not have extended visibility into future projects as clients' campaigns and needs change dramatically due to market conditions and marketing strategies. This dynamic leads to management's limited ability to accurately project revenues and expenses from future projects.

Virtually all of Psyop's revenues are derived from fixed-price contracts, which are recognized using the percentage-of-completion method of accounting. Under the percentage-of-completion method, revenue is recognized based on the percentage of the total costs incurred compared to the total estimated costs to be incurred, as determined by management. Delays in production due to customer-imposed factors or changes in scope of the project, as well as unforeseen accelerations in the customer's timing of the project, will affect when actual services are provided and costs are incurred and accordingly may result in revenue being recorded in a period other than as originally anticipated. Since some of Psyop's costs are of a fixed nature, incremental changes in revenues can have an effect on its reported operating margins and net income or loss.

Psyop's backlog for awarded projects at December 31, 2007 and December 31, 2006 was approximately \$4.0 million and \$5.6 million, respectively. All backlog is expected to be completed in the subsequent fiscal year due to the short term nature of its projects. The decrease in backlog from December 31, 2006 to December 31, 2007 is the direct result of two very large projects awarded to Psyop in the fourth quarter of 2006, whereby the project work commenced in 2007.

*Cost of revenues.* Cost of revenues includes direct compensation, travel, lodging, and employee benefits for project-related personnel, payments to third-party contractors, and other direct project-related expenses. Also included in cost of revenues are occupancy costs, depreciation and amortization expenses. Psyop reviews and allocates these costs periodically so as to align them with actual costs incurred on projects.

*Selling, general and administrative expenses.* Selling, general and administrative expenses include administration employees, software engineers and other technical support personnel, expendable computer

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software and equipment, facilities expenses, costs incurred for pitching contracts not awarded and other operating expenses not directly related and/or allocable to projects. Additionally, Psyop utilizes external sales personnel that are paid commissions based on projects they secure.

Beginning in 2008, Psyop expects to incur additional professional fees and other expenses as a result of being a public company, including costs to comply with the Sarbanes-Oxley Act of 2002 and other rules and regulations applicable to public companies. Psyop estimates such costs to range between \$300,000 and \$500,000 for a full fiscal year and such amounts will adversely impact Psyop's results of operations and cash flows. In addition, Psyop expects to increase its research and development staff as its operations grow and as it integrates potential future acquisitions. Psyop intends to invest appropriate resources to properly manage and control its business, and this investment will likely result in future increases in general and administrative expenses.

Psyop has decided to develop new software solutions for the management of creative assets and the alignment of multiple production locations, which will require additional investments in personnel and equipment, and will result in additional charges to operations before revenues are generated from those projects.

*Interest income (expense).* Psyop's interest income consists of interest earned on its cash and cash equivalents. Interest expense consists of interest incurred on capital leases as well as interest incurred on the outstanding balance under its line of credit. Psyop does not anticipate additional borrowings under the line of credit in the foreseeable future following the consummation of the business combination.

The following table sets forth certain information regarding Psyop's consolidated and combined results of operations for the periods indicated:

	Three Months Ended		Year Ended	
	March 31,	2007*	December 31,	2006
	2008*		2007	
			(Restated)	
Net sales	\$7,111,410	\$7,408,362	\$25,299,589	\$15,828,334
Cost of sales	5,662,008	4,219,165	20,494,903	12,325,656
Gross profit	1,449,402	3,189,197	4,804,686	3,502,678
	1,274,848	775,731	3,837,627	3,823,980

Selling, general and administrative expenses				
Operating income (loss)	174,554	2,413,466	967,059	(321,302 )
Other income (expense):				
Interest income	1,420	3,613	21,428	4,116
Interest expense	(26,117 )	(15,026 )	(61,325 )	(80,700 )
Other income				12,319
	(24,697 )	(11,413 )	(39,897 )	(64,265 )
Income (loss) before income tax benefit (expense)	149,857	2,402,053	927,162	(385,567 )
Income tax (expense) benefit	(70,181 )	(1,068,608)	(395,197 )	77,782
Net income (loss)	\$79,676	\$1,333,445	\$531,965	\$(307,785 )

\*

Unaudited

### Comparison of Three Months Ended March 31, 2008 and Three Months Ended March 31, 2007

*Net sales.* Total net sales decreased \$0.3 million or 4.0% from \$7.4 million for the three months ended March 31, 2007 to \$7.1 million for the three months ended March 31, 2008. Psyop expanded its customer base in the three months ended March 31, 2008 as compared to the three months ended March 31, 2007, but revenue decreased by \$0.3 million as two very large projects accounted for over \$2.7 million in revenue during the three months ended March 31, 2007. During the three months ended March 31, 2008, no one projected accounted for more than \$1.0 million in revenue.

*Cost of sales.* Total cost of sales increased 34.2% from \$4.2 million for the three months ended March 31, 2007 to \$5.7 million for the three months ended March 31, 2008. Gross margin decreased to 20.4% in three months ended March 31, 2008 from 43.0% in three months ended March 31. The decrease in gross

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margin was primarily due to an increase in staff and freelance related costs as a percentage of revenue from 47.2% in the three months ended March 31, 2007 to 58.8% in the three months ended March 31, 2008. In addition, other direct production related costs increased to 12.0% of revenue from 7.1% of revenue in the three months ended March 31, 2007. Due to the Company's expansion of its production facilities in its New York headquarters as well as the opening of a production facility in Venice, California, occupancy costs increased from 0.9% of revenue in the three months ended March 31, 2007 to 3.8 % of revenue in the three months ended March 31, 2008, and depreciation expense increased from 0.9% in the three months ended March 31, 2007 to 2.4% in the three months ended March 31, 2008.

*Selling, general and administrative expenses.* Selling, general and administrative expenses increased 64.3% from \$0.8 million for the three months ended March 31, 2007 to \$1.3 million for the three months ended March 31, 2008. This increase was primarily due to an increase in salaries and benefits of \$0.2 million, rent expense of \$0.1 million and increased professional fees of approximately \$0.2 million associated with the pending merger with Fortissimo Acquisition Corp.

*Interest income (expense).* Interest expense increased 116.4% from \$11,413 for the three months ended March 31, 2007 to \$24,697 for the three months ended March 31, 2008. The \$13,284 increase was principally attributable to larger outstanding balances under the line of credit facility during the three months ended March 31, 2008 as compared to the three months ended March 31, 2007.

*Income tax expense.* Income tax expense decreased from \$1.1 million for the three months ended March 31, 2007 to \$70,181 for the three months ended March 31, 2008. The decrease of \$1.0 million in income tax expense was attributed to a decrease in net profit before tax during the three months ended March 31, 2008 as compared to the three months ended March 31, 2007.

*Net income.* Net income decreased to \$79,676 for the three months ended March 31, 2008 from \$1.3 million for the three months ended March 31, 2007. The decrease of \$1.2 million in net income is due to the factors discussed above.

## **Comparison of Year Ended December 31, 2007 and Year Ended December 31, 2006**

*Net sales.* Total net sales increased \$9.5 million or 60.1% from \$15.8 million for the year ended December 31, 2006 to \$25.3 million for the year ended December 31, 2007. The \$9.5 million increase is primarily attributable to \$6.5 million of net sales from new clients, of which approximately \$4.2 million of this was business generated outside of the United States. In addition, the establishment of Psyop Services, LLC in February 2006, accounted for \$1.7 million of the increase in 2007 and grew to \$2.4 million in net sales during the year ended December 31, 2007, from \$700,000 in net sales for the year ended December 31, 2006. The remaining increase was due to net new business generated from existing clients.

*Cost of sales.* Total cost of sales increased 66.6% from \$12.3 million for the year ended December 31, 2006 to \$20.5 million for the year ended December 31, 2007. The \$8.2 million increase was principally attributable to the increase in net sales. Gross margin decreased to 19.0% in 2007 from 22.1% in 2006 primarily as a result of the entry into new geographic locations and services performed on much larger projects than historically awarded to Psyop which required competitive bidding to win the work. The majority of the work on such larger projects was performed in the quarter ended December 31, 2007, and as a result gross margin in that quarter was approximately 11.0%. In addition, included in 2006 cost of sales was a \$1.1 million special payment paid to shareholder-employees. The payment was made in part pursuant to bonus provisions in employment agreements for the shareholder-employees and in part as a result of management's belief that the base salaries of the shareholder-employees were below levels they could command in the competitive marketplace. This expense negatively impacted 2006 gross margins by approximately 7.0%.

*Selling, general and administrative expenses.* Selling, general and administrative expenses remained consistent and was \$3.8 million for the year ended December 31, 2007 and 2006. Selling, general and administrative expenses for the year ended December 31, 2007 had a decrease in selling expenditures of approximately \$700,000 due to a change in representation in Europe and accepting projects from geographic locations where no sales commission was paid. The reduced selling costs were offset by an increase in general

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corporate expenses of approximately \$700,000 primarily related to salaries and benefits, as well as increased professional fees of approximately \$400,000 associated with the pending merger with Fortissimo Acquisition Corp.

*Interest income (expense).* Interest income (expense) declined 47.9% from \$(76,584) for the year ended December 31, 2006 to \$(39,897) for the year ended December 31, 2007. The \$36,687 decrease was principally attributable to limited utilization of a line of credit facility during the period ended December 31, 2007.

*Income tax benefit (expense).* Income tax benefit (expense) increased from a benefit of \$77,782 for the year ended December 31, 2006 to an expense of \$395,197 for the year ended December 31, 2007. The \$472,979 increase in

income tax expense was attributed to an increase in net profit before tax during the year ended December 31, 2007 as compared to a net loss before income taxes in the year ended December 31, 2006.

*Net income (loss).* Net income increased to \$531,965 for the year ended December 31, 2007 from a net loss of \$(307,785) for the year ended December 31, 2006. The increase of \$839,750 in net income is due to the factors discussed above.

## Liquidity and Capital Resources

Psyop's principal sources of liquidity at March 31, 2008 consisted of cash and cash equivalents of \$257,000 and accounts receivable of \$1.5 million.

Psyop has historically funded its operations without significant reliance on borrowings. Psyop's cash flow from operations allows Psyop to operate its business with minimal amounts of borrowings. As discussed above, Psyop derives a substantial amount of its revenues from a diverse and changing group of advertising agencies who engage Psyop on a project-by-project basis. Advance payments on these commercial projects help fund Psyop's operations, but may fluctuate significantly from quarter-to-quarter depending on production schedules and project volume. Thus, Psyop has limited visibility into its future cash flows beyond contracts that have been signed and are in process. Psyop has little control over the timing and mix of individual projects, which limits Psyop's ability to predict its future operations and related cash flows.

Historically, Psyop's primary cash expenditures have been dedicated to the payment of salaries and wages to its employees and to its freelancers. Other areas that command significant portions of Psyop's expenditures are commissions paid to the sales representatives, expenditures on technological equipment and lease obligations.

Psyop financed its operations for the three months ended March 31, 2008 primarily through cash from operations. Net cash provided by operating activities was \$558,000 for the three months ended March 31, 2008 and consisted of net income, non-cash expenses related to depreciation and amortization, an increase in accounts payable and other current liabilities and a decrease in costs and estimated earnings in excess of billings on uncompleted contracts, partially offset by increases in accounts receivable and a decrease in billings on uncompleted contracts in excess of costs and estimated earnings.

Psyop financed its operations for the three months ended March 31, 2007 primarily through cash from operations. Net cash provided by operating activities was \$1.4 million for the three months ended March 31, 2007 and consisted of net income, non-cash expenses related depreciation and amortization and deferred taxes, an increase in accounts payable and other current liabilities and a decrease in costs and estimated earnings in excess of billings on uncompleted contracts, partially offset by increases in accounts receivable and prepaid expenses and a decrease in billings on uncompleted contracts in excess of costs and estimated earnings.

Net cash used in investing activities was \$820,000 in the three months ended March 31, 2008 and was due primarily to capital expenditures resulting from management's decision to significantly expand production capabilities and to update a portion of Psyop's existing production infrastructure.

Net cash used in investing activities was \$0.6 million the three months ended March 31, 2007 and was due primarily to capital expenditures relating to Psyop's corporate headquarters.

## Edgar Filing: Fortissimo Acquisition Corp. - Form PRER14A

Net cash provided by financing activities was \$128,000 in the three months ended March 31, 2008 and was attributable to borrowings of \$300,000 under the line of credit partially offset by payments under Psyop's capital lease obligations and note payable.

Net cash used in financing activities was \$0.1 million in the three months ended March 31, 2007 and was primarily attributable payments under Psyop's capital lease obligations and note payable.

Psyop financed its operations for the year ended December 31, 2007 primarily through cash from operations. Net cash provided by operating activities was \$1.6 million for the year ended December 31, 2007 and consisted of net income, non-cash expenses related to depreciation and amortization, an increase in accounts payable and other current liabilities and a decrease in costs and estimated earnings in excess of billings on uncompleted contracts, partially offset by increases in accounts receivable and a decrease in billings on uncompleted contracts in excess of costs and estimated earnings.

Net cash provided by operating activities was \$1.3 million in the year ended December 31, 2006 and consisted of a net loss plus non-cash expenses related to depreciation and amortization less deferred income tax benefits, an increase in accounts payable and other current liabilities, an increase in billings on uncompleted contracts in excess of costs and estimated earnings, partially offset by increases in costs and estimated earnings in excess of billings on uncompleted contracts and accounts receivable.

Net cash used in investing activities was \$1.9 million in the year ended December 31, 2007 and was due primarily to capital expenditures resulting from management's decision to significantly expand production capabilities and to update a portion of its existing production infrastructure.

Net cash used in investing activities was \$387,000 in the year ended December 31, 2006 and was due primarily to capital expenditures relating to Psyop's corporate headquarters.

Management expects to continue to make significant investments in property and equipment over the next three years as Psyop expands and streamlines its production capabilities in California and Europe as well as the proposed establishment of a research and development facility in Israel. The estimated capital expenditures for expansion into California and Europe are estimated to be between \$2.0 million to \$3.0 million for each facility. The capital expenditure for the establishment of an Israeli research and development facility is estimated to range from \$700,000 to \$1.0 million.

Net cash provided by financing activities was \$392,000 in the year ended December 31, 2007 and was attributable to borrowings of \$1.0 million under the line of credit partially offset by payments under its capital lease obligations and note payable.

Net cash used in financing activities was \$1.0 million in the year ended December 31, 2006 and was primarily attributable payments under its line of credit, capital lease obligations and note payable.

In 2005, Psyop financed some property investment through a three year term note with a principal balance of \$360,750. As of March 31, 2008, the balance due on this note was \$85,516. The note calls for monthly payments of \$10,915 for principal and interest at a fixed rate of 5.64% per annum. In case of default, the lender can demand the outstanding balance of the account and it shall become immediately due and payable. After default, an interest rate of 18% is imposed until the account is paid in full. The lender has the right of offset in event of default. There are no imposed covenants or ratios, except for Psyop's representing and warranting that it is a corporation organized under the laws of, and authorized to conduct business in, the State of New York. Psyop is currently in compliance with all the terms and conditions of the note.

Psyop maintains a variable rate, revolving line-of-credit providing for borrowings of up to \$1.6 million, due on demand, with an outstanding balance of \$1.3 million at March 31, 2008. There are no financial covenants imposed or ratios imposed in connection with this line of credit except for the requirement for annual review of company and shareholders financial statements and tax returns as well as company accounts receivable aging. In the event of default, the lender may cease disbursements and the outstanding balance will be due and payable by the borrower and guarantor. Lender has right of offset in event of default. Psyop is currently in compliance with all the terms and conditions of the line-of-credit. The terms of the line-of-credit will be binding on successors.

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If the merger described in this proxy statement is consummated, management anticipates using the cash released from the trust fund to repay its outstanding note payable and line of credit as well as for the continued acquisitions of property and equipment. Management believes that its cash flow from operations will be sufficient to fund its projected operating requirements for at least the next twelve months. However, Psyop may need to raise additional capital or incur additional indebtedness to continue to fund its operations if the completion of the transaction described in this proxy statement is significantly delayed for any reason. Psyop is already establishing additional relationships to cover short-term sources of capital if a need arises.

Psyop's future capital requirements will depend on many factors, including its rate of sales growth. Although Psyop currently is not a party to any agreement or letter of intent with respect to potential material investments in, or acquisitions of, complementary businesses, services or technologies, Psyop may enter into these type of arrangements in the future, which could also require Psyop to seek additional equity or debt financing. Such additional funds may not be available on terms favorable to Psyop or at all.

## **Off-Balance Sheet Transactions**

Psyop does not engage in any off-balance sheet transactions.

## **Recently Issued Accounting Pronouncements**

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* an Interpretation of FASB Statement No. 109 (FIN No. 48). FIN No. 48 clarifies what criteria must be met prior to recognition of the financial statement benefit of a position taken in a tax return. FIN No. 48 will require companies to include additional qualitative and quantitative disclosures within their financial statements. The disclosures will include potential tax benefits from positions taken for tax return purposes that have not been recognized for financial reporting purposes and a tabular presentation of significant changes during each period. The disclosures will also include a discussion of the nature of uncertainties, factors which could cause a change, and an estimated range of reasonably possible changes in tax uncertainties. FIN No. 48 will also require a company to recognize a financial statement benefit for a position taken for tax return purposes when it will be more-likely-than-not that the position will be sustained. FIN No. 48 will be effective for fiscal years beginning after December 15, 2007. Psyop adopted FIN No. 48 on January 1, 2008. The adoption of FIN No. 48 did not have a material impact on Psyop's financial condition or results of operations.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the FASB anticipates that

for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for Psyop would be its fiscal year beginning January 1, 2008. Psyop adopted SFAS No. 157 on January 1, 2008. The adoption of SFAS No. 157 did not have a material impact on Psyop's financial condition or results of operations.

In September 2006, the Staff of the SEC issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108). SAB 108 requires registrants to use a combination of two approaches to evaluate the materiality of identified unadjusted errors, the rollover approach, which quantifies an error based on the amount of the error originating in the current year income statement, and the iron curtain approach, which quantifies an error based on the effects of correcting the misstatement existing in the balance sheet at the end of the current year. SAB 108 permits companies to adjust for the cumulative effect of immaterial errors relating to prior years in the carrying amount of assets and liabilities as of the beginning of the current fiscal year, with an offsetting adjustment to the opening balance of retained earnings in the year of adoption. Psyop adopted SAB 108 in fiscal 2007. Psyop's adoption of SAB 108 did not impact its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. This Statement permits entities to choose to measure many financial instruments at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in

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earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Psyop adopted SFAS No. 159 on January 1, 2008. The adoption of SFAS No. 159 did not have a material impact on Psyop's financial condition or results of operations.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations* (SFAS 141R). SFAS 141R replaces SFAS 141 and establishes principles and requirements for how an acquiror recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. Acquisition costs associated with the business combination will generally be expensed as incurred. SFAS 141R is effective for business combinations occurring in the fiscal years beginning after December 15, 2008, which will require Psyop to adopt these provisions for business combinations occurring in fiscal 2009 and thereafter.

In December 2007, the Financial Accounting Standards Board issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB 51*, which changes the accounting and reporting for minority interests. Minority interests will be recharacterized as non-controlling interests and will be reported as a component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the non-controlling interest will be included in consolidated net income on the face of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and will apply prospectively, except for the presentation and disclosure requirements, which will apply retroactively. The adoption of SFAS No. 160 will not have a significant impact on Psyop's financial position, results of operations or cash flows.

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## **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding the beneficial ownership of our common stock as of July 31, 2008 by:

each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;  
each of our executive officers;  
each of our directors and director nominees;  
each person who will become a director upon consummation of the merger; and  
all our executive officers and directors as a group; and

Beneficial ownership is determined in accordance with the rules of the SEC. Except as indicated, to our knowledge, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. As of July 31, 2008, 5,868,334 shares of Fortissimo common stock were issued and outstanding. The percentage of beneficial ownership after the merger set forth below gives effect to the issuance of 3,337,941 shares of Fortissimo common stock in the merger and is based on 9,206,275 shares of our common stock estimated to be outstanding immediately following completion of the merger and no exercise of outstanding Fortissimo warrants.

As of , 2008, the Fortissimo Insider Stockholders beneficially owned and are entitled to vote the Original Shares, which were issued to them prior to Fortissimo's IPO. In addition, FCF owns the Insider Units that it acquired concurrently with the consummation of the IPO, each Insider Unit consisting of one share of common stock and two warrants, each entitling the holder to purchase one share of common stock. The total of the Original Shares and the Insider Unit Shares constitutes approximately 22.7% of the outstanding shares of our common stock. In connection with Fortissimo's IPO, the holders of Original Shares and the Insider Units entered into agreements with EarlyBirdCapital, Inc. ( EarlyBirdCapital ), the underwriter of the IPO, pursuant to which each Fortissimo Insider Stockholder agreed to vote his or its Original Shares and Insider Unit Shares on the merger proposal in accordance with the majority of the votes cast by the holders of Public Shares. The Fortissimo Insider Stockholders have also indicated that they intend to vote their Original Shares and Insider Unit Shares in favor of all other proposals being presented at the meeting.

At any time prior to the annual meeting, during a period when they are not then aware of any material nonpublic information regarding Fortissimo or its securities, the Fortissimo Insider Stockholders, and/or their affiliates, may enter into a written plan to purchase Fortissimo securities pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934, and may engage in other public market purchases, as well as private purchases, of securities at any time prior to the annual meeting of stockholders. The ownership percentages listed below do not include any such shares which may be purchased after July 31, 2008.

At any time prior to the annual meeting, during a period when they are not then aware of any material nonpublic information regarding Fortissimo or its securities, the Fortissimo Insider Stockholders, Psyop or Psyop's stockholders and/or their respective affiliates may purchase shares from institutional and other investors, or execute agreements to purchase such shares from them in the future, or Fortissimo, the Fortissimo Insider Stockholders, Psyop or Psyop's shareholders may enter into transactions with such persons and others to provide them with incentives to acquire shares of Fortissimo's common stock or vote their shares in favor of the merger proposal. The purpose of the share purchases described in this paragraph and the preceding paragraph and other similar transactions, if entered into, would be to increase the likelihood of satisfaction of the requirements that the holders of a majority of the Public

Shares cast a vote in favor of the merger proposal and that holders of fewer than 20% of the Public Shares vote against the merger proposal and demand conversion of their Public Shares into cash where it appears that such requirements would otherwise not be met.

Certain of these transactions could be structured in a manner that would provide for settlement subsequent to the consummation of the merger using proceeds from the trust account or shares issued to the Psyop shareholders in the merger. While the exact nature of any such incentives has not been determined as of the date of this proxy statement, they might include, without limitation, arrangements to protect such investors or

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holders against potential loss in value of their shares, including the granting of put options, the transfer to such investors or holders of shares or warrants owned by the Fortissimo Insider Stockholders for nominal value and the grant to such investors and holders of rights to nominate directors of Fortissimo. However, Fortissimo will not enter into any such arrangement that requires it to purchase Public Shares and no funds in the trust account will be used to make such purchases or to fund other such arrangements.

Entering into any such arrangements may have a depressive effect on the price of Fortissimo's common stock. For example, as a result of these arrangements, an investor or holder may have the ability to effectively purchase shares at a price lower than market and may therefore be more likely to sell the shares he owns, either prior to or immediately after the special meeting.

If such transactions are effected, the consequence could be to cause the merger to be approved in circumstances where such approval could not otherwise be obtained. If the Fortissimo Insider Stockholders and/or their affiliates purchase any shares of Fortissimo common stock prior to the record date of the annual meeting, the Fortissimo Insider Stockholders and/or their affiliates will vote such acquired shares in favor of the approval of the merger proposal, which may be different than the vote of the majority of the non-insider stockholders. Purchases of shares by the persons described above would allow them to exert more influence over the approval of the merger proposal and other proposals and would likely increase the chances that such proposals would be approved. Moreover, any such purchases may make it less likely that the holders of 20% or more of the Public Shares will vote against the acquisition proposal and exercise their conversion shares.

As of the date of this proxy statement, there have been no such discussions and no agreements to such effect have been entered into with any such investor or holder. Fortissimo will file a Current Report on Form 8-K to disclose arrangements entered into or significant purchases made by any of the aforementioned persons that would affect the vote on the merger and charter amendment proposals or the conversion threshold. Any such report will include descriptions of any arrangements entered into or significant purchases by any of the aforementioned persons.

The table assumes that no holder of Public Shares converts such Public Shares into cash.

Name and Address of Beneficial Owner and Management <sup>(1)</sup>	Number of Shares of Common Stock Beneficially Owned Before the Merger	Approximate Percentage of Outstanding Common Stock Beneficially Owned Before the	Approximate Percentage of Outstanding Common Stock Beneficially Owned After the
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		Merger	Merger
(i) Certain Beneficial Owners:			
Fortissimo Capital Fund GP, L.P. <sup>(2)</sup>	1,233,334	21.0	13.4
Weiss Asset Management LLC <sup>(3)</sup>	646,850	11.0 %	
Sapling, LLC <sup>(4)</sup>	525,000	8.9 %	
HBK Investments L.P. <sup>(5)</sup>	374,411	6.4 %	
(ii) Directors (which includes all nominees) and executives:			
Yuval Cohen <sup>(2)</sup>	1,233,334	21.0	13.4
Eli Blatt <sup>(2)</sup>	1,233,334	21.0	13.4
Marc Lesnick <sup>(2)</sup>	1,233,334	21.0	13.4
Shmoulik Barashi <sup>(2)</sup>	1,233,334	21.0	13.4
Yochai Hacoheh <sup>(2)</sup>	1,233,334	21.0	13.4
Michael Chill	50,000	0.9	0.5
Yair Seroussi	50,000	0.9	0.5
(iii) All directors and executive officers as a group (5 persons) <sup>(2)</sup>	1,233,334	21.0	13.4

(1) Unless otherwise noted, the business address of each of the individuals is c/o Fortissimo Acquisition Corp., 14 Hamelacha Street, Park Afek, Rosh Ha'ayin 48091, Israel.

(2) Fortissimo Capital Fund GP, L.P. ( FCF ) is the General Partner of: (i) Fortissimo Capital Fund L.P.;

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(ii) Fortissimo Capital Fund (Israel) L.P. and (iii) Fortissimo Capital Fund (Israel - DP), L.P., three parallel partnerships that invest in Israeli-related technology growth companies. The general partner of FCF is Fortissimo Capital (GP) Management Ltd., a Cayman Island corporation ( FFC-GP ). The sole shareholder and director of FFC-GP is Yuval Cohen. FCF holds shares as nominee on behalf of each of these three partnerships. The pro rata allocation of the shares of Fortissimo's common stock owned by these three partnerships is 3.57%, 89.97% and 6.46%, respectively. FCF has agreed not to transfer these shares (other than to the three parallel partnerships), and if transferred to them, the three parallel partnerships have agreed not to transfer the shares to anyone else until the earliest of (a) three years following the date of Fortissimo's initial public offering and (b) the consummation of a liquidation, merger, stock exchange or other similar transaction which results in all of Fortissimo's stockholders having the right to exchange their shares of common stock for cash, securities or other property subsequent to our consummating a business combination with a target business. Each of Fortissimo's officers and directors is a partner of FCF, and may therefore be deemed to be beneficial holders of the shares held by FCF. Such officers and directors disclaim beneficial ownership of the shares held by FCF, except to the extent of their pecuniary interest therein.

(3) Based on the amended Schedule 13G filed by Weiss Capital, LLC and related entities with the SEC on April 11, 2008. The securities reported represent shares owned by Weiss Capital LLC, Weiss Asset Management, LLC and Andrew Weiss, the managing member of both entities. The business address of each entity is 29 Commonwealth Avenue, Boston, MA 02116.

(4) Based on the amended Schedule 13G filed by Sapling, LLC and related entities with the SEC on February 14, 2007. The securities reported represent shares owned by Sapling, LLC and Fir Tree Recovery Master Fund, L.P. Fir Tree Value Master Fund, L.P., a Cayman Islands exempted limited partnership is the sole member of Sapling, and Fir Tree, Inc., a New York corporation, is the investment manager of both Sapling and Fir Tree Recovery. The business address of these entities is 535 Fifth Avenue, 31st Floor, New York, NY 10017.

(5) Based on the Schedule 13G filed by HBK Investments L.P. ( HBK Investments ), HBK Management LLC and HBK Master Fund L.P. with the SEC on April 11, 2008. HBK Investments has delegated discretion to vote and dispose of the Securities to HBK Services LLC ( HBK Services ). HBK Services may, from time to time, delegate discretion to vote and dispose of certain of the securities owned by it to HBK New York LLC, a Delaware limited liability

company, HBK Virginia LLC, a Delaware limited liability company, HBK Europe Management LLP, a limited liability partnership organized under the laws of the United Kingdom, and/or HBK Hong Kong Ltd., a corporation organized under the laws of Hong Kong (collectively, the Subadvisors ). Each of HBK Services and the Subadvisors is under common control with HBK Investments. The Schedule 13G filing states that it shall not be construed as an admission that the Subadvisors are, for the purpose of Section 13(d) or 13(g) of the Securities Exchange Act of 1934, beneficial owners of the securities covered by the filing. The managing members of HBK Management LLC are Jamiel A. Akhtar, Richard L. Booth, David C. Haley, Lawrence H. Lebowitz, and William E. Rose. The principal business address of the HBK entities is 300 Crescent Court, Suite 700, Dallas, Texas 75201.

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## Security Ownership of Psyop

The following table sets forth information concerning the fully diluted common equity ownership of Psyop as of July 31, 2008. The Psyop shareholders also hold identical percentage interests as members of Blacklist. Psyop is a privately-owned company and, therefore, there is no established public trading market for shares of Psyop's common stock and Class B common stock.

Holder	No. of Shares	Ownership Percentage
Eben Mears	2,508	17.58
Kylie Matulick	1,599	11.21
Marco Spier	2,508	17.58
Robert Todd Mueller	2,508	17.58
Hejung Marie Hyon	2,508	17.58
Samuel Selinger	588	4.12
Justin Booth-Clibborn	600	4.20
Justin Lane	450	3.15
Christopher Staves	1,000	7.00

The Psyop shareholders other than Messrs. Lane and Staves are holders of Psyop's common stock and Messrs. Lane and Staves are holders of Psyop's Class B common stock. Pursuant to Psyop's certificate of incorporation, the holders of Psyop's common stock are each entitled to receive a payment of \$188.3955 per share before any of the merger consideration is distributed to the holders of the Class B common stock. These preference payments will be made to the entitled shareholders from the cash portion of the merger consideration that will be paid at closing. The balance of the cash and all of the shares of Fortissimo common stock that will be paid as merger consideration at closing will be distributed to Psyop's shareholders in accordance with the ownership percentages stated above.

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## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

## Related Person Transactions

### Prior Issuances

In December 2005, we issued an aggregate of 1,000,000 shares of our common stock at a purchase price of \$0.025 per share, for an aggregate of \$25,000 in cash. These shares were issued as follows: 950,000 to FCF and 50,000 shares to Michael Chill, one of our Special Advisors. In January 2006, FCF transferred 50,000 of its shares to Yair Seroussi, one of our Special Advisors. The Special Advisors assisted us with deal flow and evaluation of potential acquisition targets. After the consummation of the merger, these individuals will cease to be Special Advisors.

The ownership of our common stock prior to the completion of our initial public offering is as set forth in the following table:

Name	Number of Shares	Relationship to Us
Fortissimo Capital Fund GP, L.P. <sup>(1)</sup>	900,000	Initial Stockholder
Yair Seroussi	50,000	Special Advisor
Michael Chill	50,000	Special Advisor

Each of our officers and directors is a partner of FCF and as such indirectly are beneficial holders of our common stock held by FCF. Such officers and directors disclaim beneficial ownership of the shares held by FCF, except to the extent of their pecuniary interest therein. FCF holds its shares on behalf of Fortissimo, the three parallel partnerships in which it serves as the General Partner. Fortissimo Capital Fund LP, a Cayman Island limited partnership, Fortissimo Capital Fund (Israel) LP, an Israeli limited partnership and Fortissimo Capital Fund (Israel-DP), LP, an Israeli limited partnership, are three parallel partnerships that invest together and whose general partner is FCF. The three parallel partnerships are referred to collectively as Fortissimo Capital Fund. FCM is an Israeli company that serves as the management company of FCF.

### Insider Unit Purchase

In connection with the closing of our offering, we sold 333,334 units of our securities to FCF for a payment of \$2,000,004. Each unit consists of one share of our common stock and two warrants, each entitling the holder to purchase one share of common stock at an exercise price of \$5.00. The Insider Units are identical to the units offered to the public. However, FCF has waived the right to receive distributions upon our liquidation prior to a business combination with respect to the securities underlying these units. FCF has also contractually agreed that the units and underlying securities will not be sold or transferred by it until after we have completed a business combination.

### Registration Rights

The holders of our shares issued prior to our IPO, as well as the Insider Units (and underlying securities), are entitled to certain registration rights. The holders of the majority of these securities are entitled to make up to two demands (in the aggregate) that we register these shares. With respect to the shares issued prior to the IPO, the holders of the majority of these shares can elect to exercise these registration rights at any time commencing three months prior to the date on which these shares of common stock are to be released from escrow. With respect to the Insider Units (as well as the securities underlying the insider units and insider warrants), the holders of the majority of these securities can elect to exercise these registration rights at any time commencing after the consummation of a business combination by us. In addition, these stockholders have certain piggy-back registration rights with respect to registration statements filed subsequent to our consummation of a business combination. We will bear the expenses incurred in connection with the filing of any such registration statements.

## Other Transactions

We have agreed to pay FCM approximately \$7,500 per month for office space and administrative support services. FCM is controlled by Yuval Cohen, our Chairman and Chief Executive Officer. FCM provides management services to and is affiliated with FCF. This arrangement is solely for our benefit and is not intended

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to provide FCF or Mr. Cohen compensation in lieu of salary. We believe, based on rents and fees for similar services in Israel, that the fee charged by FCM is at least as favorable as we could have obtained from an unaffiliated person.

However, as our directors may not be deemed independent, we did not have the benefit of disinterested directors approving this transaction.

We will reimburse our officers and directors for any out-of-pocket business expenses incurred by them in connection with certain activities on our behalf such as identifying and investigating possible target businesses and business combinations. There is no limit on the amount of accountable out-of-pocket expenses reimbursable by us, which will be reviewed only by our board or a court of competent jurisdiction if such reimbursement is challenged, provided that no proceeds held in the trust account will be used to reimburse out-of-pocket expenses prior to a business combination.

Other than pursuant to our administrative services agreement with FCM and the reimbursable out-of-pocket expenses payable to our officers and directors, no compensation of any kind, including finder's and consulting fees, will be paid to any of our existing stockholders, officers or directors who owned our common stock prior to our IPO or any of their respective affiliates, for services rendered prior to or in connection with a business combination.

## Review, Approval or Ratification of Transactions with Related Persons

Our Code of Ethics requires us to avoid, wherever possible, all related person transactions that could result in actual or potential conflicts of interest, except under guidelines approved by the board of directors (or the appropriate committee of the board of directors). We intend to require that all ongoing and future transactions between us and any of our officers and directors or their respective affiliates, including loans by our officers and directors, will be on terms believed by us to be no less favorable than are available from unaffiliated third parties and such transactions or loans, including any forgiveness of loans, will require prior written approval in each instance by a majority of our non-interested independent directors (to the extent we have any) or the members of our board who do not have an interest in the transaction, in either case who had access, at our expense, to our attorneys or independent legal counsel. The related person transactions disclosed above have not been approved by any disinterested directors, since all of our directors are employees of FCM and as such may be deemed to be considered interested parties.

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## DESCRIPTION OF SECURITIES

## General

The second amended and restated certificate of incorporation of Fortissimo authorizes the issuance of 21,000,000 shares of common stock, par value \$.0001 per share, and 1,000,000 shares of preferred stock, par value \$.0001 per share. As of the date of record date,      shares of common stock were outstanding. No shares of preferred stock are currently outstanding.

## Units

Each unit consists of one share of common stock and two warrants. Each warrant entitles the holder to purchase one share of common stock. The common stock and warrants started separately trading on November 21, 2006.

## Common Stock

The holders of common stock are entitled to one vote for each share held of record on all matters to be voted on by stockholders. In connection with the vote required for any business combination, all of the initial stockholders, including all officers and directors of Fortissimo, have agreed to vote their respective shares of common stock owned by them immediately prior to the IPO in accordance with the vote of the holders of a majority of the Public Shares voted at the annual meeting. This voting arrangement does not apply to shares included in the Insider Units purchased privately concurrently with the closing of the IPO, or shares purchased in the IPO or purchased following the IPO in the open market by any of Fortissimo's initial stockholders, officers and directors. Fortissimo's initial stockholders, officers and directors may vote their shares in any manner they determine, in their sole discretion, with respect to any other items that come before a vote of our stockholders.

Pursuant to the provisions of Fortissimo's second amended and restated certificate of incorporation, which cannot by its terms be amended prior to the consummation of a business combination, we will proceed with the business combination only if a majority of the Public Shares voted at the annual meeting are voted in favor of the business combination and holders of less than 20% of the Public Shares both exercise their conversion rights discussed below and vote against the business combination.

Our board of directors is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors standing for election in each class.

Pursuant to Fortissimo's second amended and restated certificate of incorporation, if Fortissimo does not consummate a business combination by October 11, 2008, its corporate existence will cease except for the purposes of winding up its affairs and liquidating. If Fortissimo is forced to liquidate prior to a business combination, the holders of the Public Shares will be entitled to share ratably in the trust account, inclusive of any interest, and any net assets remaining available for distribution to them after payment of liabilities. Holders of common stock issued prior to Fortissimo's IPO and the holders of shares included in the Insider Units have agreed to waive their rights to share in any distribution with respect to common stock owned by them prior to the IPO or included in the Insider Units if Fortissimo is forced to liquidate.

Holders of Fortissimo common stock do not have any conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock, except that the holders of the Public Shares have the right to have their Public Shares converted to cash equal to their pro rata share of the trust account if they vote against the merger proposal, properly demand conversion and the merger is approved and completed. Holders of Public Shares who convert their Public Shares into their shares of the trust account still have the right to

exercise the warrants that they received as part of the units.

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## Preferred Stock

Fortissimo's second amended and restated certificate of incorporation authorizes the issuance of 1,000,000 shares of blank check preferred stock with such designations, rights and preferences as may be determined from time to time by

Fortissimo's board of directors. Accordingly, Fortissimo's board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of common stock, although Fortissimo has entered into an underwriting agreement which prohibits Fortissimo, prior to a business combination, from issuing preferred stock which participates in any manner in the proceeds of the trust account, or which votes as a class with the common stock on a business combination. Fortissimo may issue some or all of the preferred stock to effect a business combination.

In addition, the preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of Fortissimo. There are no shares of preferred stock outstanding and Fortissimo does not currently intend to issue any preferred stock.

## Warrants

Fortissimo currently has outstanding 9,736,668 redeemable common stock purchase warrants, including 666,668 warrants included in the Insider Units. Each warrant entitles the registered holder to purchase one share of our common stock at a price of \$5.00 per share, subject to adjustment as discussed below, at any time commencing on the later of the completion of a business combination and October 11, 2007. The warrants expire on October 10, 2010 at 5:00 p.m., New York City time.

With respect to any warrants underlying the Insider Units, so long as such warrants are held by FCF or its affiliates, the holder of such warrants may pay the exercise price by surrendering its warrants for that number of shares of common stock equal to the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the fair market value by (y) the fair market value. The fair market value shall mean the average reported last sale price of the common stock for the five trading days ending on the trading day prior to the date on which the warrants are exercised.

Fortissimo may call the warrants for redemption (including those within the Insider Units and those issuable exercise of the purchase option described below), only (x) if a registration statement relating to the common stock issuable upon exercise of the warrants is effective and current and (y) with the prior consent of EarlyBirdCapital:

in whole and not in part;

at a price of \$0.01 per warrant at any time after the warrants become exercisable;

upon not less than 30 days' prior written notice of redemption to each warrant holder; and

if, and only if, the reported last sale price of the common stock equals or exceeds \$8.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders.

In the event Fortissimo calls the warrants for redemption, Fortissimo shall have the ability to determine whether holders of those warrants shall be required to pay the exercise price in cash or whether they shall be required to exercise the warrants on a cashless basis. If Fortissimo requires holders of the warrants to exercise the warrants on a cashless basis, the holder of such warrants (including those warrants underlying the Insider Units) shall pay the



exercise price by surrendering such warrants for that number of shares of common stock equal to the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the redemption fair market value (defined below) by (y) the redemption fair market value. The redemption fair market value shall mean the average reported last sale price of the common stock for the ten trading days ending on the third trading day prior to the date on which the notice of redemption is sent to holders of the warrants.

Since Fortissimo may redeem the warrants only with the prior written consent of EarlyBirdCapital and EarlyBirdCapital may hold warrants subject to redemption, it may have a conflict of interest in determining whether or not to consent to such redemption. We cannot assure you that EarlyBirdCapital will consent to such redemption if it is not in its best interest even if it is in our best interest.

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The exercise price and number of shares of common stock issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or Fortissimo's recapitalization, reorganization, acquisition or consolidation. However, the warrants will not be adjusted for issuances of common stock at a price below the exercise price.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified check payable to Fortissimo, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No warrants will be exercisable unless at the time of exercise a prospectus relating to common stock issuable upon exercise of the warrants is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of a warrant agreement, Fortissimo has agreed to use its best efforts to maintain a current prospectus relating to common stock issuable upon exercise of the warrants until the expiration of the warrants. However, there is no assurance that Fortissimo will be able to do so. If the prospectus relating to the common stock issuable upon exercise of the warrants is not current, holders will be unable to exercise their warrants and Fortissimo will not be required to net cash settle or cash settle the warrant exercise. Accordingly, the warrants may be deprived of any value and the market for the warrants may be limited if the prospectus relating to the common stock issuable upon the exercise of the warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, Fortissimo will, upon exercise, round up to the nearest whole number the number of shares of common stock to be issued to the warrant holder.

## **Unit Purchase Option**

In connection with its IPO, Fortissimo agreed to sell to its underwriters in its IPO, for \$100, an option to purchase up to a total of 400,000 units at \$7.50 per unit. The units issuable upon exercise of this option are identical to those offered in Fortissimo's IPO.

## Insider Units

FCF, on behalf of Fortissimo, purchased 333,334 units at \$6.00 per unit (for an aggregate purchase price of \$2,000,004) from Fortissimo simultaneously with the consummation of the IPO. All of the proceeds Fortissimo received from the sale of the Insider Units were placed in the trust fund. The Insider Units are identical to the units offered in Fortissimo's IPO. However, FCF has waived the right to receive distributions upon Fortissimo's liquidation prior to a business combination with respect to the securities underlying these units. FCF has also contractually agreed that the units and underlying securities will not be sold or transferred by it until after Fortissimo has completed a business combination.

## Transfer Agent and Warrant Agent

The transfer agent for Fortissimo's securities and warrant agent for Fortissimo's warrants is American Stock Transfer and Trust Company, 59 Maiden Lane, New York, NY 10038.

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## PRICE RANGE OF FORTISSIMO SECURITIES AND DIVIDENDS

Fortissimo's units, common stock and warrants are quoted on the OTC Bulletin Board under the symbols FSMO, FSMOW and FSMOU, respectively. The following table sets forth the range of quarterly high and low closing bid prices for the units, common stock and warrants for the calendar quarter indicated since the units commenced public trading on October 12, 2006 and since the common stock and warrants commenced public trading on November 21, 2006.

	Common Stock		Warrants		Units	
	High	Low	High	Low	High	Low
2008:						
Third quarter (through July 31, 2008)	\$ 5.96	\$ 5.95	\$ 0.10	\$ 0.10	\$ 6.08	\$ 6.08
Second quarter	\$ 5.96	\$ 5.82	\$ 0.30	\$ 0.09	\$ 6.30	\$ 6.05
First quarter	\$ 5.95	\$ 5.75	\$ 0.55	\$ 0.21	\$ 6.90	\$ 6.15
2007:						
Fourth quarter	\$ 5.88	\$ 5.72	\$ 0.65	\$ 0.42	\$ 6.90	\$ 6.45
Third quarter	\$ 5.90	\$ 5.69	\$ 0.62	\$ 0.34	\$ 6.90	\$ 6.40
Second quarter	\$ 5.72	\$ 5.62	\$ 0.62	\$ 0.505	\$ 6.80	\$ 6.60
First quarter	\$ 5.66	\$ 5.36	\$ 0.54	\$ 0.40	\$ 6.80	\$ 6.08
2006:						
Fourth quarter (from October 12, 2006)	\$ 5.40	\$ 5.25	\$ 0.41	\$ 0.30	\$ 6.23	\$ 5.84

The closing price for each share of common stock, warrant and unit of Fortissimo on January 14, 2008, the last trading day before announcement of the execution of the merger agreement, was \$5.80, \$0.46 and \$6.70, respectively. As of , 2008, the record date, the closing price for each share of common stock, warrant and unit of Fortissimo was \$ , \$ and \$ , respectively.

Holders of Fortissimo common stock, warrants and units should obtain current market quotations for their securities. The market price of Fortissimo common stock, warrants and units could vary at any time before the merger.

## Holders

As of , 2008, the record date, there were holders of record of Fortissimo units, holders of record of Fortissimo common stock and holders of record of Fortissimo warrants. Fortissimo believes that the number of beneficial holders of the units, common stock and warrants is in excess of persons each.

## Dividends

Fortissimo has not paid any dividends on its common stock to date and does not intend to pay dividends prior to the completion of the merger. It is the present intention of Fortissimo s board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board does not anticipate declaring any dividends in the foreseeable future. The payment of dividends subsequent to the merger will be within the discretion of our then board of directors and will be contingent upon our revenues and earnings, if any, capital requirements and general financial condition subsequent to completion of the merger.

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## APPRAISAL RIGHTS

Fortissimo stockholders do not have appraisal rights under the Delaware General Corporation Law in connection with the merger.

## STOCKHOLDER PROPOSALS

The Fortissimo 2009 annual meeting of stockholders will be held on or about , 2009 unless the date is changed by the board of directors. If you are a stockholder and you want to include a proposal in the proxy statement for the 2009 annual meeting, you need to provide it to us by no later than , 2009. You should direct any proposals to Fortissimo s secretary at Fortissimo s principal office. If you want to present a matter of business to be considered at the year 2009 annual meeting, under Fortissimo s by-laws you must give timely notice of the matter, in writing, to our secretary. To be timely, the notice has to be given between 60 and 90 days before the date of the meeting. However, in the event that less than 70 days notice or prior public disclosure of the date of the 2009 annual meeting is given or made to stockholders, the notice must be received no later than the close of business on the 10<sup>th</sup> day following the day on which such notice of the date of the meeting was mailed or public disclosure was made, whichever occurs first. If Fortissimo is liquidated as a result of not consummating a business combination transaction on or before October 11, 2008, there will be no annual meeting in 2009.

## INDEPENDENT AUDITORS

The consolidated and combined financial statements of Psyop and its affiliates at December 31, 2007 and December 31, 2006 and for each of the years then ended included in this proxy statement have been audited by Rothstein, Kass & Company, P.C., independent registered public accounting firm, as set forth in their report appearing elsewhere herein.

The financial statements of Fortissimo at December 31, 2006, and for the period ended December 31, 2006, the period December 27, 2005 (inception) to December 31, 2005, and the cumulative period from December 27, 2005 (inception) to December 31, 2006 included in this proxy statement have been audited by Goldstein Golub Kessler LLP ( GGK ), independent registered public accounting firm, as set forth in their report appearing elsewhere herein.

On January 28, 2008, Fortissimo was notified that the partners of GGK became partners of McGladrey & Pullen, LLP in a limited asset purchase agreement and that, as a result thereof, GGK has resigned as independent registered public accounting firm for Fortissimo. On January 30, 2008, McGladrey & Pullen, LLP was subsequently engaged as Fortissimo s new independent registered public accounting firm.

The audit reports of GGK on the financial statements of the Company as of December 31, 2006 and 2005, and the related statements of operations, stockholders equity and cash flows for the year ended December 31, 2006, the period from December 27, 2005 (inception) to December 31, 2005, and the cumulative period from December 27, 2005 (inception) to December 31, 2006 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that the financial statements for the period ended December 31, 2005 included a going concern explanatory paragraph.

The decision to engage McGladrey & Pullen, LLP was approved by Fortissimo s board of directors.

During the period from December 27, 2005 (inception) to December 31, 2006 and through January 28, 2008, there were: (i) no disagreements between Fortissimo and GGK on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of GGK, would have caused GGK to make reference to the subject matter of the disagreement in their reports on the Fortissimo s financial statements for such years, and (ii) no reportable events within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

During Fortissimo s fiscal year ended December 31, 2006 and through January 29, 2008, Fortissimo did not consult with McGladrey & Pullen, LLP on (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that may be rendered on Fortissimo s financial statements, and McGladrey & Pullen, LLP did not provide either a written report or oral advice to

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Fortissimo that McGladrey & Pullen, LLP concluded was an important factor considered by Fortissimo in reaching a decision as to any accounting, auditing, or financial reporting issue; or (ii) any matter that was the subject of any disagreement, as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions, or a reportable event within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

Representatives of Rothstein, Kass & Company, P.C., and McGladrey & Pullen, LLP will be present at the annual meeting of stockholders or will be available by telephone with the opportunity to make statements and to respond to appropriate questions.

## **WHERE YOU CAN FIND MORE INFORMATION**

Fortissimo files reports, proxy statements and other information with the SEC as required by the Exchange Act. You may read and copy reports, proxy statements and other information filed by Fortissimo with the Securities and Exchange Commission at the Securities and Exchange Commission public reference room located at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by

calling the Securities and Exchange Commission at 1-800-SEC-0330. You may also obtain copies of the materials described above at prescribed rates by writing to the Securities and Exchange Commission, Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549. You may access information on Fortissimo at the SEC web site containing reports, proxy statements and other information at: <http://www.sec.gov>.

Information and statements contained in this proxy statement or any annex to this proxy statement are qualified in all respects by reference to the copy of the relevant contract or other annex filed as an exhibit to this proxy statement.

All information contained in this document relating to Fortissimo has been supplied by Fortissimo, and all such information relating to Psyop has been supplied by Psyop. Information provided by one another does not constitute any representation, estimate or projection of the other.

Only one proxy statement is being delivered to multiple securityholders who share an address. However, if you would like an additional copy, please contact us at the address set forth below and an additional copy will be sent to you free of charge.

If you would like additional copies of this document or if you have questions about the merger, you should contact via phone or in writing:

Marc S. Lesnick, Vice President  
Fortissimo Acquisition Corp.  
14 Hamelacha Street  
Park Afek  
PO Box 11704  
Rosh Ha ayin 48091  
Israel  
(011) 972-915-7400

or

Morrow & Co., LLC, our proxy solicitor  
800-607-0088

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Corporation)**

**CONDENSED BALANCE SHEETS**

	March 31, 2008	December 31, 2007
	(Unaudited)	
<b>ASSETS</b>		
Current Assets:		
Cash	\$8,179	\$35,238
Investments held in Trust (Note 3)	27,755,811	27,575,303
Prepaid expenses	3,641	1,456
Deferred tax asset	165,136	165,136
Income tax receivable (Note 6)	17,844	17,844
Total assets	\$27,950,611	\$27,794,977
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$642,281	\$369,181
Deferred trust interest income	299,483	263,399
Deferred underwriting fee (Note 2)	352,350	352,350
Total current liabilities	1,294,114	984,930
Common stock , subject to possible conversion, 906,547 shares at conversion value	5,248,907	5,248,907
Stockholders' Equity		
Preferred stock \$.0001 par value; 1,000,000 authorized; none issued or outstanding (Note 5)		
Common stock \$.0001 par value; 21,000,000 authorized; 5,868,334 issued and outstanding (including 906,547 subject to possible conversion) (Note 1)	587	587
Additional paid-in capital	21,409,192	21,409,192
Retained earnings (accumulated deficit) accumulated during the development stage	(2,189 )	151,361
Total stockholders' equity	21,407,590	21,561,140
Total liabilities and stockholders' equity	\$27,950,611	\$27,794,977

*See accompanying notes to unaudited condensed financial statements.*

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Enterprise)**

**CONDENSED STATEMENTS OF OPERATIONS  
(Unaudited)**

Three                      Three                      For the Period

	Months Ended March 31, 2008	Months Ended March 31, 2007	from December 27, 2005 (inception) to March 31, 2008
Interest income	\$ 144,424	\$ 261,647	\$ 1,209,083
General and administrative expenses			
State franchise tax	\$ 6,381	\$ 6,438	\$ 57,656
Admin and office support	22,500	22,500	132,526
Professional fees	225,479	7,313	824,801
Insurance	10,922	11,250	63,204
Travel	16,782	9,003	86,001
Formation expenses			3,000
Other expenses	15,910	8,423	44,085
Total costs and expenses	297,974	\$ 64,927	1,211,273
Income (loss) before provision for income taxes	(153,550 )	196,720	(2,190 )
Provision for (benefit from) income taxes		66,885	(1 )
Net income (loss) for the period	(153,550 )	\$ 129,835	(2,189 )
Weighted average number of shares outstanding, basic and diluted	5,868,334	5,868,334	4,159,764
Net income (loss) per share	\$(0.03 )	\$ 0.02	\$(0.00 )

*See accompanying notes to unaudited condensed financial statements.*

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Enterprise)**

**STATEMENT OF CHANGES IN STOCKHOLDERS  
EQUITY**

**For the Period from December 27, 2005 (inception) to  
March 31, 2008**

	Additional Paid in Capital	Retained Earnings (Deficit) Accumulated During the Development	Total
Common Stock Shares      Amount			



				Stage	
Issuance of Common Stock to initial stockholders on December 30, 2005 at \$.025 per share	1,000,000	\$ 100	\$ 24,900	\$	\$ 25,000
Net loss for the period				(3,000 )	(3,000 )
Balance as at December 31, 2005	1,000,000	\$ 100	\$ 24,900	\$(3,000 )	\$ 22,000
Sale of 4,535,000 Units (net of \$2,576,418 offering expenses, including the issuance of 906,547 shares subject to possible conversion)	4,535,000	454	24,633,128		24,633,582
Gross proceeds from issuance of Unit Purchase Option			100		100
Gross proceeds from Issuance of Insider Units	333,334	33	1,999,971		2,000,004
Proceeds subject to possible conversion			(5,248,907 )		(5,248,907 )
Net income for the year				89,329	89,329
Balance as at December 31, 2006	5,868,334	\$ 587	\$ 21,409,192	\$ 86,329	\$ 21,496,108
Net income for the year				65,032	65,032
Balance as at December 31, 2007	5,868,334	\$ 587	\$ 21,409,192	\$ 151,361	\$ 21,561,140
Unaudited:					
Net loss for the period				(153,550 )	(153,550 )
Balance as at March 31, 2008	5,868,334	\$ 587	\$ 21,409,192	\$(2,189 )	\$ 21,407,590

*See accompanying notes to unaudited condensed financial statements.*

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Enterprise)**

**CONDENSED STATEMENTS OF CASH FLOWS  
(Unaudited)**

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	For the Period from December 27, 2005 (inception) to March 31, 2008
Cash flows from operating activities:			

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Net income (loss)	\$ (153,550 )	\$ 129,835	\$(2,189 )
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Interest earned on securities held in trust	(180,508 )	(322,495 )	(1,498,161 )
Changes in operating assets/liabilities:			
Decrease (increase) in pre-paid expenses	(2,185 )	(9,125 )	(3,641 )
Increase (decrease) in accrued expenses	273,100	20,452	642,281
Increase in deferred tax asset		(41,805 )	(165,136 )
Increase in deferred trust interest income	36,084	64,467	299,483
Increase (decrease) in income tax payable		18,689	(17,844 )
Net cash used in operating activities	(27,059 )	(139,982 )	(745,207 )
Cash flows from investing activities:			
Cash held in trust fund			(26,257,650)
Redemption of Treasury Bill held in trust		26,563,000	(26,870,000)
Purchase of Treasury Bill held in trust		(26,563,000)	54,433,000
Purchase of Money Fund held in trust			(26,563,000)
Net cash (used in) investing activities			(26,257,650)
Cash flows from financing activities:			
Payment of notes payable stockholders			(115,000 )
Proceeds from sale of Units to public			27,210,000
Proceeds from issuance of shares to Initial Stockholders			25,000
Proceeds from notes payable stockholders			115,000
Proceeds from sale of Unit Purchase Option			100
Proceeds from sale of Insider Units			2,000,004
Payment of offering expenses			(2,224,068 )
Net cash provided by financing activities			27,011,036
Increase (decrease) in cash	(27,059 )	(139,982 )	8,179
Cash at the beginning of the period	35,238	692,100	
Cash at the end of the period	\$ 8,179	\$ 552,118	\$ 8,179
Supplemental Schedule of non-cash investing financing activities:			
Deferred Underwriting Fee	\$	\$	\$ 352,350
Accrued offering costs	\$	\$	\$

*See accompanying notes to unaudited condensed financial statements.*

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Enterprise)**

**NOTES TO UNAUDITED CONDENSED FINANCIAL**

# STATEMENTS

## Note 1 Basis of Presentation

The condensed financial statements at March 31, 2008 and for the three months ended March 31, 2008 and 2007 and for the period from December 27, 2005 (inception) to March 31, 2008 have been prepared by the Company and are unaudited.

In the opinion of management, all adjustments (consisting of normal accruals and recurring items) have been made that are necessary to present fairly the financial position of Fortissimo Acquisition Corp. (the Company) as of March 31, 2008 and December 31, 2007 and the results of its operations and cash flows for the periods ended March 31, 2008, and 2007. Operating results for the interim period presented are not necessarily indicative of the results to be expected for any other interim period or for the full year.

These unaudited condensed financial statements should be read in conjunction with the financial statements and notes thereto at December 31, 2007 and for the period then ended included in the Company's Form 10-KSB filed with the Securities and Exchange Commission (the `SEC`) on March 31, 2008, The December 31, 2007 balance sheet has been derived from the audited financial statements included in that 10-KSB.

The statements and related notes have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles may be omitted pursuant to such rules and regulations.

## Note 2 Organization and Business Operations

The Company was incorporated in Delaware on December 27, 2005 as a blank check company whose objective is to acquire an operating business that has manufacturing operations or research and development facilities located in Israel, or that is a company operating outside Israel which management believes would benefit from establishing operations or facilities in Israel.

The Company's Amended and Restated Certificate of Incorporation provides that the Company will continue in existence only until 24 months from the effective date of the Offering (until October 11, 2008). If the Company has not completed a Business Combination by such date, its corporate existence will cease and it will dissolve and liquidate for the purposes of winding up its affairs. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per share in the Offering due to costs related to the Offering and since no value would be attributed to the Warrants contained in the Units sold.

At March 31, 2008, the Company had not yet commenced any operations, other than evaluating potential acquisition candidates. All activity through March 31, 2008 relates to the Company's formation and initial public offering and current activities described below.

The Company's ability to commence operations was contingent upon obtaining adequate financial resources through a proposed public offering ( Offering ) which was consummated on October 17, 2006 and is discussed below. The Company's management has broad discretion with respect to the specific application of the net proceeds of this Offering, although substantially all of the net proceeds of this Offering are intended to be generally applied toward consummating a business combination with an operating business that has manufacturing operations or research and development facilities located in Israel, or that is a company operating outside Israel which management believes

would benefit from establishing operations or facilities in Israel ( Business Combination ). Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination. An aggregate of \$26,257,650 (including the over-allotment option), before any interest earned, has been deposited in an interest-bearing trust account ( Trust Account ) until the earlier of (i) the consummation of a Business Combination or (ii) liquidation of the Company. Under the agreement governing the Trust Account, funds will only be invested in United States government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 (the 1940 Act ) having a maturity of

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Enterprise)**

**NOTES TO UNAUDITED CONDENSED FINANCIAL  
STATEMENTS**

**Note 2 Organization and Business Operations (continued)**

180 days or less or in any open ended investment company registered under the 1940 Act that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (c)(2), (c)(3) and (c)(4) of Rule 2a-7 promulgated under the 1940 Act as determined by the Company. The placing of funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors, prospective target businesses or other entities it engages, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account, there is no guarantee that they will execute such agreements. The Company's directors have agreed that they will be jointly and severally liable under certain circumstances to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company. However, there can be no assurance that the directors will be able to satisfy those obligations. The funds not held in the Trust Account of approximately \$718,000 may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

Fortissimo Capital Fund GP, L.P., ( FCF ), one of the Company's initial stockholders, has purchased an aggregate of 333,334 units (the Insider Units ) at \$6.00 per unit (for an aggregate purchase price of \$2,000,004) from the Company. This purchase took place on a private placement basis simultaneously with the consummation of the Offering. All of the proceeds received from the sale of the Insider Units were placed in the Trust Account. The Insider Units are identical to the units sold in the Offering to the public; however, FCF has waived the right to receive distributions upon a liquidation of the Company prior to a Business Combination with respect to the securities underlying the Insider Units. The Insider Units were registered for resale along with the Units in the Offering, but FCF has agreed that the Insider Units and underlying securities will not be sold or transferred by it until after the completion of a Business Combination.

The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for stockholder approval. Pursuant to the provisions of the Company's Amended and Restated Certificate of Incorporation, which cannot by its terms be amended prior to the consummation of a Business Combination, in the

event that stockholders owning 20% or more of the shares sold in the Offering vote against the Business Combination and exercise their conversion rights described below, the Business Combination will not be consummated. All of the Company's stockholders prior to the Offering, including all of the officers and directors of the Company ( Initial Stockholders ), have agreed to vote their 1,000,000 founding shares of common stock in accordance with the vote of the majority in interest of all other stockholders of the Company ( Public Stockholders ) with respect to any Business Combination. After consummation of a Business Combination, these voting safeguards will no longer be applicable.

With respect to a Business Combination which is approved and consummated, any Public Stockholder who voted against the Business Combination may demand that the Company convert his or her shares. The per share conversion price will equal the amount in the Trust Account, calculated as of two business days prior to the consummation of the proposed Business Combination divided by the number of shares of common stock held by Public Stockholders at the consummation of the Offering. Accordingly, Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek conversion of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by the Initial Stockholders.

On January 15, 2008, the Company entered into an Agreement and Plan of Merger and Interests Purchase Agreement ( Merger Agreement ) with Psyop, Inc. ( Psyop ), Psyop's shareholders, and Psyop Services, LLC, which is owned by the Psyop shareholders and does business under the name of Blacklist, and FAC Acquisition Sub Corp., our wholly owned subsidiary ( Merger Sub ). Pursuant to the Merger Agreement, Merger Sub will be merged into Psyop, with Psyop being the surviving corporation and becoming our wholly owned subsidiary. Within 10 days thereafter, Psyop will be merged into the Company and we will change our name to Psyop, Inc. The Merger Agreement also provides that we will purchase all of the outstanding

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Enterprise)**

**NOTES TO UNAUDITED CONDENSED FINANCIAL  
STATEMENTS**

**Note 2 Organization and Business Operations (continued)**

membership interests of Blacklist. As a result of such purchase, Blacklist will become a wholly owned subsidiary of the Company as well. The combination of these events is referred to herein as the merger .

Psyop is a producer of digital content for advertising, specializing in animation and special effects, including combined animation and live action imagery.

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48 ( FIN 48 ), Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109 . FIN 48 provides detailed guidance for the financial statements recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements in accordance with SFAS No. 109. Tax positions must meet a more-likely-than-not recognition

threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. Upon the adoption of FIN 48, the Company has no unrecognized tax benefits. During the first half of 2007, the Company recognized no adjustments for uncertain tax benefits.

The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expenses. No interest and penalties related to uncertain tax positions were accrued at March 31, 2008.

Tax years 2005 through 2007 remain open to examination by the Internal Revenue Service. The Company expects no material changes to unrecognized tax positions within the next twelve months.

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying condensed unaudited financial statements.

### **Note 3 Investments Held in Trust**

Investments held in trust at March 31, 2008 consist of tax-free investments, which include accrued interest of \$59,117.

### **Note 4 Commitments**

The Company presently occupies office space provided by an affiliate of an Initial Stockholder. Such affiliate has agreed that, until the acquisition of a target business by the Company, it will make such office space, as well as certain office and secretarial services, available to the Company, as may be required by the Company from time to time. The Company has agreed to pay such affiliate \$7,500 per month for such services commencing on October 11, 2006 and ending upon the consummation of a Business Combination. The statements of operations for the three months ended March 31, 2008 include \$25,500 related to this agreement.

The Initial Stockholders have waived their right to receive distributions with respect to their founding shares and shares included within the Insider Units upon the Company's liquidation.

The Initial Stockholders and holders of the Insider Units (or underlying securities) are entitled to registration rights with respect to their founding shares and Insider Units (or underlying securities). The holders of the majority of founding shares are entitled to demand that the Company register these shares at any time commencing three months prior to October 11, 2009. The holders of a majority of the Insider Units (or underlying securities) are entitled to demand that the Company register such securities at any time after the Company consummates a Business Combination. In addition, the Initial Stockholders and holders of the Insider Units (or underlying securities) have certain piggy-back registration rights on registration statements filed subsequent to a Business Combination. The Underwriter's Option is subject to similar registration rights.

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## **FORTISSIMO ACQUISITION CORP. (A Development Stage Enterprise)**

## **NOTES TO UNAUDITED CONDENSED FINANCIAL**

# STATEMENTS

## Note 5 Stockholders Equity

### a. The Offering:

The Company sold 4,535,000 units ( Units ) in the Offering, which included 535,000 Units that were sold upon the exercise of the underwriters over-allotment option. Each Unit consists of one share of the Company's common stock, \$.0001 par value, and two Redeemable Common Stock Purchase Warrants ( Warrants ). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 commencing on the later of the completion of a Business Combination with a target business or October 11, 2007 and expiring on October 10, 2010. The Warrants will be redeemable at a price of \$.01 per Warrant upon 30 days notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$8.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given. In connection with this Offering, the Company issued an option, for \$100, to the representative of the underwriters to purchase 400,000 Units at an exercise price of \$7.50 per Unit (see Common Stock Commitments below).

The Company accounted for the fair value of the option, inclusive of the receipt of the \$100 cash payment, as an expense of the Offering resulting in a charge directly to stockholders' equity. The Company estimated that the fair value of this option was approximately \$1,529,710 (\$3.82 per Unit) using a Black-Scholes option-pricing model. The option may be exercised for cash or on a cashless basis, at the holder's option, such that the holder may use the appreciated value of the option (the difference between the exercise prices of the option and the underlying Warrants and the market price of the Units and underlying securities) to exercise the option without the payment of any cash.

The warrants underlying such Units are exercisable at \$5.00 per share, but otherwise have the same terms and conditions as the Warrants. Separate trading of the Common Stock and Warrants underlying the Company's Units commenced in October 2006.

### b. Preferred Stock:

The Company is authorized to issue up to 1,000,000 shares of Preferred Stock with such designations, voting, and other rights and preferences as may be determined from time to time by the Board of Directors.

Prior to the consummation of a Business Combination, the Company may not issue Preferred Stock which participates in the proceeds of the Trust Account, or which votes as a class with the Common Stock on a Business Combination.

### c. Common Stock Commitments:

The Company has 10,936,668 shares of common stock commitments in the form of Warrants and the underwriters option, which are currently not exercisable.

### d. Common Stock Subject to Conversion:

Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek conversion of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by Initial Stockholders.

Accordingly, a portion of the net proceeds from the Offering (19.99% of the amount originally placed in the Trust Account) has been classified as common stock subject to possible conversion in the accompanying balance sheets and

19.99% of the related interest earned has been recorded as deferred interest.

## **Note 6 Earnings (Loss) Per Share**

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share reflect the additional dilution for all potentially dilutive securities such as stock warrants and options. The effect of the 9,736,668 outstanding warrants, issued in connection with the initial public offering described in Note 1 has not been

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## **FORTISSIMO ACQUISITION CORP. (A Development Stage Enterprise)**

### **NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS**

#### **Note 6 Earnings (Loss) Per Share (continued)**

considered in the diluted net earnings per share since the warrants are contingently exercisable. The effect of the 400,000 units included in the underwriters purchase option, as described in Note 2, along with the warrants underlying such units, has not been considered in the diluted earnings per share calculation since the market price of the unit was less than the exercise price during the period.

#### **Note 7 Subsequent Events**

On April 28, 2008, Fortissimo Capital Fund GP, L.P., one of the initial stockholders of the Company, provided an a. interest-free loan to the Company in the amount of \$100,000. Such loan is due upon the earlier of (i) October 11, 2008 or (ii) consummation of a business combination with an operating company.

On May 12, 2008, the Company and Psyop entered into an amendment to the Merger Agreement between the parties dated January 15, 2008. The amended terms reflect primarily changes to the consideration payable to Psyop. The initial cash payment is reduced from \$10,140,179 to \$4,140,179. A payment of up to \$6 million in cash is payable in 2008 and 2009 (\$3 million in each year), in the event that the at least 90% of the EBITDA milestones in b. each of those years is attained (payable on a sliding scale). The prior revenue and EBITDA targets for 2008, 2009 and 2010 remain the same, the only change is that the payment is adjusted in the event that 85% to 125% (90% for revenue target in 2008) are achieved, whereas, previously the earn-out was payable in the event that 70% of the target was achieved.

Detailed description of the terms set forth in the Amended and Restated Merger Agreement, as well as a copy of the form of such agreement, appears in the Company's Proxy Statement filed with the SEC on May 13, 2008.

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# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To Board of Directors and Stockholders of  
Fortissimo Acquisition Corp.  
(a development stage corporation)**

We have audited the accompanying balance sheet of Fortissimo Acquisition Corp. (a development stage corporation) (the Company ) as of December 31, 2006, and the related statements of operations, stockholders' equity and cash flows for the year ended December 31, 2006, and the cumulative period from December 27, 2005 (inception) to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2006, and the results of its operations and its cash flows for the year then ended and the cumulative period from December 27, 2005 (inception) to December 31, 2006, in conformity with United States generally accepted accounting principles.

/s/ GOLDSTEIN GOLUB KESSLER LLP

**GOLDSTEIN GOLUB KESSLER LLP**  
New York, New York  
March 15, 2007

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# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Directors and Stockholders of  
Fortissimo Acquisition Corp.**

We have audited the accompanying balance sheet of Fortissimo Acquisition Corp. (a development stage corporation) as of December 31, 2007, and the related statements of operations, stockholders' equity, and cash flows for the year then ended and the amounts included in the cumulative columns in the statements of operations and cash flows for the year ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fortissimo Acquisition Corp. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that Fortissimo Acquisition Corp. will continue as a going concern. As discussed in Note 1 to the financial statements, Fortissimo Acquisition Corp. will face a mandatory liquidation by October 11, 2008 if a business combination is not consummated, which raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ McGLADREY & PULLEN, LLP

**McGLADREY & PULLEN, LLP**

New York, New York

March 31, 2008

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Corporation)**

**BALANCE SHEETS**

	December 31,	
	2007	2006
<b>ASSETS</b>		
Current Assets:		
Cash	\$35,238	\$692,100
Investments held in Trust (Note 3)	27,575,303	26,537,334
Pre-paid expenses	1,456	19,243
Deferred tax asset	165,136	41,865
Income tax receivable (Note 4)	17,844	
Total assets	\$27,794,977	\$27,290,542
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accrued expenses	\$369,181	\$50,930
Deferred trust interest income	263,399	55,909

Deferred underwriting fee	352,350	352,350
Income tax payable (Note 4)		86,338
Total current liabilities	984,930	545,527
Common stock, subject to possible conversion, 906,547 shares at conversion value	5,248,907	5,248,907
Stockholders' Equity		
Preferred stock \$.0001 par value; 1,000,000 authorized as of December 31, 2007 and 2006; none issued or outstanding (Note 6)		
Common stock \$.0001 par value; 21,000,000 authorized as of December 31, 2007 and 2006; 5,868,334 issued and outstanding as of December 31, 2007 and 2006 (including 906,547 subject to possible conversion) (Note 1)	587	587
Additional paid-in capital	21,409,192	21,409,192
Retained earnings (deficit accumulated during the development stage)	151,361	86,329
Total stockholders' equity	21,561,140	21,496,108
Total liabilities and stockholders' equity	\$27,794,977	\$27,290,542

*See notes to financial statements.*

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Corporation)**

**STATEMENTS OF INCOME**

	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006	For the Period from December 27, 2005 (inception) to December 31, 2007
Interest income	\$ 840,884	\$ 223,775	\$ 1,064,659
General and administrative expenses:			
State franchise tax	25,525	25,750	51,275
Admin and office support	90,000	20,026	110,026
Professional fees	576,282	23,039	599,322
Insurance	42,296	9,986	52,282
Travel	64,086	5,133	69,219
Formation expenses			3,000
Other expenses	22,137	6,039	28,175
Total general and administrative expenses	820,326	89,973	913,299

Income before provision for income taxes	20,558	133,802	151,360
Provision for (benefit from) income taxes	(44,474 )	44,473	(1 )
Net income for the period	\$65,032	\$89,329	\$151,361
Weighted average number of shares outstanding, basic and diluted	5,868,334	2,059,849	3,947,938
Net income per share, basic and diluted	\$0.01	\$0.04	\$0.04

*See notes to financial statements.*

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Corporation)**

**STATEMENTS OF STOCKHOLDERS EQUITY**

	Common Stock Shares	Amount	Additional Paid in Capital	Deficit Accumulated During the Development Stage	Total
Issuance of Common Stock to initial stockholders on December 30, 2005 at \$.025 per share	1,000,000	\$ 100	\$24,900	\$	\$25,000
Net loss for the period				(3,000 )	(3,000 )
Balance as at December 31, 2005	1,000,000	\$ 100	\$24,900	(3,000 )	\$22,000
Sale of 4,535,000 Units (net of \$2,576,418 offering expenses, including the issuance of 906,547 shares subject to possible conversion)	4,535,000	454	24,633,128		24,633,582
Gross proceeds from issuance of Unit Purchase Option			100		100
Gross proceeds from Issuance of Insider Units	333,334	33	1,999,971		2,000,004
Proceeds subject to possible conversion			(5,248,907 )		(5,248,907 )
Net income for the year				89,329	89,329
Balance as at December 31, 2006	5,868,334	\$ 587	\$21,409,192	\$86,329	\$21,496,108
Net income for the year				65,032	65,032
Balance as at December 31, 2007	5,868,334	\$ 587	\$21,409,192	\$151,361	\$21,561,140

*See notes to financial statements.*

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# FORTISSIMO ACQUISITION CORP. (A Development Stage Corporation)

## STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006	For the Period from December 27, 2005 (inception) to December 31, 2007
Cash flows from operating activities:			
Net income	\$65,032	\$89,329	\$151,361
Adjustments to reconcile net income to net cash used in operating activities:			
Interest earned on securities held in trust	(1,037,969 )	(279,684 )	(1,317,653 )
Changes in operating assets/liabilities:			
Decrease (increase) in pre-paid expenses	17,787	(19,243 )	(1,456 )
Increase in accrued expenses	318,251	47,930	369,181
Increase in deferred tax asset	(123,271 )	(41,865 )	(165,136 )
Increase in deferred trust interest income	207,490	55,909	263,399
Increase (decrease) in income tax payable	(104,182 )	86,338	(17,844 )
Net cash used in operating activities	(656,862 )	(61,286 )	(718,148 )
Cash flows from investing activities:			
Cash held in trust fund		(26,257,650)	(26,257,650)
Purchase of tax free fund held in trust	(26,870,000)		(26,870,000)
Redemption of Treasury Bill held in trust	53,433,000		53,433,000
Purchase of Treasury Bill held in trust	(26,563,000)		(26,563,000)
Net cash used in investing activities		(26,257,650)	(26,257,650)
Cash flows from financing activities:			
Payment of notes payable stockholders		(115,000 )	(115,000 )
Proceeds from sale of Units to public		27,210,000	27,210,000
Proceeds from issuance of shares to Initial Stockholders			25,000
Proceeds from notes payable stockholders		60,000	115,000
Proceeds from sale of Unit Purchase Option		100	100
Proceeds from sale of Insider Units		2,000,004	2,000,004
Payment of offering expenses		(2,211,568 )	(2,224,068 )

Net cash provided by financing activities		26,943,536	27,011,036
Increase in cash		624,600	35,238
Cash at beginning of period	692,100	67,500	
Cash at the end of the period	\$35,238	\$692,100	\$35,238
Supplemental disclosure of cash flow information:			
Cash paid for taxes	\$182,980	\$	\$
Supplemental disclosure of non-cash financing activity:			
Deferred Underwriting Fee	\$	\$352,350	\$352,350

*See notes to financial statements.*

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 General**

The Company was incorporated on December 27, 2005 as a blank check company whose objective is to acquire an operating business that has manufacturing operations or research and development facilities located in Israel, or that is a company operating outside Israel which management believes would benefit from establishing operations or facilities in Israel.

The Company will face a mandatory liquidation by October 11, 2008 if a business combination is not consummated, which raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management intends to obtain loans from Insiders in order to be able to complete the proposed business combination.

The Company's ability to commence operations was contingent upon obtaining adequate financial resources through a proposed public offering ( Offering ) which was consummated on October 17, 2006. On October 17, 2006, we consummated our initial public offering of 4,000,000 Units, with each unit consisting of one share of our common stock and two warrants, each to purchase one share of our common stock at an exercise price of \$5.00 per share. On October 25, 2006, we consummated the closing of an additional 535,000 units that were subject to the over-allotment option. The units were sold at an offering price of \$6.00 per unit, generating total gross proceeds of \$27,210,000 (not including \$2,000,004 from the sale of Units to one of our initial stockholders as more fully described below).

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a business combination with an operating business that has manufacturing operations or research and development facilities located in Israel ( Business Combination ). Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination. An aggregate of \$26,257,650, before any interest earned, has been deposited in an interest-bearing trust account ( Trust Account ) until the earlier of (i) the consummation of a

Business Combination or (ii) liquidation of the Company. Under the agreement governing the Trust Account, funds will only be invested in United States government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 having a maturity of 180 days or less. The placing of funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors, prospective target businesses or other entities it engages, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account, there is no guarantee that they will execute such agreements. The Company's directors have agreed that they will be jointly and severally liable under certain circumstances to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company. However, there can be no assurance that the directors will be able to satisfy those obligations. The remaining net proceeds (not held in the Trust Account) of \$728,386 may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

Fortissimo Capital Fund GP, L.P., ( FCF ), one of the Company's initial stockholders, has purchased an aggregate of 333,334 units (the Insider Units ) at \$6.00 per unit (for an aggregate purchase price of \$2,000,004) from the Company. This purchase took place on a private placement basis simultaneously with the consummation of the Offering. All of the proceeds received from the sale of the Insider Units were placed in the Trust Account. The Insider Units are identical to the units sold in the Offering to the public; however, FCF has waived the right to receive distributions upon a liquidation of the Company prior to a Business Combination with respect to the securities underlying the Insider Units. The Insider Units were registered for resale along with the Units in the Offering, but FCF has agreed that the Insider Units and underlying securities will not be sold or transferred by it until after the completion of a Business Combination.

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 General (continued)**

The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for stockholder approval. Pursuant to the provisions of the Company's Amended and Restated Certificate of Incorporation, which cannot by its terms be amended prior to the consummation of a Business Combination, in the event that stockholders owning 20% or more of the shares sold in the Offering vote against the Business Combination and exercise their conversion rights described below, the Business Combination will not be consummated. All of the

Company's stockholders prior to the Offering, including all of the officers and directors of the Company ( Initial Stockholders ), have agreed to vote their 1,000,000 founding shares of common stock in accordance with the vote of the majority in interest of all other stockholders of the Company ( Public Stockholders ) with respect to any Business Combination. After consummation of a Business Combination, these voting safeguards will no longer be applicable.

With respect to a Business Combination which is approved and consummated, any Public Stockholder who voted against the Business Combination may demand that the Company convert his or her shares. The per share conversion price will equal the amount in the Trust Account, calculated as of two business days prior to the consummation of the

proposed Business Combination divided by the number of shares of common stock held by Public Stockholders at the consummation of the Offering. Accordingly, Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek conversion of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by the Initial Stockholders.

The Company's Amended and Restated Certificate of Incorporation provides that the Company will continue in existence only until 24 months from the effective date of the Offering (until October 11, 2008). If the Company has not completed a Business Combination by such date, its corporate existence will cease and it will dissolve and liquidate for the purposes of winding up its affairs. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per share in the Offering due to costs related to the Offering and since no value would be attributed to the Warrants contained in the Units sold.

## **Note 2 Significant Accounting Policies**

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

### **a. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **b. Net Income (Loss) Per Common Stock:**

Net income (loss) per share is computed based on the weighted average number of shares of common stock outstanding.

### **c. Concentrations of Credit Risk:**

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and investments held in trust. The Company may maintain deposits in federally insured financial institutions in excess of federally insured limits. However, management believes the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

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## **FORTISSIMO ACQUISITION CORP. (A Development Stage Corporation)**

## **NOTES TO FINANCIAL STATEMENTS**



## **Note 2 Significant Accounting Policies (continued)**

### **d. Fair Value of Financial Instruments:**

The fair values of the Company's assets and liabilities that qualify as financial instruments under SFAS No. 107 Disclosures about Fair Value of Financial Instrument, approximate their carrying amounts presented in the balance sheet at December 31, 2007 and 2006.

### **e. Deferred Interest Income:**

Deferred interest consists of 19.99% of the interest earned on the investments held in trust, as it represents interest attributable to the common stock subject to possible conversion (See Note 1).

### **f. Recently Issued Accounting Pronouncements:**

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations. This statement requires an acquiror to recognize the assets acquired, the liabilities assumed, and any non controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the statement. That replaces Statement 141 cost-allocation process, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The Company is currently assessing the impact, if any, this pronouncement may have on its financial statements.

In September 2006, the FASB issued FASB No. 157, Fair Value Measurements ( FAS 157 ). FAS 157 does not require any new fair value measurements, but rather, it provides enhanced guidance to other pronouncements that require or permit assets or liabilities to be measured at fair value. However, the application of this statement may change how fair value is determined. The statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. As of December 1, 2007 the FASB has proposed a one-year deferral for the implementation of the statement for non-financial assets and non-financial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company is currently assessing the impact, if any, this pronouncement may have on its financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. This statement provides all entities with an option to report selected financial assets and liabilities at fair value. The statement is effective as of the beginning of the entity's first fiscal year beginning after November 15, 2007, with early adoption available in certain circumstances. The Company is currently assessing the impact, if any, this pronouncement may have on its financial statements.

In December 2007, the FASB issued SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin ( ARB ) No. 51. This statement amends ARB 51 to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited. The Company is currently assessing the impact, if any, this pronouncement may have on its financial state.

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# FORTISSIMO ACQUISITION CORP. (A Development Stage Corporation)

## NOTES TO FINANCIAL STATEMENTS

### Note 3 Investments Held in Trust

Investments held in trust at December 31, 2007 consist of tax-free investments, which include accrued interest of \$69,876.

Investments held in trust at December 31, 2006 consist of a zero coupon United States Treasury Bills, which includes interest of \$279,684 and trust cash of \$632.

### Note 4 Income Taxes

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in future taxable or deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

The components of the provision (benefits) for income taxes are as follows:

	Year Ended December 31, 2007	Year Ended December 31, 2006
Current:		
Federal taxes	\$ 78,798	\$ 86,338
Deferred:		
Federal taxes	(123,272 )	(41,865 )
Total provision for (benefit from) income taxes	\$ (44,474 )	\$ 44,473

The tax effect of temporary differences that give rise to the deferred tax asset is as follows:

	December 31, 2007	December 31, 2006
Interest income deferred for reporting purposes	\$ 41,677	\$ 19,009
Expenses deferred for income tax purposes	263,633	22,856
Less: valuation allowance	(140,172 )	
Total deferred tax asset	\$ 165,136	\$ 41,865

The total provision for income taxes differs from that amount which would be computed by applying the U.S. Federal income tax rate to income before provision for income taxes as follow:

	Year Ended December 31, 2007	Year Ended December 31, 2006
Statutory federal income tax rate	34.0 %	34.0 %
Non taxable income	(932.2 )%	%
Increase (decrease) in valuation allowance	681.9 %	(0.8 )%
Effective income tax rate	(216.3 )%	33.2 %

The company has recorded a valuation allowance on a portion of the state deferred tax asset because management believes it is more likely than not that this asset will not be realized based on current operations.

## Note 5 Commitments

The Company presently occupies office space provided by an affiliate of an Initial Stockholder. Such affiliate has agreed that, until the acquisition of a target business by the Company, it will make such office space, as well as certain office and secretarial services, available to the Company, as may be required by the

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## FORTISSIMO ACQUISITION CORP. (A Development Stage Corporation)

### NOTES TO FINANCIAL STATEMENTS

#### Note 5 Commitments (continued)

Company from time to time. The Company has agreed to pay such affiliate \$7,500 per month for such services commencing on October 11, 2006 and ending upon the consummation of a Business Combination. The statement of operations for the years ended December 31, 2007 and 2006 include \$90,000 and \$19,839 relating to this agreement, respectively. As of December 31, 2007 accrued expenses included \$16,843 payable to the Initial Stockholder relating to this agreement.

The Initial Stockholders have waived their right to receive distributions with respect to their founding shares and shares included within the Insider Units upon the Company's liquidation.

The Initial Stockholders and holders of the Insider Units (or underlying securities) are entitled to registration rights with respect to their founding shares and Insider Units (or underlying securities). The holders of the majority of founding shares are entitled to demand that the Company register these shares at any time commencing three months prior to October 11, 2009. The holders of a majority of the Insider Units (or underlying securities) are entitled to demand that the Company register such securities at any time after the Company consummates a Business Combination. In addition, the Initial Stockholders and holders of the Insider Units (or underlying securities) have certain piggy-back registration rights on registration statements filed subsequent to a Business Combination. The Underwriter's Option is subject to similar registration rights.

## **Note 6 Stockholders Equity**

### **a. The Offering:**

The Company sold 4,535,000 units ( Units ) in the Offering, which included 535,000 Units that were sold upon the exercise of the underwriters' over-allotment option. Each Unit consists of one share of the Company's common stock, \$.0001 par value, and two Redeemable Common Stock Purchase Warrants ( Warrants ). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 commencing on the later of the completion of a Business Combination with a target business or October 11, 2007 and expiring on October 10, 2010. The Warrants will be redeemable at a price of \$.01 per Warrant upon 30 days notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$8.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given. In connection with this Offering, the Company issued an option, for \$100, to the representative of the underwriters to purchase 400,000 Units at an exercise price of \$7.50 per Unit (see Common Stock Commitments below).

The Company accounted for the fair value of the option, inclusive of the receipt of the \$100 cash payment, as an expense of the Offering resulting in a charge directly to stockholders' equity. The Company estimated that the fair value of this option was approximately \$1,485,882 (\$3.71 per Unit) using a Black-Scholes option-pricing model. The fair value of the Underwriter's Option is estimated as of the date of grant using the following assumptions: (1) expected volatility of 77.9%, (2) risk-free interest rate of 4.77% and (3) expected life of 5 years. The option may be exercised for cash or on a cashless basis, at the holder's option, such that the holder may use the appreciated value of the option (the difference between the exercise prices of the option and the underlying Warrants and the market price of the Units and underlying securities) to exercise the option without the payment of any cash. The warrants underlying such Units are exercisable at \$5.00 per share, but otherwise have the same terms and conditions as the Warrants. Separate trading of the Common Stock and Warrants underlying the Company's Units commenced in October 2006.

### **b. Preferred Stock:**

The Company is authorized to issue up to 1,000,000 shares of Preferred Stock with such designations, voting, and other rights and preferences as may be determined from time to time by the Board of Directors.

Prior to the consummation of a Business Combination, the Company may not issue Preferred Stock which participates in the proceeds of the Trust Account, or which votes as a class with the Common Stock on a Business Combination.

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## **FORTISSIMO ACQUISITION CORP. (A Development Stage Corporation)**

## **NOTES TO FINANCIAL STATEMENTS**

## Note 6 Stockholders Equity (continued)

### c. Common Stock Commitments:

The Company has 10,936,668 shares of common stock commitments in the form of Warrants and the underwriters option, which are currently not exercisable.

### d. Common Stock Subject to Conversion

Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek conversion of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by Initial Stockholders.

Accordingly, a portion of the net proceeds from the Offering (19.99% of the amount held in the Trust Account) has been classified as common stock subject to possible conversion in the accompanying balance sheets and 19.99% of the related interest earned has been recorded as deferred interest.

## Note 7 Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share reflect the additional dilution for all potentially dilutive securities such as stock warrants and options. The effect of the 9,736,668 outstanding warrants, issued in connection with the initial public offering described in Note 1 has not been considered in the diluted net earnings per share since the warrants are contingently exercisable. The effect of the 400,000 units included in the underwriters purchase option, as described in Note 6, along with the warrants underlying such units (1,200,000 of stock and stock equivalents), has not been considered in the diluted earnings per share calculation since the market price of the unit was less than the exercise price during the period.

## Note 8 Subsequent Event

On January 15, 2008, the Company entered into an Agreement and Plan of Merger and Interests Purchase Agreement ( Merger Agreement ) with Psyop, Inc. ( Psyop ), Psyop s shareholders, and Psyop Services, LLC, which is owned by the Psyop shareholders and does business under the name of Blacklist, and FAC Acquisition Sub Corp., our wholly owned subsidiary ( Merger Sub ). Pursuant to the Merger Agreement, Merger Sub will be merged into Psyop, with Psyop being the surviving corporation and becoming our wholly owned subsidiary. Within 10 days thereafter, Psyop will be merged into the Company and we will change our name to Psyop, Inc. The Merger Agreement also provides that we will purchase all of the outstanding membership interests of Blacklist. As a result of such purchase, Blacklist will become a wholly owned subsidiary of the Company as well. The combination of these events is referred to herein as the merger .

Psyop is a producer of digital content for advertising, specializing in animation and special effects, including combined animation and live action imagery.

### Merger Consideration

*Closing Merger Consideration.* At the closing, we will pay Psyop s shareholders merger consideration (including payment for the Blacklist membership interests) of 3,337,941 shares of the Company s common stock and \$10,140,079 in cash. Such stock had a value of approximately \$19,260,000, based on the average closing price of the Company s

common stock over the thirty trading days preceding January 11, 2008, which was two trading days prior to the date the Merger Agreement was signed.

*Contingent Consideration.* The Psyop shareholders will also be entitled to receive additional payments of shares of the Company's common stock and cash based on the achievement of specified revenue and EBITDA milestones in the years 2008, 2009 and 2010. Such payments are referred to in the Merger Agreement as contingent payments. The maximum contingent payment that could be payable to Psyop shareholders over a three year period is an aggregate of \$13.75 million.

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**FORTISSIMO ACQUISITION CORP.  
(A Development Stage Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8 Subsequent Event (continued)**

*Additional Consideration.* The Psyop shareholders will also receive a minimum additional payment of \$4,000,001 if at least a majority of the warrants issued in the Company's IPO are exercised prior to their expiration, which will be increased proportionally to \$8,000,000 if all of the warrants are exercised. Such minimum and maximum payments will increase to \$5,000,001 and \$10,000,000, respectively, and intermediate payments will increase proportionally, if there is a call by the Company to redeem the warrants. Such payments will be payable two-thirds in shares of the Company's common stock and one-third in cash, with the stock valued at the closing price of the Company's common stock on the date the warrants are redeemed or expire, as applicable.

It is anticipated that the transaction will be consummated in the summer of 2008, after the required approval by the Company's stockholders. However, unless otherwise indicated, these financial statements assume that the foregoing transaction is not consummated and that the Company must seek a different business combination. If the company does not consummate a business combination by October 11, 2008, the Company will face mandatory liquidation.

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**PSYOP, INC. AND AFFILIATES**

**CONSOLIDATED AND COMBINED BALANCE SHEETS**

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	March 31, 2008 (unaudited)	December 31, 2007 (restated)
<b>ASSETS</b>		
Current assets		
Cash	\$256,646	\$390,796
Accounts receivable	1,479,498	2,339,987
Costs and estimated earnings in excess of billings on uncompleted contracts	570,236	169,199
Prepaid expenses	425,133	26,305
Total current assets	2,731,513	2,926,287
Long term assets		
Property and equipment, net	4,511,176	3,391,768
Deferred tax asset	52,000	26,000
Other assets	46,699	28,699
Total assets	\$7,341,388	\$6,372,754
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Bank line of credit	\$1,300,000	\$1,000,000
Bank note payable, current portion	85,516	116,054
Capital lease obligations, current portion	480,065	308,922
Accounts payable and other current liabilities	3,064,352	2,823,211
Billings in excess of costs and estimated earnings on uncompleted contracts	764,082	758,125
Total current liabilities	5,694,015	5,006,312
Long term liabilities		
Capital lease obligations, less current portion	665,542	463,887
Total long-term liabilities	665,542	463,887
Commitments and contingencies		
Stockholders' equity		
Common stock \$1.00 par value authorized 24,000 shares; issued and outstanding 12,600 shares in 2008 and 2007 respectively	12,600	12,600
Class B common stock \$1.00 par value, authorized 3,000 shares; issued and outstanding 1,450 shares in 2008 and 2007 respectively	1,450	1,450
Capital in excess of par value	257,950	257,950
Loan receivable, stockholder	(8,048 )	(8,048 )
Accumulated comprehensive loss	(6,599 )	(6,199 )
Retained earnings	724,478	644,802
Total stockholders' equity	981,831	902,555
Total liabilities and stockholders' equity	\$7,341,388	\$6,372,754

*See accompanying notes to consolidated and combined financial statements.*

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**PSYOP, INC. AND AFFILIATES****CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS**

	Three Months Ended	
	March 31,	
	2008	2007
	(unaudited)	(unaudited)
Net sales	\$ 7,111,410	\$ 7,408,362
Cost of sales	5,662,008	4,219,165
Gross profit	1,449,402	3,189,197
Selling, general and administrative expenses	1,274,848	775,731
Operating income	174,554	2,413,466
Other income (expense)		
Interest income	1,420	3,613
Interest expense	(26,117 )	(15,026 )
	(24,697 )	(11,413 )
Income before income tax expense	149,857	2,402,053
Income tax expense	(70,181 )	(1,068,608 )
Net income	\$ 79,676	\$ 1,333,445
Basic and diluted net income per common share		
Basic and diluted	\$ 5.67	\$ 94.91
Weighted average common shares outstanding		
Basic and diluted	14,050	14,050

*See accompanying notes to consolidated and combined financial statements.*

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**PSYOP, INC. AND AFFILIATES****CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)**



TABLE OF CONTENTS**PSYOP, INC. AND AFFILIATES****CONSOLIDATED AND COMBINED STATEMENTS OF  
CASH FLOWS**

	Three Months Ended March 31,	
	2008	2007
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net income	\$79,676	\$1,333,445
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income tax (benefit) expense	(26,000 )	88,000
Depreciation and amortization	214,722	146,348
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable	860,489	(680,299 )
Costs and estimated earnings in excess of billings on uncompleted contracts	(401,037)	663,654
Prepaid expenses	(398,828)	(33,714 )
Other assets	(18,000 )	
Accounts payable and other current liabilities	241,141	197,613
Billings on uncompleted contracts in excess of costs and estimated earnings	5,957	(309,100 )
Net cash provided by operating activities	558,120	1,405,947
Cash flows from investing activities		
Acquisition of property and equipment	(820,365)	(555,171 )
Net cash used in investing activities	(820,365)	(555,171 )
Cash flows from financing activities		
Proceeds from bank line of credit	300,000	
Principal payments on bank note payable	(30,538 )	(30,382 )
Principal payments on capital leases	(140,967)	(60,403 )
Net cash provided by (used in) financing activities	128,495	(90,785 )
Effect of exchange rate changes on cash	(400 )	
Net increase (decrease) in cash	(134,150)	759,991
Cash, beginning of period	390,796	229,692
Cash, end of period	\$256,646	\$989,683
Supplemental disclosures of cash flow information,		
Cash paid during the three months for:		

Income taxes	\$41,070	\$205,000
Interest	\$24,697	\$11,413
Supplemental schedule of noncash investing and financing activities		
Property and equipment acquired under capital lease obligations	\$513,765	\$

*See accompanying notes to consolidated and combined financial statements.*

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**PSYOP, INC. AND AFFILIATES**

**NOTES TO UNAUDITED CONSOLIDATED AND  
COMBINED FINANCIAL STATEMENTS**

**1. Basis of Presentation**

The accompanying interim consolidated and combined financial statements at March 31, 2008 and for the three months ended March 31, 2008 and 2007 and footnotes thereto are unaudited. In the opinion of the management of Psyop Inc and Affiliates, (the Company), these statements include all adjustments, which are of a normal recurring nature, necessary to present a fair statement of the Company's results of operations, financial position and cash flows.

The results of operations for interim periods are not necessarily indicative of annual results. These statements should be read in conjunction with the consolidated and combined financial statements and related notes included in this Proxy statement for the year ended December 31, 2007.

**2. Nature of operations and summary of significant accounting policies**

**Nature of Operations**

Psyop, Inc. (Psyop) and Psyop UK, LLC (Psyop UK), a United Kingdom limited liability company that is a wholly owned subsidiary of Psyop, are designers and producers of video content for national and international advertising and other interests. Psyop and Psyop UK conduct business principally with advertising agencies, which engage them to provide design and production services for their respective clients. Psyop Services, LLC (Psyop Services), an affiliate of Psyop under common ownership, provides representation of design-led commercial and content creators. Psyop Services negotiates and signs contracts on behalf of client companies that outsource the work in return for a percentage commission of the project cost for lead generation, branding, mentoring and project management.

**Principles of consolidation and combination**

The accompanying consolidated and combined financial statements include the accounts of Psyop, Psyop Services, and Psyop UK (collectively, Psyop, Inc. and Affiliates or the Company). Psyop Services and Psyop UK were formed

during 2005 and commenced operations in 2006. All material intercompany accounts and transactions have been eliminated in the consolidated and combined financial statements. Although the financial statements have been combined, they do not represent those of a single legal entity.

## **Revenue Recognition**

The Company recognizes revenues using the percentage-of-completion method of accounting in accordance with Statement of Position 81-1 Accounting for Performance of Construction-Type and Certain Production-Type Contracts and in conjunction with Staff Accounting Position No. 104, Revision of Topic 13: Revenue Recognition in Financial Statements, which provides for the recognition of revenue when (1) persuasive evidence of a final agreement exists,

(2) delivery has occurred or services have been rendered, (3) the selling price is fixed or determinable, and (4) collectability is reasonably assured. Accordingly, earnings are recognized on a contract-by-contract basis in the ratio that actual costs incurred bear to total estimated costs, as determined by management. Adjustments to cost estimates are made periodically, based upon the specific circumstances affecting each contract in progress. Losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined.

The aggregate of costs incurred and earnings recognized on uncompleted contracts in excess of related billings is shown as a current asset, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and earnings recognized is shown as a current liability.

## **Cost Recognition**

Contract costs include all labor, subcontractors and those indirect costs related to contract performance such as indirect labor, supplies, and other production costs. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revenues or costs

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## **PSYOP, INC. AND AFFILIATES**

### **NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**

#### **2. Nature of operations and summary of significant accounting policies (continued)**

are determined. All costs incurred in connection with pitches made to obtain a contract are expenses as incurred. If a contract is awarded, the costs associated with the pitch are included as part of the cost of the related project. If a contract is not awarded, the costs are classified as selling, general and administrative expenses.

## **Fair Value of Financial Instruments**

The fair value of the Company's assets and liabilities, which qualify as financial instruments under Statement of Financial Accounting Standards (SFAS) No. 107, Disclosures About Fair Value of Financial Instruments, approximate the carrying amounts presented in the consolidated balance sheets.

### **Cash**

The Company considers all investment instruments with maturities of three months or less to be cash equivalents. At various times during the years, balances of cash at financial institutions exceeded the federally insured limit. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on cash and cash equivalents.

### **Accounts Receivable**

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, management evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. Accounts are written off once management has determined the balances will not be collected. An allowance for doubtful accounts was deemed unnecessary at March 31, 2008 and December 31, 2007.

### **Property and Equipment**

Property and equipment are recorded at cost less accumulated depreciation and amortization. Costs of additions and substantial improvements to property and equipment are also capitalized. Maintenance and repairs are charged to operations as incurred. Asset and related accumulated depreciation amounts are relieved from the accounts for retirements or dispositions.

Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years, while leasehold improvements are amortized, using the straight line method, over the shorter of either their economic useful lives or the term of the respective leases.

### **Impairment of Long-Lived Assets**

The Company adheres to SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets and periodically assesses the recoverability of the carrying amounts of long-lived assets. A loss is recognized when expected undiscounted future cash flows are less than the carrying amount of the asset. The impairment loss is the difference by which the carrying amount of the asset exceeds its fair value.

### **Income Taxes**

Psyop, the parent company, is a United States corporation and files corporate income tax returns in the United States. Psyop Services is a United States limited liability company and is subject to New York City Unincorporated Business Tax (UBT). Psyop UK is incorporated in England and Wales and, as such, files its own corporate income tax returns in the United Kingdom. The Company complies with SFAS No. 109 Accounting for Income Taxes, which requires an asset and liability approach to financial reporting of income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the

deferred income tax assets to the amount expected to be realized.

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## **PSYOP, INC. AND AFFILIATES**

# **NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**

## **2. Nature of operations and summary of significant accounting policies (continued)**

### **Earnings per Share**

The Company complies with SFAS No. 128, Earnings Per Share. SFAS No. 128 requires dual presentation of basic and diluted income per common share for all periods presented. Basic income per common share excludes dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted income per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then share in the income of the Company. During the years ended December 31, 2007 and 2006, the Company had no securities or other contracts that could be converted to common stock. Accordingly, the basic and diluted weighted average common shares were the same.

### **Use of Estimates**

The preparation of consolidated and combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated and combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### **Foreign Currency Translation**

The Company complies with SFAS No. 52, Foreign Currency Translation, which states that for foreign subsidiaries whose functional currency is the local foreign currency, assets and liabilities are translated using the published exchange rate in effect at the balance sheet date. Results of operations are translated using an approximated weighted average exchange rate for the year. Resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss).

### **Comprehensive Income (Loss)**

The Company complies with SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 establishes rules for the reporting and display of comprehensive income (loss) and its components. SFAS No. 130 requires the Company's

change in the foreign currency translation adjustments to be included in other comprehensive income (loss).

### 3. Costs, estimated earnings and billings on uncompleted contracts

Costs, estimated earnings and billings on uncompleted contracts consisted of the following:

	March 31, 2008 (unaudited)	December 31, 2007 (restated)
Costs incurred to date on uncompleted contracts	\$ 4,979,757	\$ 9,864,536
Estimated earnings	3,136,141	2,800,630
	8,115,898	12,665,166
Billings to date	(8,309,744 )	(13,254,092 )
	(\$193,846 )	(\$588,926 )

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## PSYOP, INC. AND AFFILIATES

### NOTES TO UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

#### 3. Costs, estimated earnings and billings on uncompleted contracts (continued)

Included in the accompanying balance sheets under the following captions:

	March 31, 2008 (unaudited)	December 31, 2007 (restated)
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 570,236	\$ 169,199
Billings on uncompleted contracts in excess of costs and estimated earnings	(764,082 )	(758,125 )
	(\$193,846 )	(\$588,926 )

#### 4. Property and equipment

Property and equipment consists of the following at:

	March 31, 2008 (unaudited)	December 31, 2007 (restated)
Audio visual equipment	\$ 546,567	\$ 536,035
Computer equipment	3,190,463	2,457,549
Computer software	506,205	401,153
Furniture and fixtures	340,515	259,230
Leasehold improvements	2,299,946	1,856,123
	6,883,696	5,510,090
Less: accumulated depreciation and amortization	(2,372,520 )	(2,118,322 )
	\$ 4,511,176	\$ 3,391,768

Depreciation and amortization expense was \$214,722 and \$146,348 for the three months ended March 31, 2008 and 2007, respectively.

## 5. Bank line of credit

The Company has a line of credit with a bank, which expires November 30, 2008. In February 2008, the Company requested and received an increase in the available amount of borrowings under the line of credit to a maximum of \$1,600,000. No other terms or conditions of the line of credit were modified. Borrowings bear interest at the prime rate (5.25% and 7.25% at March 31, 2008 and December 31, 2007, respectively) minus 1½%, payable monthly in arrears and are collateralized by all business assets and guaranteed by certain of the shareholders of the Company. At March 31, 2008 and December 31, 2007, outstanding borrowings on the line of credit were \$1,300,000 and \$1,000,000, respectively.

## 6. Bank note payable

In November 2005, the Company issued a note payable (the Note ) to a bank for the principal amount of \$360,750. The Note bears interest at 5.64%, per annum, is payable in 36 monthly installments of \$10,915, including interest and matures on December 31, 2008. The Note is collateralized by all of the assets of the Company and has been guaranteed by the Company's stockholders. As of March 31, 2008 and December 31, 2007, there was outstanding under the Note \$85,516 and \$116,054, respectively.

## 7. Commitments

In January 2008, the Company entered into a lease for additional production facilities. In connection with this lease, the Company has issued the landlord an irrevocable, unconditionable, and transferable letter of credit for the sum of \$1,000,000 as a security deposit. Under the terms of the lease, the letter of credit will be reduced by \$100,000 annually through December 31, 2017.

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# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
Psyop, Inc.

We have audited the accompanying consolidated and combined balance sheets of Psyop, Inc. and Affiliates (collectively, the Company ) as of December 31, 2007 and 2006, and the related consolidated and combined statements of operations, changes in stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the two-year period ended December 31, 2007. These consolidated and combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of Psyop, Inc. and Affiliates as of December 31, 2007 and 2006, and the results of their operations and cash flows for each of the years in the two-year period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1A to the consolidated and combined financial statements, certain errors were discovered by management of the Company subsequent to the issuance of the 2007 consolidated and combined financial statements. Accordingly, the 2007 financial statements have been restated to correct the errors.

/s/ Rothstein, Kass & Company, P.C.

Roseland, New Jersey  
July 18, 2008

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**PSYOP, INC. AND AFFILIATES**

**CONSOLIDATED AND COMBINED BALANCE SHEETS**

December 31,  
2007      2006  
(restated)

ASSETS



Current assets		
Cash	\$390,796	\$229,692
Accounts receivable	2,339,987	1,511,204
Costs and estimated earnings in excess of billings on uncompleted contracts	169,199	663,654
Deferred tax asset		112,000
Prepaid expenses	26,305	63,331
Total current assets	2,926,287	2,579,881
Property and equipment, net	3,391,768	1,500,853
Deferred tax asset	26,000	
Other assets	28,699	9,500
Total assets	\$6,372,754	\$4,090,234
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Bank line of credit	\$1,000,000	\$
Bank note payable, current portion	116,054	117,048
Capital lease obligations, current portion	308,922	281,780
Accounts payable and other current liabilities	2,823,211	1,974,438
Billings in excess of costs and estimated earnings on uncompleted contracts	758,125	979,848
Total current liabilities	5,006,312	3,353,114
Long term liabilities		
Bank note payable, less current portion		120,537
Capital lease obligations, less current portion	463,887	219,126
Deferred income taxes		26,000
Total long-term liabilities	463,887	365,663
Commitments and contingencies		
Stockholders' equity		
Common stock \$1.00 par value authorized 24,000 shares; issued and outstanding 12,600 shares in 2007 and 2006 respectively	12,600	12,600
Class B common stock \$1.00 par value, authorized 3,000 shares; issued and outstanding 1,450 shares in 2007 and 2006 respectively	1,450	1,450
Capital in excess of par value	257,950	257,950
Loan receivable, stockholder	(8,048 )	(13,380 )
Retained earnings	644,802	112,837
Accumulated other comprehensive loss	(6,199 )	
Total stockholders' equity	902,555	371,457
Total liabilities and stockholders' equity	\$6,372,754	\$4,090,234

*See accompanying notes to consolidated and combined financial statements.*

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**PSYOP, INC. AND AFFILIATES**

**CONSOLIDATED AND COMBINED STATEMENTS OF**

## OPERATIONS

	Years Ended December 31,	
	2007	2006
	(restated)	
Net sales	\$ 25,299,589	\$ 15,828,334
Cost of sales	20,494,903	12,325,656
Gross profit	4,804,686	3,502,678
Selling, general and administrative expenses	3,837,627	3,823,980
Operating income (loss)	967,059	(321,302 )
Other income (expense)		
Interest income	21,428	4,116
Interest expense	(61,325 )	(80,700 )
Other		12,319
	(39,897 )	(64,265 )
Income (loss) before income tax benefit (expense)	927,162	(385,567 )
Income tax benefit (expense)	(395,197 )	77,782
Net income (loss)	\$ 531,965	\$ (307,785 )
Basic and diluted net income (loss) per common share		
Basic and diluted	\$ 37.86	\$ (21.91 )
Weighted average common shares outstanding		
Basic and diluted	14,050	14,050

*See accompanying notes to consolidated and combined financial statements.*

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## PSYOP, INC. AND AFFILIATES

# CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

## Years Ended December 31, 2007 (restated) and 2006

*See accompanying notes to consolidated and combined financial statements.*

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TABLE OF CONTENTS**PSYOP, INC. AND AFFILIATES****CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2007	2006
	(restated)	
Cash flows from operating activities		
Net income (loss)	\$531,965	\$(307,785 )
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred income tax (benefit) expense	60,000	(193,000 )
Depreciation and amortization	729,713	460,636
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable	(828,783 )	(392,288 )
Costs and estimated earnings in excess of billings on uncompleted contracts	494,455	(464,091 )
Prepaid income taxes		54,235
Prepaid expenses	37,026	(63,331 )
Other assets	(19,199 )	
Accounts payable and other current liabilities	848,773	1,339,394
Billings on uncompleted contracts in excess of costs and estimated earnings	(221,723 )	863,311
Net cash provided by operating activities	1,632,227	1,297,081
Cash flows from investing activities		
Acquisition of property and equipment	(1,862,548)	(398,208 )
Proceeds from repayment on loan receivable, stockholder	5,332	10,722
Net cash used in investing activities	(1,857,216)	(387,486 )
Cash flows from financing activities		
Proceeds from (payments for) bank line of credit	1,000,000	(602,275 )
Principal payments on bank note payable	(121,531 )	(113,945 )
Principal payments on capital leases	(486,177 )	(322,030 )
Net cash provided by (used in) investing activities	392,292	(1,038,250)
Effect of exchange rate changes on cash	(6,199 )	
Net increase (decrease) in cash	161,104	(128,655 )
Cash, beginning of year	229,692	358,347
Cash, end of year	\$390,796	\$229,692
Supplemental disclosures of cash flow information, cash paid during the years for:		
Income taxes	\$407,373	\$18,317
Interest	\$61,325	\$95,465

Supplemental schedule of non-cash investing and financing activities, property and equipment acquired under capital lease obligations	\$758,080	\$489,362
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*See accompanying notes to consolidated and combined financial statements.*

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## **PSYOP, INC. AND AFFILIATES**

### **NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**

#### **1. Nature of operations and summary of significant accounting policies**

##### **Nature of Operations**

Psyop, Inc. ( Psyop ) and Psyop UK, LLC ( Psyop UK ), a United Kingdom limited liability company that is a wholly owned subsidiary of Psyop, are designers and producers of video content for national and international advertising and other interests. Psyop and Psyop UK conduct business principally with advertising agencies, which engage them to provide design and production services for their respective clients. Psyop Services, LLC ( Psyop Services ), an affiliate of Psyop under common ownership, provides representation of design-led commercial and content creators. Psyop Services negotiates and signs contracts on behalf of client companies that outsource the work in return for a percentage commission of the project cost for lead generation, branding, mentoring and project management.

##### **Principles of consolidation and combination**

The accompanying consolidated and combined financial statements include the accounts of Psyop, Psyop Services, and Psyop UK (collectively, Psyop, Inc. and Affiliates or the Company ). Psyop Services and Psyop UK were formed during 2005 and commenced operations in 2006. All material intercompany accounts and transactions have been eliminated in the consolidated and combined financial statements. Although the financial statements have been combined, they do not represent those of a single legal entity.

##### **Revenue Recognition**

The Company recognizes revenues using the percentage-of-completion method of accounting in accordance with Statement of Position 81-1 Accounting for Performance of Construction-Type and Certain Production-Type Contracts and in conjunction with Staff Accounting Position No. 104, Revision of Topic 13: Revenue Recognition in Financial Statements, which provides for the recognition of revenue when (1) persuasive evidence of a final agreement exists, (2) delivery has occurred or services have been rendered, (3) the selling price is fixed or determinable, and (4) collectibility is reasonably assured. Accordingly, earnings are recognized on a contract-by-contract basis in the ratio that actual costs incurred bear to total estimated costs, as determined by management. Adjustments to cost estimates

are made periodically, based upon the specific circumstances affecting each contract in progress. Losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined.

The aggregate of costs incurred and earnings recognized on uncompleted contracts in excess of related billings is shown as a current asset, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and earnings recognized is shown as a current liability.

## **Cost Recognition**

Contract costs include all labor, subcontractors and those indirect costs related to contract performance such as indirect labor, supplies, and other production costs. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revenues or costs are determined. All costs incurred in connection with pitches made to obtain a contract are expensed as incurred. If a contract is awarded, the costs associated with the pitch are included as part of the cost of the related project. If a contract is not awarded, the costs are classified as selling, general and administrative expenses.

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## **PSYOP, INC. AND AFFILIATES**

### **NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**

#### **1. Nature of operations and summary of significant accounting policies (continued)**

##### **Fair Value of Financial Instruments**

The fair value of the Company's assets and liabilities, which qualify as financial instruments under Statement of Financial Accounting Standards ( SFAS ) No. 107, Disclosures About Fair Value of Financial Instruments, approximate the carrying amounts presented in the consolidated balance sheets.

##### **Cash**

The Company considers all investment instruments with maturities of three months or less to be cash equivalents. At various times during the years, balances of cash at financial institutions exceeded the federally insured limit. The Company has not experienced any losses in such accounts and believes it is not subject to any significant credit risk on cash and cash equivalents.

## **Accounts Receivable**

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, management evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. Accounts are written off once management has determined the balances will not be collected. An allowance for doubtful accounts was deemed unnecessary at December 31, 2007 and 2006.

## **Property and Equipment**

Property and equipment are recorded at cost less accumulated depreciation and amortization. Costs of additions and substantial improvements to property and equipment are also capitalized. Maintenance and repairs are charged to operations as incurred. Asset and related accumulated depreciation amounts are relieved from the accounts for retirements or dispositions.

Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years, while leasehold improvements are amortized, using the straight line method, over the shorter of either their economic useful lives or the term of the respective leases.

## **Impairment of Long-Lived Assets**

The Company adheres to SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* and periodically assesses the recoverability of the carrying amounts of long-lived assets. A loss is recognized when expected undiscounted future cash flows are less than the carrying amount of the asset. The impairment loss is the difference by which the carrying amount of the asset exceeds its fair value.

## **Income Taxes**

Psyop, the parent company, is a United States corporation and files corporate income tax returns in the United States. Psyop Services is a United States limited liability company and is subject to New York City Unincorporated Business Tax ( UBT ). Psyop UK is incorporated in England and Wales and, as such, files its own corporate income tax returns in the United Kingdom. The Company complies with SFAS No. 109 *Accounting for Income Taxes*, which requires an asset and liability approach to financial reporting of income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

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## **PSYOP, INC. AND AFFILIATES**

## **NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**

# **1. Nature of operations and summary of significant accounting policies (continued)**

## **Earnings Per Share**

The Company complies with SFAS No. 128, Earnings Per Share. SFAS No. 128 requires dual presentation of basic and diluted income per common share for all periods presented. Basic income per common share excludes dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted income per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then share in the income of the Company. During the years ended December 31, 2007 and 2006, the Company had no securities or other contracts that could be converted to common stock. Accordingly, the basic and diluted weighted average common shares were the same.

## **Use of Estimates**

The preparation of consolidated and combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated and combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## **Foreign Currency Translation**

The Company complies with SFAS No. 52, Foreign Currency Translation, which states that for foreign subsidiaries whose functional currency is the local foreign currency, assets and liabilities are translated using the published exchange rate in effect at the balance sheet date. Results of operations are translated using an approximated weighted average exchange rate for the year. Resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss). Due to the immateriality of the translation adjustment, foreign currency translations have been recorded to operations for the year ended December 31, 2006.

## **Comprehensive Income (Loss)**

The Company complies with SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 establishes rules for the reporting and display of comprehensive income (loss) and its components. SFAS No. 130 requires the Company's change in the foreign currency translation adjustments to be included in other comprehensive income (loss).

## **Recently Issued Accounting Pronouncements**

In June 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109 (FIN No. 48). FIN No. 48 clarifies what criteria must be met prior to recognition of the financial statement benefit of a position taken in a tax return. FIN No. 48 will require companies to include additional qualitative and quantitative disclosures within their financial statements. The disclosures will include potential tax benefits from positions taken for tax return purposes that have not been recognized for financial reporting purposes and a tabular presentation of significant changes during each period. The disclosures will also include a discussion of the nature of uncertainties, factors which could cause a change, and an estimated range of reasonably possible changes in tax uncertainties.

FIN No. 48 will also require a company to recognize a financial statement benefit for a position taken for tax return purposes when it will be more-likely-than-not that the position will be sustained. FIN No. 48 will be effective for fiscal years beginning after December 15, 2007. The adoption of FIN No. 48 is not expected to have a material impact on the Company's financial statements.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles,

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## **PSYOP, INC. AND AFFILIATES**

### **NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**

#### **1. Nature of operations and summary of significant accounting policies (continued)**

##### **Recently Issued Accounting Pronouncements (continued)**

expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the FASB anticipates that for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for the Company would be its fiscal year beginning January 1, 2008. The Company is currently evaluating the impact of SFAS No. 157 on its financial condition and results of operations.

In September 2006, the Staff of the SEC issued Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements (SAB 108). SAB 108 requires registrants to use a combination of two approaches to evaluate the materiality of identified unadjusted errors, the rollover approach, which quantifies an error based on the amount of the error originating in the current year income statement, and the iron curtain approach, which quantifies an error based on the effects of correcting the misstatement existing in the balance sheet at the end of the current year. SAB 108 permits companies to adjust for the cumulative effect of immaterial errors relating to prior years in the carrying amount of assets and liabilities as of the beginning of the current fiscal year, with an offsetting adjustment to the opening balance of retained earnings in the year of adoption. We have adopted SAB 108 in fiscal 2007. Our adoption of SAB 108 did not impact our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. This Statement permits entities to choose to measure many financial instruments at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS No. 159 on its financial condition and results of operations.



In December 2007, the FASB issued SFAS No. 141R, *Business Combinations* ( SFAS 141R ). SFAS 141R replaces SFAS 141 and establishes principles and requirements for how an acquiror recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. Acquisition costs associated with the business combination will generally be expensed as incurred. SFAS 141R is effective for business combinations occurring in the fiscal years beginning after December 15, 2008, which will require the Company to adopt these provisions for business combinations occurring in fiscal 2009 and thereafter.

In December 2007, the Financial Accounting Standards Board issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB 51*, which changes the accounting and reporting for minority interests. Minority interests will be recharacterized as noncontrolling interests and will be reported as a component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and will apply prospectively, except for the presentation and disclosure requirements, which will apply retroactively. The adoption of SFAS No. 160 will not have a significant impact on the Company's financial position, results of operations or cash flows.

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## **PSYOP, INC. AND AFFILIATES**

### **NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**

#### **1. Nature of operations and summary of significant accounting policies (continued)**

##### **Reclassifications**

Certain amounts in the 2006 financial statements have been reclassified to conform to the 2007 financial statement presentation.

##### **1A. Restatement**

The Company has restated its 2007 consolidated and combined financial statements, as previously reported for various accounting errors. In June 2008, management discovered misstatements primarily relating to the under accrual of expenses, the straight-lining of rent expense, the improper expensing of fixed assets and a percentage of completion adjustment affecting revenue.

The following is a reconciliation of the consolidated and combined balance sheet, statement of operations and statement of cash flows as previously reported as of and for the year ended December 31, 2007 to the consolidated and combined balance sheet, statement of operations and statement of cash flows as reported in the accompanying consolidated and combined financial statements.

	As Previously Reported December 31, 2007	Adjustments		As Restated December 31, 2007
<b>ASSETS</b>				
Current assets				
Cash	\$390,796	\$		\$390,796
Accounts receivable	2,339,987			2,339,987
Costs and estimated earnings in excess of billings on uncompleted contracts	169,199			169,199
Deferred tax asset	6,000	(6,000 )	G	
Prepaid expenses	113,177	(86,872 )	G	26,305
Total current assets	3,019,159	(92,872 )		2,926,287
Long term assets				
Property and equipment, net	2,940,640	451,128	A	3,391,768
Deferred tax asset		26,000	G	26,000
Other assets	26,699	2,000	B	28,699
Total assets	\$5,986,498	\$386,256		\$6,372,754
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities				
Bank line of credit	\$1,000,000	\$		\$1,000,000
Bank note payable, current portion	116,054			116,054
Capital lease obligations, current portion	308,922			308,922
Accounts payable and other current liabilities	2,528,794	294,417	C	2,823,211
Billings in excess of costs and estimated earnings on uncompleted contracts	699,902	58,223	D	758,125
Total current liabilities	4,653,672	352,640		5,006,312

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## PSYOP, INC. AND AFFILIATES

### NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

#### 1A. Restatement (continued)

Adjustments

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	As Previously Reported December 31, 2007	As Restated December 31, 2007
Long term liabilities		
Bank note payable, less current portion		
Capital lease obligations, less current portion	463,887	463,887
Deferred income taxes		
Total long-term liabilities	463,887	