

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

Filing Date: **2005-05-02** | Period of Report: **2004-12-31**  
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### FILER

#### **BROOKTROUT INC**

CIK: **754516** | IRS No.: **042814792** | State of Incorpor.: **MA** | Fiscal Year End: **1231**  
Type: **10-K/A** | Act: **34** | File No.: **000-20698** | Film No.: **05789982**  
SIC: **3661** Telephone & telegraph apparatus

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K/A**

(AMENDMENT NO. 1)

**FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO  
SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

(Mark one)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

For the fiscal year ended December 31, 2004

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File No.: 000-20698

**BROOKTROUT, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**MASSACHUSETTS**  
(State or Other Jurisdiction  
of Incorporation or Organization)

**04-2814792**  
(IRS Employer  
Identification Number)

**250 FIRST AVENUE, NEEDHAM, MASSACHUSETTS 02494**

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(781) 449-4100**

Securities Registered Pursuant to Section 12(b) of the Act: **None**

Securities Registered Pursuant to Section 12(g) of the Act:

**Common Stock**  
(title of class)

**Preferred Stock Purchase Rights**  
(title of class)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for other such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes  No

On June 30, 2004 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the voting and non-voting common equity held by nonaffiliates of the registrant was approximately \$129.9 million, based on the last reported sales price of \$10.82 of the registrant's common stock on the Nasdaq National Market. Shares of voting stock held by each officer and director have been excluded in that such persons may be deemed to be affiliates.

As of January 31, 2005, 12,788,229 shares of common stock, \$0.01 par value per share, were outstanding.

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### EXPLANATORY NOTE

Brooktrout, Inc. (the "Company") is filing this Amendment No. 1 to its Form 10-K for the year ended December 31, 2004, filed with the Securities and Exchange Commission on March 16, 2005, in accordance with the SEC's Release No. 34-50754, "Exemptive Order on Management's Report on Internal Control over Financial Reporting and Related Auditor Report," which provided a 45 day extension for certain registrants to file management's report on internal control over financial reporting, as required by Item 308(a) of Regulation S-K, and the related attestation report of the independent registered public accounting firm, as required by Item 308(b) of Regulation S-K. This Amendment No. 1 consists of:

Amended and restated Item 9A, "Controls and Procedures," to include Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm;

Revised Consent of Independent Registered Public Accounting Firm as a result of the revisions described above; and

Revised certifications pursuant to Exchange Act Rules 13a-14(a) or 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Except for the amendments described above, this Amendment No. 1 does not modify or update other disclosures in, or exhibits to, the Form 10-K filed with the SEC on March 16, 2005.

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#### Item 9A. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of December 31, 2004. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and

procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of December 31, 2004, our disclosure controls and procedures were (1) designed to ensure that material information relating to our company, including our consolidated subsidiaries, is made known to our chief executive officer and chief financial officer by others within those entities, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC' s rules and forms.

(b) Evaluation of internal control over financial reporting.

### **Management' s Report on Internal Control over Financial Reporting**

The management of Brooktrout, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2004. Under the supervision and with the participation of management, including the Company' s Chief Executive Officer and Chief Financial Officer, management assessed the effectiveness of the Company' s internal control over financial reporting based on the criteria in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that the Company' s internal control over financial reporting was effective as of December 31, 2004.

The Company' s internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management' s assessment of the effectiveness of the Company' s internal control over financial reporting as of December 31, 2004 has been attested to by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report which is included herein.

(c) Changes in internal controls.

No significant change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended December 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Brooktrout, Inc.:

We have audited management' s assessment, included in the accompanying Management' s Report on Internal Control Over Financial Reporting, that Brooktrout, Inc. (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company' s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management' s assessment and an opinion on the effectiveness of the Company' s internal control over financial reporting 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2004 and 2003, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004, and our report dated March 14, 2005 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

April 29, 2005

## **Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K**

(a)

(3) Exhibits

Exhibits filed herewith or incorporated herein by reference are set forth in Item 15(c) below.

(c) Exhibits



**Exhibit****No.** **Title**

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- 2.1 Asset Purchase Agreement by and among BTGP, Inc. and Brooktrout Technology Europe Limited dated December 17, 1998 is hereby incorporated by reference from Exhibit 2.1 to Current Report on Form 8-K filed with the SEC on December 29, 1998 (File No. 000-20698).
- 2.2 Asset Purchase Agreement by and among BTINH Operating Company, Inc. and Netaccess, Inc. dated June 30, 1997 is hereby incorporated by reference from Exhibit 2.1 to Current Report on Form 8-K filed with the SEC on July 14, 1997 (File No. 000-20698).
- 3.1 Restated Articles of Organization of Brooktrout, Inc. are hereby incorporated by reference from Exhibit 3.1 to Annual Report on Form 10-K for the fiscal year ended December 31, 1992 filed with the SEC on March 31, 1993 (File No. 000-20698).
- 3.2 Articles of Amendment to the Restated Articles of Organization of Brooktrout, Inc. are hereby incorporated by reference from Exhibit 3.2 to Annual Report on Form 10-K for the fiscal year ended December 31, 1998 filed with the SEC on March 30, 1999 (File No. 000-20698).
- 3.3 Articles of Amendment to the Restated Articles of Organization of Brooktrout, Inc. are hereby incorporated by reference from Exhibit 3.2 to Annual Report on Form 10-K for the fiscal year ended December 31, 1999 filed with the SEC on March 30, 2000 (File No. 000-20698).
- 3.4 Articles of Amendment to the Restated Articles of Organization of Brooktrout, Inc. are hereby incorporated by reference from Exhibit 3.3 to Amendment No. 2 to the Quarterly Report on Form 10-Q/A for the fiscal quarter ended June 30, 2000 filed with the SEC on November 17, 2000 (File No. 000-20698).
- 3.5 Articles of Amendment to the Restated Articles of Organization of Brooktrout, Inc. are hereby incorporated by reference from Exhibit 3.5 to the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2004 filed with the SEC on August 6, 2004 (File No. 000-20698).
- 3.6 Amended and Restated By-laws of Brooktrout, Inc. are hereby incorporated by reference from Exhibit 3.4 to Annual Report on Form 10-K for the fiscal year ended December 31, 2001 filed with the SEC on March 25, 2002 (File No. 000-20698).
- 4.1 Shareholder Rights Agreement, dated as of September 9, 1998, between Brooktrout, Inc. and State Street Bank and Trust Company, as Rights Agent is hereby incorporated by reference from Exhibit 4.1 to Registration Statement on Form 8-A filed with the SEC on September 14, 1998 (File No. 000-20698).
- 4.2 Amendment No. 1 to Shareholder Rights Agreement, dated as of March 1, 2002, between Brooktrout, Inc., State Street Bank and Trust Company, as Rights Agent, and EquiServe Trust Company, N.A. as successor Rights Agent, is hereby incorporated by reference from Exhibit 4.2 to Annual Report on Form 10-K for the fiscal year ended December 31, 2001 filed with the SEC on March 25, 2002 (File No. 000-20698).
- 10.1 Lease between Brooktrout, Inc. and Trustees of Needham 152 Second Avenue Trust dated April 7, 1997 is hereby incorporated by reference from Exhibit 10.1 to Annual Report on Form 10-K for the fiscal year ended December 31, 1997, as filed with the SEC on March 30, 1998 (File No. 000-20698).
- 10.2 Assignment and Assumption of Lease between Brooktrout, Inc. and Lucent Technologies Inc. dated December 17, 1998 is hereby incorporated by reference from Exhibit 10.3 to Annual Report on Form 10-K for the fiscal year ended December 31, 1998, as filed with the SEC on March 30, 1999 (File No. 000-20698).

- 10.3 Lease between Brooktrout, Inc. and Pacific Gateway Properties, Inc., dated August 15, 1995, as amended is hereby incorporated by reference from Exhibit 10.4 to Annual Report on Form 10-K for the fiscal year ended December 31, 1998, as filed with the SEC on March 30, 1999 (File No. 000-20698).
- \*10.4 Brooktrout, Inc. Amended and Restated 1992 Stock Incentive Plan is hereby incorporated by reference from Exhibit 10.5 to Annual Report on Form 10-K for the fiscal year ended December 31, 2001 filed with the SEC on March 25, 2002 (File No. 000-20698).
- \*10.5 Brooktrout, Inc. Second Amended and Restated 1992 Stock Purchase Plan, dated January 1, 2001, as amended May 10, 2001 and May 14, 2003, is hereby incorporated by reference from Exhibit 99 to Registration Statement on Form S-8 filed with the SEC on December 10, 2003 (File No. 333-111066).
- \*10.6 Brooktrout, Inc. 1999 Stock Incentive Plan is hereby incorporated by reference from Exhibit 4.1 to Registration Statement on Form S-8 filed with the SEC on June 30, 2000 (File No. 333-40644).
- \*10.7 First Amendment to Brooktrout, Inc. 1999 Stock Incentive Plan is hereby incorporated by reference from Exhibit 4.2 to Registration Statement on Form S-8 filed with the SEC on June 30, 2000 (File No. 333-40644).
- \*10.8 Second Amendment to Brooktrout, Inc. 1999 Stock Incentive Plan is hereby incorporated by reference from Exhibit 4.6 to Registration Statement on Form S-8 filed with the SEC on December 28, 2001 (File No. 333-76074).
- \*10.9 Brooktrout, Inc. 2001 Stock Option and Incentive Plan is hereby incorporated by reference from Exhibit 4.1 to Registration Statement on Form S-8 filed with the SEC on December 28, 2001 (File No. 333-76074).
- \*10.10 Standard form of Incentive Stock Option Agreement for Executive Officers pursuant to the Brooktrout, Inc. 2001 Stock Option and Incentive Plan is hereby incorporated by reference from Exhibit 10.1 to Current Report on Form 8-K filed with the SEC on September 24, 2004 (File No. 000-20698).
- \*10.11 Standard form of Non-Employee Director Non-Qualified Stock Option Agreement pursuant to the Brooktrout, Inc. Amended and Restated 1992 Stock Incentive Plan is hereby incorporated by reference from Exhibit 10.2 to Current Report on Form 8-K filed with the SEC on September 24, 2004 (File No. 000-20698).
- \*10.12 Form of Non-Qualified Stock Option Agreement entered into by Brooktrout, Inc. and various executive officers on September 24, 2004 pursuant to the Brooktrout, Inc. Amended and Restated 1992 Stock Incentive Plan is hereby incorporated by reference from Exhibit 10.1 to Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2004 filed with the SEC on November 9, 2004 (File No. 000-20698).
- \*10.13 Standard form of Non-Employee Director Non-Qualified Stock Option Agreement pursuant to the Brooktrout, Inc. 2001 Stock Option and Incentive Plan is hereby incorporated by reference from Exhibit 10.13 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
- \*10.14 2004 Bonus Plan for Executive Officers is hereby incorporated by reference from Exhibit 10.14 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
- \*10.15 2005 Management Compensation Plan is hereby incorporated by reference from Exhibit 10.15 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).

- \*10.16 Executive Retention Agreement, dated March 16, 2005, between Brooktrout, Inc. and Ronald J. Bleakney is hereby incorporated by reference from Exhibit 10.16 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
  - \*10.17 Executive Retention Agreement, dated March 16, 2005, between Brooktrout, Inc. and David W. Duehren is hereby incorporated by reference from Exhibit 10.17 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
  - \*10.18 Executive Retention Agreement, dated March 16, 2005, between Brooktrout, Inc. and Eric R. Giler is hereby incorporated by reference from Exhibit 10.18 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
  - \*10.19 Executive Retention Agreement, dated March 16, 2005, between Brooktrout, Inc. and Robert C. Leahy is hereby incorporated by reference from Exhibit 10.19 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
  - \*10.20 Executive Retention Agreement, dated March 16, 2005, between Brooktrout, Inc. and Heather J. Magliozzi is hereby incorporated by reference from Exhibit 10.20 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
  - \*10.21 Executive Retention Agreement, dated March 16, 2005, between Brooktrout, Inc. and R. Andrew O' Brien is hereby incorporated by reference from Exhibit 10.21 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
  - 14 Code of Business Conduct and Ethics is hereby incorporated by reference from Exhibit 14 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
  - 21 List of Subsidiaries of Brooktrout, Inc. is hereby incorporated by reference from Exhibit 21 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
  - 23 Consent of Independent Registered Public Accounting Firm—Deloitte & Touche LLP is filed herewith.
  - 31.1 Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002 is filed herewith.
  - 31.2 Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002 is filed herewith.
  - 32.1 Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002 is hereby incorporated by reference from Exhibit 32.1 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
  - 32.2 Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002 is hereby incorporated by reference from Exhibit 32.2 to Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the SEC on March 16, 2005 (File No. 000-20698).
- \* \_\_\_\_\_  
Management contract or compensatory plan.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-12313, 333-62959, 333-88803, 333-40644, 333-50138, 333-76074 and 333-111066 on Form S-8 of our report dated April 29, 2005, relating to management's report on the effectiveness of internal control over financial reporting, appearing in this Amendment No. 1 to the Annual Report on Form 10-K of Brooktrout, Inc. for the year ended December 31, 2004.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

April 29, 2005

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