HOWE KEVIN C Form SC 13G/A January 23, 2009

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Schedule 13G/A

(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULES 13d-1(b), (c), AND (d) AND AMENDMENTS THERETO FILED

PURSUANT TO RULE 13d-2(b)

Under the Securities Exchange Act of 1934

(Amendment No. 3)

Datawatch Corporation

(Name of Issuer)

Common Stock, \$0.01 par value

(Title of Class of Securities)

237917-20-8

(CUSIP Number)

December 31, 2008

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

o Rule 13d-1(b)

b Rule 13d-1(c)

o Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person s initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (Act), or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act.

CUSIP No. 37245R107 Page of 16 NAME OF REPORTING PERSON I. R. S. Identification No. of Above Person (entities only) 1 Mercury Fund VI, Ltd. I.R.S. Identification No. 20-2196404 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* 2 (a) o (b) o SEC USE ONLY 3 CITIZENSHIP OR PLACE OF ORGANIZATION 4 Texas **SOLE VOTING POWER** 5 NUMBER OF $114,000^{(1)}$ SHARED VOTING POWER **SHARES** BENEFICIALLY OWNED BY -()-**EACH** SOLE DISPOSITIVE POWER 7 **REPORTING PERSON** $114,000^{(1)}$ SHARED DISPOSITIVE POWER WITH 8 -0-

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

114,000(1)

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

1.93%(2)

TYPE OF REPORTING PERSON*

12

PN

⁽¹⁾ Kevin C. Howe (Mr. Howe) exercises voting and disposition power over such shares on behalf of Mercury Management, L.L.C. (Mercury Management), the General Partner of Mercury Ventures, Ltd. (Mercury Ventures), which is the General Partner of Mercury Fund VI, Ltd. (Mercury VI).

⁽²⁾ Assumes a total of 5,914,358 shares of common stock outstanding based on Datawatch Corporation's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 filed on December 24, 2008.

CUSIP No. 37245R107 Page 3 of 16 NAME OF REPORTING PERSON I. R. S. Identification No. of Above Person (entities only) 1 Mercury Fund VII, Ltd. I.R.S. Identification No. 20-4881368 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* 2 (a) o (b) o SEC USE ONLY 3 CITIZENSHIP OR PLACE OF ORGANIZATION 4 Texas **SOLE VOTING POWER** 5 NUMBER OF 225,461(1) SHARED VOTING POWER **SHARES** BENEFICIALLY OWNED BY -()-**EACH** SOLE DISPOSITIVE POWER 7 **REPORTING PERSON** 225,461(1) WITH SHARED DISPOSITIVE POWER 8 -0-

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

225,461(1)

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

 $3.81\%^{(2)}$

TYPE OF REPORTING PERSON*

12

PN

⁽¹⁾ Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury Ventures II, Ltd. (Mercury Ventures II), which is the General Partner of Mercury Fund VII, Ltd. (Mercury VII).

⁽²⁾ Assumes a total of 5,914,358 shares of common stock outstanding based on Datawatch Corporation's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 filed on December 24, 2008.

CUSIP No. 37245R107 Page of 16 NAME OF REPORTING PERSON I. R. S. Identification No. of Above Person (entities only) 1 Mercury Fund VIII, Ltd. I.R.S. Identification No. 26-1440289 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* 2 (a) o (b) o SEC USE ONLY 3 CITIZENSHIP OR PLACE OF ORGANIZATION 4 Texas **SOLE VOTING POWER** 5 NUMBER OF 242,471(1) SHARED VOTING POWER **SHARES** BENEFICIALLY OWNED BY -()-**EACH** SOLE DISPOSITIVE POWER 7 REPORTING **PERSON** 242,471(1) WITH SHARED DISPOSITIVE POWER 8 -0-

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

242,471(1)

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

 $4.10\%^{(2)}$

TYPE OF REPORTING PERSON*

12

PN

⁽¹⁾ Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury Ventures II, which is the General Partner of Mercury Fund VIII, Ltd. (Mercury VIII).

⁽²⁾ Assumes a total of 5,914,358 shares of common stock outstanding based on Datawatch Corporation's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 filed on December 24, 2008.

CUSIP No. 37245R107 Page 5 of 16 NAME OF REPORTING PERSON I. R. S. Identification No. of Above Person (entities only) 1 Mercury Ventures, Ltd. I.R.S. Identification No. 75-2796235 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* 2 (a) o (b) o SEC USE ONLY 3 CITIZENSHIP OR PLACE OF ORGANIZATION 4 Texas **SOLE VOTING POWER** 5 NUMBER OF 114,000 (1) SHARED VOTING POWER **SHARES** BENEFICIALLY OWNED BY -()-**EACH** SOLE DISPOSITIVE POWER 7 REPORTING **PERSON** 114,000 (1) WITH SHARED DISPOSITIVE POWER 8 -0-

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

114,000 (1)

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

1.93%(2)

TYPE OF REPORTING PERSON*

12

PN

⁽¹⁾ Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury Ventures, which is the General Partner of Mercury VI, the owner of all 114,000 shares.

⁽²⁾ Assumes a total of 5,914,358 shares of common stock outstanding based on Datawatch Corporation's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 filed on December 24, 2008.

CUSIP No. 37245R107 Page of 16 NAME OF REPORTING PERSON I. R. S. Identification No. of Above Person (entities only) 1 Mercury Ventures II, Ltd. I.R.S. Identification No. 20-4736567 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* 2 (a) o (b) o SEC USE ONLY 3 CITIZENSHIP OR PLACE OF ORGANIZATION 4 Texas **SOLE VOTING POWER** 5 NUMBER OF 467,932 (1) SHARED VOTING POWER **SHARES** BENEFICIALLY OWNED BY -()-**EACH** SOLE DISPOSITIVE POWER 7 REPORTING **PERSON** 467,932 (1) WITH SHARED DISPOSITIVE POWER 8 -0-

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

467,932 (1)

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

 $7.91\%^{(2)}$

TYPE OF REPORTING PERSON*

12

PN

⁽¹⁾ Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury VIII, the owners of all 225,461 and 242,471 shares, respectively.

⁽²⁾ Assumes a total of 5,914,358 shares of common stock outstanding based on Datawatch Corporation's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 filed on December 24, 2008.

CUSIP No. Page 37245R107 7 of 16 NAME OF REPORTING PERSON I. R. S. Identification No. of Above Person (entities only) 1 Mercury Management, L.L.C. I.R.S. Identification No. 75-2796232 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* 2 (a) o (b) o SEC USE ONLY 3 CITIZENSHIP OR PLACE OF ORGANIZATION 4 Texas **SOLE VOTING POWER** 5 NUMBER OF 581,932 (1) SHARED VOTING POWER **SHARES** BENEFICIALLY OWNED BY -()-**EACH** SOLE DISPOSITIVE POWER 7 **REPORTING PERSON** 581,932 (1) WITH SHARED DISPOSITIVE POWER 8 -0-

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

581,932 (1)

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

9.84%(2)

TYPE OF REPORTING PERSON*

12

OO

Report on Form 10-K for the fiscal year ended September 30, 2008 filed on December 24, 2008.

⁽¹⁾ Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury Ventures and Mercury Ventures II. Mercury Ventures is the General Partner of Mercury VI. Mercury Ventures II is the General Partner of Mercury VII and Mercury VIII. Includes 114,000 shares owned by Mercury VI, 225,461 shares owned by Mercury VII and 242,471 shares owned by Mercury VIII. (2) Assumes a total of 5,914,358 shares of common stock outstanding based on Datawatch Corporation's Annual

CUSIP No. 37245R107 Page of 16 NAME OF REPORTING PERSON 1 I. R. S. Identification No. of Above Person (entities only) Kevin C. Howe CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* 2 (a) o (b) o SEC USE ONLY 3 CITIZENSHIP OR PLACE OF ORGANIZATION 4 **United States SOLE VOTING POWER** 5 NUMBER OF 581,932 (1) **SHARES** SHARED VOTING POWER BENEFICIALLY OWNED BY -0-**EACH** SOLE DISPOSITIVE POWER 7 **REPORTING PERSON** 581,932 (1) WITH SHARED DISPOSITIVE POWER 8 -0-AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 9

581,932 (1)

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

 $9.84\%^{(2)}$

TYPE OF REPORTING PERSON*

12

IN

(1) Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury Ventures and Mercury Ventures II. Mercury Ventures is the General Partner of Mercury VI. Mercury VIII. Includes 114,000 shares owned by Mercury VI, 225,461 shares owned by Mercury VII and 242,471 shares owned by Mercury VIII.

(2) Assumes a total of 5,914,358 shares of common stock outstanding based on Datawatch Corporation's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 filed on December 24, 2008, of which 1.93% is owned by Mercury VI, 3.81% is owned by Mercury VII and 4.10% is owned by Mercury VIII.

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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Introduction

Pursuant to Rule 13d-1(k)(1) of the Securities Exchange Act of 1934, Mercury Fund VI, Ltd. (Mercury VI), Mercury Fund VII, Ltd. (Mercury VIII), Mercury Ventures, Ltd. (Mercury Ventures), Mercury Ventures II, Ltd. (Mercury Ventures II), Mercury Management, L.L.C. (Mercury Management) and Kevin C. Howe (Mr. Howe) are making this joint filing on Schedule 13G.

Item 1(a). Name of Issuer:

Datawatch Corporation, a Delaware corporation

Item 1(b). Address of Issuer s Principal Executive Offices:

271 Mill Road, Quorum Office Park, Chelmsford, MA 01824

Item 2(a). Name of Person Filing:

Mercury Fund VI, Ltd.

Mercury Fund VII, Ltd.

Mercury Fund VIII, Ltd.

Mercury Ventures, Ltd.

Mercury Ventures II, Ltd.

Mercury Management, L.L.C.

Kevin C. Howe

Item 2(b). Address of Principal Business Office or, if None, Residence:

The principal business office of Mercury VI, Mercury VIII, Mercury VIII, Mercury Ventures, Mercury Ventures II,

Mercury Management and Mr. Howe is 5416 Arbor Hollow, McKinney, Texas 75070

Item 2(c). Citizenship:

Mercury VI s place of organization is Texas

Mercury VII s place of organization is Texas

Mercury VIII s place of organization is Texas

Mercury Ventures place of organization is Texas

Mercury Ventures II s place of organization is Texas

Mercury Management s place of organization is Texas

CUSIP No. 37245R107 Page 10 of 16 Mr. Howe is a citizen of the United States Item 2(d). Title of Class of Securities: Common Stock, \$0.01 par value per share Item 2(e). CUSIP Number: 237917-20-8 Item 3. If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a: Not Applicable. Item 4. Ownership: Mercury VI (a) Amount beneficially owned: $114,000_{(1)}$ (b) Percent of class: $1.93\%^{(2)}$ (c) Number of shares as to which the person has: (i) Sole power to vote or direct the vote $114,000_{(1)}$ (ii) Shared power to vote or direct the vote -0-(iii) Sole power to dispose or to direct the disposition of 114,000(1) (iv) Shared power to dispose or to direct the disposition of -0-(1) Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury Ventures, which is the General Partner of Mercury VI. Assumes a total of 5,914,358 shares of common stock

outstanding based on

Datawatch Corporation s Annual Report on Form 10-K for the fiscal year ended September 30, 2007 filed on December 24, 2008.

CUSIP No. 37245R107 Page 11 of 16 Mercury VII (a) Amount beneficially owned: $225,461_{(1)}$ (b) Percent of class: $3.81\%^{(2)}$ (c) Number of shares as to which the person has: (i) Sole power to vote or direct the vote 225,461(1) (ii) Shared power to vote or direct the vote -0-(iii) Sole power to dispose or to direct the disposition of 225,461(1) -0-(iv) Shared power to dispose or the disposition of Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury Ventures II, which is the General Partner of Mercury VII. Assumes a total of 5.914.358 shares of common stock outstanding based on Datawatch Corporation s Annual Report on Form 10-K for the fiscal year ended September 30,

2008 filed on December 24.

2008.

Mercury VIII

(a) Amount beneficially owned: 242,471₍₁₎

(b) Percent of class: 4.10%⁽²⁾

(c) Number of shares as to which the person has:

(i) Sole power to vote or direct the vote 242,471₍₁₎

(ii) Shared power to vote or direct the vote -0
(iii) Sole power to dispose or to direct the disposition of 242,471₍₁₎

(iv) Shared power to dispose or the disposition of -0-

(1) Mr. Howe
exercises voting
and disposition
power over such
shares on behalf
of Mercury
Management,
the General
Partner of
Mercury
Ventures II,
which is the
General Partner
of Mercury

VIII.

Assumes a total of 5,914,358 shares of common stock outstanding based on Datawatch Corporation s Annual Report on Form 10-K for the fiscal year ended September 30, 2008 filed on December 24, 2008.

CUSIP No. 37245R107 Page 12 of 16 Mercury Ventures (a) Amount beneficially owned: $114,000_{(1)}$ $1.93\%^{(2)}$ (b) Percent of class: (c) Number of shares as to which the person has: (i) Sole power to vote or direct the vote $114,000_{(1)}$ (ii) Shared power to vote or direct the vote -0-(iii) Sole power to dispose or to direct the disposition of $114,000_{(1)}$ -0-(iv) Shared power to dispose or to direct the disposition of (1) Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury Ventures, which is the General Partner of Mercury VI, the owner of 114,000 shares. Assumes a total of 5,914,358 shares of common stock outstanding

based on Datawatch Corporation s Annual Report on Form 10-K for the fiscal year ended September 30,

2008 filed on December 24, 2008.

Mercury Ventures II

(a) Amount beneficially owned: 467,932₍₁₎

(b) Percent of class: 7.91%⁽²⁾

(c) Number of shares as to which the person has:

(i) Sole power to vote or direct the vote 467,932₍₁₎

(ii) Shared power to vote or direct the vote -0-

(iii) Sole power to dispose or to direct the disposition of 467,932₍₁₎

(iv) Shared power to dispose or to direct the disposition of -0-

(1) Mr. Howe

exercises voting

and disposition

power over such

shares on behalf

of Mercury

Management,

the General

Partner of

Mercury

Ventures II,

which is the

General Partner

of Mercury VII

and Mercury

VIII, the owners

of 225,461 and

242,471 shares,

respectively.

(2) Assumes a total of 5,914,358

shares of

common stock

outstanding

based on

Datawatch

Corporation s

Annual Report

on Form 10-K

for the fiscal

year ended September 30, 2008 filed on December 24, 2008.

Mercury Management

(a) Amount beneficially owned: 581,932₍₁₎

(b) Percent of class: 9.84%⁽²⁾

(c) Number of shares as to which the person has:

(i) Sole power to vote or direct the vote 581,932₍₁₎

CUSIP No. of 37245R107 Page 13 16 -0-(ii) Shared power to vote or direct the vote (iii) Sole power to dispose or to direct the disposition of 581,932(1) -0-(iv) Shared power to dispose or to direct the disposition of Mr. Howe exercises voting and disposition power over such shares on behalf of Mercury Management, the General Partner of Mercury Ventures and Mercury Ventures II. Mercury Ventures is the General Partner of Mercury VI. Mercury Ventures II is the General Partner of Mercury VII and Mercury VIII. Includes 114,000 shares owned by Mercury VI, 225,461 shares owned by Mercury VII and 242,471 shares owned by Mercury VIII.

Assumes a total of 5,763,215 shares of common stock outstanding based on

Datawatch Corporation s Annual Report on Form 10-K for the fiscal year ended September 30, 2008 filed on December 24, 2008, of which 1.93% is owned by Mercury VI, 3.81% is owned by Mercury VII and 4.10% is owned by Mercury VIII.

Mr. Howe

(a) Amount beneficially owned: 581,932(1) $9.84\%^{(2)}$ (b) Percent of class: (c) Number of shares as to which the person has: (i) Sole power to vote or direct the vote 581,932(1) -0-(ii) Shared power to vote or direct the vote (iii) Sole power to dispose or to direct the disposition of 581,932(1)

(iv) Shared power to dispose or to direct the disposition of -0-

Mr. Howe exercises voting

and disposition

power over such

shares on behalf

of Mercury

Management,

the General

Partner of

Mercury

Ventures and

Mercury

Ventures II.

Mercury

Ventures is the

General Partner

of Mercury VI.

Mercury

Ventures II is

the General

Partner of

Mercury VII

and Mercury

VIII. Includes

114,000 shares

owned by

Mercury VI,

225,461 shares

owned by

Mercury VII

and 242,471

shares owned by

Mercury VIII.

(2) Assumes a total

of 5,914,358

shares of

common stock

outstanding

based on

Datawatch

Corporation s

Annual Report

on Form 10-K

for the fiscal

year ended

September 30,

2008, filed on

December 24,

2008 of which

1.93% is owned

by Mercury VI,

and 3.81% is

owned by

Mercury VII

and 4.10% is

owned by

Mercury VIII.

Item 5. Ownership of Five Percent or Less of a Class:

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following. o Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person:

Not Applicable

CUSIP No. 37245R107

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Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company:

Not Applicable

Item 8. Identification and Classification of Members of the Group:

The following lists each member of the group filing this Schedule 13G pursuant to Rule 13d-1(c):

Mercury Fund VI, Ltd.

Mercury Fund VII, Ltd.

Mercury Fund VIII, Ltd.

Mercury Ventures, Ltd.

Mercury Ventures II, Ltd.

Mercury Management, L.L.C.

Kevin C. Howe

Item 9. Notice of Dissolution of Group:

Not Applicable

Item 10. Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

[Remainder of Page Intentionally Left Blank]

CUSIP No. 37245R107

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 22, 2009

MERCURY FUND VI, LTD.

By: MERCURY VENTURES, LTD.

General Partner

By: MERCURY MANAGEMENT, L.L.C.

General Partner

By: /s/ Kevin C. Howe

Name: Kevin C. Howe

Title: Manager

January 22, 2009

MERCURY FUND VII, LTD.

By: MERCURY VENTURES II, LTD.

General Partner

By: MERCURY MANAGEMENT, L.L.C.

General Partner

By: /s/ Kevin C. Howe

Name: Kevin C. Howe

Title: Manager

January 22, 2009

MERCURY FUND VIII, LTD.

By: MERCURY VENTURES II, LTD.

General Partner

By: /s/ Kevin C. Howe

Name: Kevin C. Howe

Title: Manager

By: MERCURY MANAGEMENT, L.L.C.

General Partner

By: /s/ Kevin C. Howe

Name: Kevin C. Howe

Title: Manager

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January 22, 2009 MERCURY VENTURES, LTD.

By: MERCURY MANAGEMENT, L.L.C.

General Partner

By: /s/ Kevin C. Howe

Name: Kevin C. Howe

Title: Manager

January 22, 2009 MERCURY VENTURES II, LTD.

By: MERCURY MANAGEMENT, L.L.C.

General Partner

By: /s/ Kevin C. Howe

Name: Kevin C. Howe

Title: Manager

January 22, 2009 MERCURY MANAGEMENT, L.L.C.

By: /s/ Kevin C. Howe

Name: Kevin C. Howe

Title: Manager

January 22, 2009 /s/ Kevin C. Howe

Name: Kevin C. Howe