

Edgar Filing: MICROTUNE INC - Form SC 13G

MICROTUNE INC  
Form SC 13G  
October 15, 2002

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. \_\_\_)\*

Microtune, Inc.  
-----  
(Name of Issuer)

Common Stock, \$0.001 par value per share  
-----  
(Title of Class of Securities)

59514P109  
-----  
(CUSIP Number)

October 4, 2002  
-----  
(Date of Event which Requires Filing  
of this Statement)

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

Rule 13d-1(b)  
 Rule 13d-1(c)  
 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 on 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 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Continued on following pages  
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Exhibit Index: Page 13

SCHEDULE 13G

CUSIP No. 59514P109

Page 2 of 17 Pages

1 Names of Reporting Persons

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I.R.S. Identification Nos. of above persons (entities only)

WHITE ROCK CAPITAL PARTNERS, L.P.

2 Check the Appropriate Box If a Member of a Group (See Instructions)
a. [ ]
b. [X]

3 SEC Use Only

4 Citizenship or Place of Organization

Texas

Number of Shares Beneficially Owned by Each Reporting Person With
5 Sole Voting Power 955,000
6 Shares Voting Power 0
7 Shared Dispositive Power 955,000
8 Shared Dispositive Power 0

9 Aggregate Amount Beneficially Owned by Each Reporting Person
955,000

10 Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)
[ ]

11 Percent of Class Represented By Amount in Row (9)
1.78%

12 Type of Reporting Person (See Instructions)
PN: IV

SCHEDULE 13G

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1 Names of Reporting Persons
I.R.S. Identification Nos. of above persons (entities only)

WHITE ROCK CAPITAL MANAGEMENT, L.P.

2 Check the Appropriate Box If a Member of a Group (See Instructions)
a. [ ]
b. [X]

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3 SEC Use Only

4 Citizenship or Place of Organization

Texas

Number of Shares Beneficially Owned by Each Reporting Person With	5	Sole Voting Power 0
	6	Shares Voting Power 2,881,400
	7	Shared Dispositive Power 0
	8	Shared Dispositive Power 2,881,400

9 Aggregate Amount Beneficially Owned by Each Reporting Person

2,881,400

10 Check Box If the Aggregate Amount in Row (9) Excludes Certain  
Shares (See Instructions)

[ ]

11 Percent of Class Represented By Amount in Row (9)

5.38%

12 Type of Reporting Person (See Instructions)

PN: IA

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1 Names of Reporting Persons  
I.R.S. Identification Nos. of above persons (entities only)

WHITE ROCK CAPITAL (TX), INC.

2 Check the Appropriate Box If a Member of a Group (See Instructions)

a. [ ]

b. [X]

3 SEC Use Only

4 Citizenship or Place of Organization

Texas

	5	Sole Voting Power 0
--	---	------------------------

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Number of Shares Beneficially Owned by Each Reporting Person With	6	Shares Voting Power 2,881,400
	7	Shared Dispositive Power 0
	8	Shared Dispositive Power 2,881,400
9	Aggregate Amount Beneficially Owned by Each Reporting Person  2,881,400	
10	Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)  [ ]	
11	Percent of Class Represented By Amount in Row (9)  5.38%	
12	Type of Reporting Person (See Instructions)  CO: IA	

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1	Names of Reporting Persons I.R.S. Identification Nos. of above persons (entities only)  THOMAS U. BARTON	
2	Check the Appropriate Box If a Member of a Group (See Instructions) a. [ ] b. [X]	
3	SEC Use Only	
4	Citizenship or Place of Organization  United States	
	5	Sole Voting Power 0
Number of Shares Beneficially Owned by Each Reporting Person With	6	Shares Voting Power 3,016,579
	7	Shared Dispositive Power 0
	8	Shared Dispositive Power

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3,016,579

- 9 Aggregate Amount Beneficially Owned by Each Reporting Person  
3,016,579
- 10 Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)  
[ ]
- 11 Percent of Class Represented By Amount in Row (9)  
5.63%
- 12 Type of Reporting Person (See Instructions)  
IN: IA

SCHEDULE 13G

CUSIP No. 59514P109

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- 1 Names of Reporting Persons  
I.R.S. Identification Nos. of above persons (entities only)  
JOSEPH U. BARTON
- 2 Check the Appropriate Box If a Member of a Group (See Instructions)  
a. [ ]  
b. [X]
- 3 SEC Use Only
- 4 Citizenship or Place of Organization  
United States
- |   |   |                          |           |
|---|---|--------------------------|-----------|
|   | 5 | Sole Voting Power        | 0         |
| Number of<br>Shares                                       | 6 | Shares Voting Power      | 3,122,957 |
| Beneficially<br>Owned by Each<br>Reporting<br>Person With | 7 | Shared Dispositive Power | 0         |
|   | 8 | Shared Dispositive Power | 3,122,957 |
- 9 Aggregate Amount Beneficially Owned by Each Reporting Person  
3,122,957
- 10 Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

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[ ]

11 Percent of Class Represented By Amount in Row (9)

5.83%

12 Type of Reporting Person (See Instructions)

IN: IA

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Item 1(a) Name of Issuer:

Microtune, Inc. (the "Issuer")

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

2201 10th Street, Plano, Texas 75074

Item 2(a) Name of Person Filing:

This statement is filed on behalf of each of the following persons (collectively, the "Reporting Persons"):

- (i) White Rock Capital Partners, L.P., a Texas limited partnership ("White Rock Partners"),
- (ii) White Rock Capital Management, L.P., a Texas limited partnership ("White Rock Management"),
- (iii) White Rock Capital (TX), Inc., a Texas corporation ("White Rock, Inc."),
- (iv) Thomas U. Barton and
- (v) Joseph U. Barton.

This Statement relates to Shares that were acquired by White Rock Management on behalf of certain institutional clients (the "White Rock Clients"). This Statement also relates to Shares held for the account of White Rock Partners, and certain partnerships and family trusts for which either Thomas U. Barton or Joseph U. Barton serve as the general partner and trustee, respectively. The general partner of White Rock Partners is White Rock Management, the general partner of which is White Rock, Inc. Thomas U. Barton and Joseph U. Barton are the shareholders of White Rock, Inc.

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

The address and principal business office of each of White Rock Partners, White Rock Management, White Rock, Inc., Thomas U. Barton and Joseph U. Barton is 3131 Turtle Creek Boulevard, Suite 800, Dallas, Texas 75219.

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Item 2(c) Citizenship:

- (i) White Rock Partners is a Texas limited partnership;
- (ii) White Rock Management is a Texas limited partnership;
- (iii) White Rock, Inc. is a Texas corporation;
- (iv) Thomas U. Barton is a United States citizen and
- (v) Joseph U. Barton is a United States citizen.

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Item 2(d) Title of Class of Securities:

Common Stock, \$0.001 par value per share (the "Shares").

Item 2(e) CUSIP Number:

59514P109

Item 3. If this statement is filed pursuant to Rule 13d-1(b), or 13d-2(b), check whether the person filing is a:

This Item 3 is not applicable.

Item 4. Ownership:

Item 4(a) Amount Beneficially Owned:

As of October 14, 2002, each of the Reporting Persons may be deemed the beneficial owner of the following number of Shares:

(i) White Rock Partners may be deemed to be the beneficial owner of the 955,000 Shares held for its account.

(ii) Each of White Rock Management and White Rock, Inc. may be deemed the beneficial owner of 2,881,400 Shares. This number consists of (1) 1,926,400 Shares held for the accounts of the White Rock Clients and (2) 955,000 Shares held for the account of White Rock Partners.

(iii) Thomas U. Barton may be deemed the beneficial owner of 3,016,579 Shares. This number consists of (1) 1,926,400 Shares held for the accounts of the White Rock Clients, (2) 955,000 Shares held for the account of White Rock Partners, (3) 55,000 Shares held for the account of a partnership for which Thomas U. Barton serves as the general partner and (4) 80,179 Shares held for the account of a family trust for which Thomas U. Barton serves as the trustee.

(iv) Joseph U. Barton may be deemed the beneficial owner of 3,122,957 Shares. This number consists of (1) 1,926,400 Shares held for the accounts of the White Rock Clients, (2) 955,000 Shares held for the account of White Rock Partners, (3) 158,457 Shares held for the account of a partnership for which Joseph U. Barton serves as the general partner and (4) 83,100 Shares held for the account of certain family trusts for which Joseph U. Barton serves as the trustee.

Item 4(b) Percent of Class:

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(i) The number of Shares of which White Rock Partners may be deemed to be the beneficial owner constitutes approximately 1.78% of the total number of Shares outstanding.

(ii) The number of Shares of which each of White Rock Management and White Rock, Inc. may be deemed to be the beneficial owner constitutes approximately 5.38% of the total number of Shares outstanding.

(iii) The number of Shares of which Thomas U. Barton may be deemed to be the beneficial owner constitutes approximately 5.63% of the total number of Shares outstanding.

(iv) The number of Shares of which each of Joseph U. Barton may be deemed to be the beneficial owner constitutes approximately 5.83% of the total number of Shares outstanding.

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Item 4(c) Number of shares as to which the person has:

White Rock Partners

-----

(i) Sole power to vote or to direct the vote:	955,000
(ii) Shared power to vote or to direct the vote:	0
(iii) Sole power to dispose or to direct the disposition of:	955,000
(iv) Shared power to dispose or to direct the disposition of:	0

White Rock Management

-----

(i) Sole power to vote or to direct the vote:	0
(ii) Shared power to vote or to direct the vote:	2,881,400
(iii) Sole power to dispose or to direct the disposition of:	0
(iv) Shared power to dispose or to direct the disposition of:	2,881,400

White Rock, Inc.

-----

(i) Sole power to vote or to direct the vote:	0
(ii) Shared power to vote or to direct the vote:	2,881,400
(iii) Sole power to dispose or to direct the disposition of:	0
(iv) Shared power to dispose or to direct the disposition of:	2,881,400

Thomas U. Barton

-----

(i) Sole power to vote or to direct the vote:	135,179
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(ii) Shared power to vote or to direct the vote: 2,881,400  
(iii) Sole power to dispose or to direct the disposition of: 135,179  
(iv) Shared power to dispose or to direct the disposition of: 2,881,400

Joseph U. Barton  
-----

(i) Sole power to vote or to direct the vote: 241,557  
(ii) Shared power to vote or to direct the vote: 2,881,400  
(iii) Sole power to dispose or to direct the disposition of: 241,557  
(iv) Shared power to dispose or to direct the disposition of: 2,881,400

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

This Item 5 is not applicable.

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

(i) The partners of White Rock Partners have the right to participate in the receipt of dividends from, or proceeds from the sale of, the Shares held by White Rock Partners in accordance with their partnership interests in White Rock Partners.

(ii) The shareholders or partners of each of the White Rock Clients have the right to participate in the receipt of dividends from, or proceeds from the sale of, the Shares held by the respective White Rock Client in accordance with their partnership or ownership interests in the respective White Rock Client.

(iii) The partners of the partnership for which Thomas U. Barton serves as general partner have the right to participate in the receipt of dividends from, or proceeds from the sale of, the securities held for such partnership in accordance with their partnership interests in the partnership. The family trust for which Thomas U. Barton serves as trustee has the right to participate in the receipt of dividends from, or proceeds from the sale of, the securities held for the account of such trust.

(iv) The partners of the partnership for which Joseph U. Barton serves as general partner have the right to participate in the receipt of dividends from, or proceeds from the sale of, the securities held for such partnership in accordance with their partnership interests in the partnership. The family trusts for which Joseph U. Barton serves as trustee have the right to participate in the receipt of dividends from, or proceeds from the sale of, the securities held for the account of such family trusts.

White Rock Partners expressly disclaims beneficial ownership of any Shares held for the account of the White Rock Clients, and the accounts of the partnerships and family trusts for which either Thomas U. Barton or Joseph U. Barton serve as general partner and trustee, respectively. The White Rock Clients expressly disclaim beneficial ownership of any Shares held for the account of White Rock Partners, and the accounts of the partnerships and family trusts for which either Thomas U. Barton or Joseph U. Barton serve as general

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partner and trustee, respectively. Each of White Rock Management and White Rock, Inc. expressly disclaims beneficial ownership of any Shares held for and the accounts of the partnerships and family trusts for which either Thomas U. Barton or Joseph U. Barton serve as general partner and trustee, respectively. Thomas U. Barton expressly disclaims beneficial ownership of any Shares held for the accounts of the partnership and family trusts for which Joseph U. Barton serves as general partner and trustee, respectively. Joseph U. Barton expressly disclaims beneficial ownership of any Shares held for the accounts of the partnership and family trust for which Thomas U. Barton serves as general partner and trustee, respectively.

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

This Item 7 is not applicable.

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

This Item 8 is not applicable.

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Item 9. Notice of Dissolution of Group:

This Item 9 is not applicable.

Item 10. Certification:

By signing below each signatory certifies that, to the best of his/its 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.

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SIGNATURES

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

Date: October 15, 2002

WHITE ROCK CAPITAL PARTNERS, L.P.

By: White Rock Capital Management, L.P.  
Its General Partner

By: White Rock Capital (TX), Inc.  
Its General Partner

By: /s/ Paula Storey

-----  
Paula Storey  
Attorney-in-Fact

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Date: October 15, 2002 WHITE ROCK CAPITAL MANAGEMENT, L.P.  
 By: White Rock Capital (TX), Inc.  
 Its General Partner  
 By: /s/ Paula Storey  
 -----  
 Paula Storey  
 Attorney-in-Fact

Date: October 15, 2002 WHITE ROCK CAPITAL (TX), INC.  
 By: /s/ Paula Storey  
 -----  
 Paula Storey  
 Attorney-in-Fact

Date: October 15, 2002 THOMAS U. BARTON  
 By: /s/ Paula Storey  
 -----  
 Paula Storey  
 Attorney-in-Fact

Date: October 15, 2002 JOSEPH U. BARTON  
 By: /s/ Paula Storey  
 -----  
 Paula Storey  
 Attorney-in-Fact

EXHIBIT INDEX

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A. Joint Filing Agreement, dated as of October 15, 2002, by and among White Rock Capital Partners, L.P., White Rock Capital Management, L.P., White Rock Capital (TX), Inc., Thomas U. Barton and Joseph U. Barton.....	14
B. Power of Attorney, dated January 31, 2000, granted by Mr. Thomas U. Barton in favor of Paula Storey.....	15
C. Power of Attorney, dated January 31, 2000, granted by Mr. Joseph U. Barton in favor of Paula Storey.....	16
D. Power of Attorney, dated January 31, 2000, granted by White Rock Capital (TX), Inc., in favor of Paula Storey.....	17

EXHIBIT A

JOINT FILING AGREEMENT

The undersigned hereby agree that the statement on Schedule 13G with respect to the Common Stock of Microtune, Inc., dated as of October 15, 2002, is, and any amendments thereto (including amendments on Schedule 13D) signed by each of the undersigned shall be, filed on behalf of each of us pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934.

Date: October 15, 2002 WHITE ROCK CAPITAL PARTNERS, L.P.

By: White Rock Capital Management, L.P.  
Its General Partner

By: White Rock Capital (TX), Inc.  
Its General Partner

By: /s/ Paul Storey

-----  
Paula Storey  
Attorney-in-Fact

Date: October 15, 2002 WHITE ROCK CAPITAL MANAGEMENT, L.P.

By: White Rock Capital (TX), Inc.  
Its General Partner

By: /s/ Paula Storey

-----  
Paula Storey  
Attorney-in-Fact

Date: October 15, 2002 WHITE ROCK CAPITAL (TX), INC.

By: /s/ Paula Storey

-----  
Paula Storey  
Attorney-in-Fact

Date: October 15, 2002 THOMAS U. BARTON

By: /s/ Paula Storey

-----  
Paula Storey  
Attorney-in-Fact

Date: October 15, 2002 JOSEPH U. BARTON

By: /s/ Paula Storey

-----  
Paula Storey

Attorney-in-Fact

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EXHIBIT B

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, THOMAS U. BARTON, hereby make, constitute and appoint PAULA STOREY, acting individually, as my agent and attorney-in-fact for the purpose of executing in my name, (a) in my personal capacity or (b) in my capacity as President of, or in other capacities with White Rock Capital (TX), Inc., all documents, certificates, instruments, statements, filings and agreements ("documents") to be filed with or delivered to any foreign or domestic governmental or regulatory body or required or requested by any other person or entity pursuant to any legal or regulatory requirement relating to the acquisition, ownership, management or disposition of securities or other investments, and any other documents relating or ancillary thereto, including but not limited to, all documents relating to filings with the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934 (the "Act") and the rules and regulations promulgated thereunder, including: (1) all documents relating to the beneficial ownership of securities required to be filed with the SEC pursuant to Section 13(d) or Section 16(a) of the Act including, without limitation: (a) any acquisition statements on Schedule 13D or Schedule 13G and any amendments thereto, (b) any joint filing agreements pursuant to Rule 13d-1(k) and (c) any initial statements of, or statements of changes in, beneficial ownership of securities on Form 3, Form 4 or Form 5 and (2) any information statements on Form 13F required to be filed with the SEC pursuant to Section 13(f) of the Act.

All past acts of the attorney-in-fact in furtherance of the foregoing are hereby ratified and confirmed.

This power of attorney shall be valid from the date hereof until revoked by me.

IN WITNESS WHEREOF, I have executed this instrument as of the 31st day of January 2000.

/s/ Thomas U. Barton

-----  
THOMAS U. BARTON

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EXHIBIT C

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, JOSEPH U. BARTON, hereby make, constitute and appoint PAULA STOREY, acting individually, as my agent and attorney-in-fact for the purpose of executing in my name, (a) in my personal capacity, or (b) in my capacity as Secretary or Treasurer of, or in other

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capacities with White Rock Capital (TX), Inc., all documents, certificates, instruments, statements, filings and agreements ("documents") to be filed with or delivered to any foreign or domestic governmental or regulatory body or required or requested by any other person or entity pursuant to any legal or regulatory requirement relating to the acquisition, ownership, management or disposition of securities or other investments, and any other documents relating or ancillary thereto, including but not limited to, all documents relating to filings with the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934 (the "Act") and the rules and regulations promulgated thereunder, including: (1) all documents relating to the beneficial ownership of securities required to be filed with the SEC pursuant to Section 13(d) or Section 16(a) of the Act including, without limitation: (a) any acquisition statements on Schedule 13D or Schedule 13G and any amendments thereto, (b) any joint filing agreements pursuant to Rule 13d-1(k) and (c) any initial statements of, or statements of changes in, beneficial ownership of securities on Form 3, Form 4 or Form 5 and (2) any information statements on Form 13F required to be filed with the SEC pursuant to Section 13(f) of the Act.

All past acts of the attorney-in-fact in furtherance of the foregoing are hereby ratified and confirmed.

This power of attorney shall be valid from the date hereof until revoked by me.

IN WITNESS WHEREOF, I have executed this instrument as of the 31st day of January 2000.

/s/ Joseph U. Barton

-----  
JOSEPH U. BARTON

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EXHIBIT D

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENT, that the undersigned White Rock Capital Inc., a corporation organized and existing under the laws of the state of Texas (the "Company"), hereby designates, constitutes and appoints PAULA STOREY, acting individually, as its true and lawful agent and attorney-in-fact, to execute and deliver, in the name and on behalf of the undersigned, all documents, certificates, instruments, statements, filings and agreements ("documents") to be filed with or delivered to any foreign or domestic governmental or regulatory body or required or requested by any other person or entity pursuant to any legal or regulatory requirement relating to the acquisition, ownership, management or disposition of securities or other investments, and any other documents relating or ancillary thereto, including but not limited to, all documents relating to filings with the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934 (the "Act") and the rules and regulations promulgated thereunder, including: (1) all documents relating to the beneficial ownership of securities required to be filed with the SEC pursuant to Section 13(d) or Section 16(a) of the Act including, without limitation: (a) any acquisition statements on Schedule 13D or Schedule 13G and any amendments thereto, (b) any joint filing agreements pursuant to Rule 13d-1(k) and (c) any initial statements of, or statements of changes in, beneficial ownership of securities on Form 3,

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Form 4 or Form 5 and (2) any information statements on Form 13F required to be filed with the SEC pursuant to Section 13(f) of the Act.

All past acts of the attorney-in-fact in furtherance of the foregoing are hereby ratified and confirmed.

IN WITNESS WHEREOF, this instrument is executed as of the 31st day of January 2000.

WHITE ROCK CAPITAL (TX), INC.

/s/ Thomas U. Barton

-----  
Thomas U. Barton

in:0'>

3.

SEC USE ONLY

4.

SOURCE OF FUNDS (see instructions)

WC

5.

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) "

CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH  
REPORTING PERSON WITH

- 7. SOLE VOTING POWER  
0
- 8. SHARED VOTING POWER  
787,631
- 9. SOLE DISPOSITIVE  
POWER  
0
- 10. SHARED DISPOSITIVE  
POWER  
787,631

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

850,116

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  
(see instructions)   "

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14.7%

14. TYPE OF REPORTING PERSON (see instructions)

PN

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---

1. NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

BlueLine Capital Partners II, LP  
20-4921646

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(see instructions)

- (a)  x  
(b)  ..

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)  
or 2(e)  ..

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

47,270

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH  
REPORTING PERSON WITH

9. SOLE DISPOSITIVE  
POWER

0

10. SHARED DISPOSITIVE  
POWER

47,270

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

850,116

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  
(see instructions)  ..

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14.7%

14. TYPE OF REPORTING PERSON (see instructions)

PN

---

---

1. NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

BlueLine Partners, LLC  
20-2141854

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(see instructions)

- (a)  x
- (b)  ..

3. SEC USE ONLY

4. SOURCE OF FUNDS (see instructions)

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)  ..

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

47,270

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE POWER

47,270

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

850,116

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  
(see instructions)  ..

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14.7%

14. TYPE OF REPORTING PERSON (see instructions)

PN

---

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**Item 1. Security and Issuer.**

No change.

**Item 2. Identity and Background.**

No change.

**Item 3. Source or Amount of Funds or Other Consideration.**

No change.

**Item 4. Purpose of Transaction.**

Meridian and the other Reporting Entities have previously made the following filings (the “Prior Filings”):

Filing	Date	Subject
Schedule 13D	May 9, 2016	Davis/Board action to force out CEO signals a change away from Cyanotech’s strategy to rapidly expand retail Astaxanthin sales
Amendment No. 1	May 10, 2016	Meridian’s valuation model forecasts Cyanotech’s retail-oriented business plan to be worth \$20 or more per share
Amendment No. 2	May 19, 2016	Discussion of Davis/Board securities reporting and governance violations, including excerpts from Meridian’s May 6, 2016 letter
Amendment No. 3	May 25, 2016	Notice that Meridian has commenced legal action on behalf of shareholders in Federal court against Davis, RSF and Board
Amendment No. 4	July 26, 2016	Criticism of Board’s renomination of Davis prior to completion of internal investigation in apparent violation of fiduciary duties
Amendment No. 5	August 9, 2016	Criticism of Board for withholding material information from internal investigation until after shareholder meeting
Amendment No. 6	August 17, 2016	Review of Davis and Cyanotech disclosures that confirm long history of improper filings and existence of Davis/RSF “group”
Amendment No. 7	October 6, 2016	Analysis of evidence demonstrating long pattern of securities reporting deficiencies, “parking” and Davis/RSF “group”
Amendment No. 8	October 18 2016	Davis and RSF “spiritual” alignment and how their agenda is contrary to the interests of other shareholders
Amendment No. 9	January 17, 2017	Davis/RSF collaboration on Filigreen Farm, a precursor to their collaboration and “group” at Cyanotech
Amendment No. 10	January 19, 2017	Analysis of RSF telling one story to the SEC concerning owning public shares and another story to its supporters and donors
Amendment No. 11	January 23, 2017	Analysis of Davis’ attempt to side-step Section 4943 of the Internal Revenue Code by “parking” shares with RSF

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Amendment No. 12	February 15, 2017	Discussion of Meridian’s decision to drop Cyanotech from the ongoing litigation in order to protect shareholders from bearing the cost of defending Davis’ actions
Amendment No. 13	August 1, 2017	Review of the status of litigation relating to Davis’ alleged federal securities reporting violations, and discussion of a potential “secret agenda” being pursued by the long-secret partners, Davis and RSF.
Amendment No. 14	February 14, 2018	Review of Cyanotech’s great potential yet poor performance under the leadership of its Chairman, Michael Davis
Amendment No. 15	October 29, 2018	Meridian withdraws litigation now that facts are out in the open; need for SEC to take action to protect public markets
Amendment No. 16	October 31, 2018	Analysis of the series of events that led Davis/RSF to create and conceal their secret “group” for controlling Cyanotech
Amendment No. 17	November 6, 2018	Discussion of likely Davis/RSF secret Rudolf Steiner-inspired anti-growth control agenda for Cyanotech

The following supplements the information provided in the Prior Filings.

**Secret Anti-Growth Agenda at Cyanotech?**

In its last filing, Amendment No. 17, Meridian examined the evidence suggesting that one of the reasons the control “group” at Cyanotech, composed of the company’s chairman and largest shareholder, Michael Davis and the company’s second largest shareholder, Rudolf Steiner Foundation (“RSF”), long concealed their very close

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collaborative relationship in apparent violation of the Securities Exchange Act of 1934 (the “1934 Act”), was their understanding that Cyanotech’s outside shareholders would likely be alarmed by the Rudolf Steiner-inspired anti-growth and anti-Wall Street philosophies lying at the heart of the Davis/RSF relationship.

In the Prior Filings, Meridian has referred to a pattern of “inexplicable and unexplained” actions taken by the company that seem motivated by something utterly different than what one would expect at a public and for-profit company.

This includes the company’s history of terminating the employment of two objectively successful CEOs, Andrew Jacobson and Brent Bailey, and the company’s refusal to engage in any way with Meridian, including when Meridian offered to provide growth capital to help the company expand its production of astaxanthin.

The graphic below highlights the CEO tenures of Jacobson and Bailey and how their efforts twice lifted the company off the baseline stock performance level that has otherwise existed during the Davis era (Davis has been on the board of directors from 2003 to 2018). Both of these CEO tenures ended with an “inexplicable and unexplained” termination, with that event followed by the company’s stock declining back to the prior baseline level.

In Amendment No. 17, Meridian explained the “virtuous circle” that may be part of the strategy Davis/RSF have used to maintain their control over the company:

- 1 . Davis/RSF want to retain control over Cyanotech in order to enforce their anti-growth agenda
- 2 . The lack of growth and the company’s “anti-IR” policies dissuade new investor interest
- 3 . The lack of investor interest allows Davis/RSF to remain in control of the company

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In the Prior Filings, Meridian has explained that Cyanotech's future potential is dependent upon it increasing the production of astaxanthin necessary to maintain its current global #1 consumer brand position. As shown by the graphic below, however, since the departure of former CEO Bailey in early 2016, the company's revenue has stalled, and perhaps reversed.

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There are several reasons why it is surprising that Cyanotech's revenue has not continued to grow over the last several years:

Cyanotech has steadily shifted from lower-margin wholesale sales to higher-margin and thus higher revenue retail sales

The company's largest customer, Costco, still has not completed its national rollout of astaxanthin

Meridian believes that demand for Cyanotech's products still far outstrips supply

Other producers of astaxanthin years ago developed methods for efficient and consistent astaxanthin production, this has provided Cyanotech with ample demonstration on ways to increase its own production

### **It is Easy to See the Problem**

Most Cyanotech shareholders have likely seen the specular aerial photos of Cyanotech's algae farm on the Big Island of Hawaii, and the row after row of race track-style ponds. Most of the farm's 90 acres remains dedicated to producing the company's original product, spirulina. The ponds dedicated to astaxanthin are on the southern end of the property, with a complex of varying-sized ponds that are used to "scale-up" each production batch of haematococcus pluvialis before the final astaxanthin reddening process is achieved in the largest ponds.

Using Google Earth's time slider function (available on the application, but not the website), anyone can review historic satellite images of Cyanotech's farm and observe that sometime between October 18, 2013 and August 8, 2014, the company began reducing the size of its large astaxanthin reddening ponds. Where there was once one large pond, there became space for two smaller ponds. By December 19, 2014, this process was well underway and by August 22, 2016 all the astaxanthin ponds had been cut in half.

Initially, the company did the obvious, placing two ponds where there had formerly been one. But, by using the time slider function on Google Earth, one observes that Cyanotech has been extremely slow in completing the project. The August 22, 2016 image shows six large sections of farm previously used to produce astaxanthin were sitting undeveloped and unused. The latest image, from May 15, 2018, shows five large sections still sitting unused. Using Microsoft's Bing Maps website, which includes a tool for measuring distances, we determine that the largest empty space, the square area at the southeast corner of the property marked with an "A" on the picture below, measures 64x68 meters in size, or 4352 square meters. That one area represents 1.075 acres of extremely-valuable production space that has sat unused since some point in 2014.

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What possible explanation could Cyanotech have for allowing so much valuable land to sit unused while the company continues to suffer from a shortage of supply? Meridian can only imagine two. The first possible explanation is that the company's board of directors and management are purposely holding back astaxanthin production. The second possible explanation is that the company would utilize the land, but lacks the funds necessary to complete the pond re-sizing project and therefore has let the land sit idle (for multiple years) while awaiting the day when the company's operations have generated sufficient funds to complete the project. **Either of these two explanations would likely get any manager or director of any normal and responsible for-profit company summarily fired** – the company's outside shareholders quite reasonably expect the company to pursue growth opportunities and Meridian has for years now, held open an offer to provide the capital necessary for the company to increase astaxanthin production.

**But it Gets Worse**

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Reviewing images of Cyanotech's Kona facility available on three different websites maintained by each of Google, Microsoft and NASA, Meridian observed that in addition to the substantial amount of available production acreage no longer being used, an alarming number of the ponds dedicated to the production of astaxanthin are commonly empty (empty ponds appear whitish/yellow rather than green or red). Meridian next obtained aerial photographs from commercial aircraft flying into and out of Kona airport – note the alarming number of empty ponds.

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April 2018 – majority of astaxanthin ponds empty

July 2018 – approximately half of astaxanthin ponds empty

**Meridian's Interpretation**

Four years ago, when Meridian first became aware of Cyanotech, the company was diligently working to find solutions to improve its astaxanthin production capabilities. Given the relatively flat revenue generated by the company over the last several years, one can surmise that the company's astaxanthin production has remained essentially unchanged. This despite (i) the company no longer utilizing a significant portion of its former astaxanthin production acreage and (ii) the apparent chronic failure of the company to make effective use of the ponds that are available for production.

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One possible explanation is that Cyanotech’s production capabilities have significantly improved, but the company has idled large portions of its production capacity in order to prevent astaxanthin supply from increasing – and the company’s revenues from growing.

Would a company really do such a thing? Purposely (and secretly) restrict growth? Meridian believes it possible that a company dominated by Michael Davis would. This would be just the latest “inexplicable and unexplained” event for the company. And, as discussed in Amendment No. 17 and by the “virtuous circle” discussion above, limiting growth is both consistent with the Rudolf Steiner-inspired ideas of Davis/RSF and has the benefit of making Cyanotech unattractive to outside investors that could emerge to threaten Davis’ continued control over the company.

### **Can You Believe it Gets Even Worse?**

Last week, on October 31, 2018, Meridian filed its Amendment No. 16, which included the following:

“When Meridian offered to provide growth capital funds, its offers were ignored. **Executives that pursued the growth opportunities that attracted Meridian as an investor were fired.** Directors Meridian believed would insist upon good governance suddenly resigned.” (emphasis added)

This week, on November 6, 2018, Cyanotech filed a Form 8-K reporting the material news that the company’s chief operations officer (“COO”), the executive that was specifically hired to improve the company’s production capabilities, had been removed from his position with the company. If Meridian’s interpretation above is correct, this is the person that directed improvements allowing Cyanotech to maintain its prior level of astaxanthin production despite the apparent significant decrease in utilization of available production assets.

Did the fired COO attempt to whistle-blow the company’s “inexplicable” underutilization of production assets? Was the COO fired for being too persistent in advocating Cyanotech pursue its long-awaited growth opportunities?

Of course, as is its persistent practice, Cyanotech provided no explanation for its latest termination of a highly-regarded executive that appears to have successfully performed the job for which he was hired. While it has not researched the topic, Meridian would not be surprised to learn that Cyanotech’s now former COO was approaching a material vesting date on his stock options – firing an executive just prior to such vesting dates is something the company has been observed doing repeatedly with senior executives.

The situation at Cyanotech would be comical if it were not so tragic. The more interest outsiders such as VitaeLab AG and Meridian take in the business, the more drastic action the company's insiders appear willing to take to choke off growth and thereby eliminate the basis for that outside shareholder interest. As detailed in Prior Filings, Meridian has researched and believes it understands the motivations of Davis/RSF in these apparent value-destroying practices. But what can explain the idleness or collaboration of the company's other board members? Are they complicit in the apparent Davis/RSF anti-growth and anti-Wall Street agenda?

Meridian believes that its multi-year effort to investigate and expose the Davis/RSF secret agenda shows that **Meridian is the true fiduciary stalwart of Cyanotech's shareholders.** The best way for Cyanotech's directors to declare and demonstrate their independence from Cyanotech's sad record and the private agenda of Michael Davis would be to welcome Meridian into the company in order to address and fix the overwhelming fiduciary and governance failings long seen and now increasingly understood.

Meridian welcomes a dialog with any Cyanotech director or any Cyanotech shareholder that is interested in pursuing the wholesale reform desperately needed at the company. Please contact us at [moreredalgae@meridianohc.com](mailto:moreredalgae@meridianohc.com).

## FORWARD-LOOKING STATEMENTS

This filing contains "forward-looking statements" within the meaning of the federal securities laws. All statements other than statements of historical facts contained in this report, including statements regarding Meridian's beliefs about Cyanotech's prospects, product market position, future revenues and future stock price, are forward-looking statements. In many cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "con" similar words.

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These forward-looking statements are only predictions. These statements relate to future events and involve known and unknown risks, uncertainties and other important factors that may cause Cyanotech's actual results, levels of activity, performance or achievements to materially differ from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Actual results may differ materially due to action or inaction by Cyanotech's board of directors and management, Cyanotech's inability to overcome its production problems and other risks, some of which may be unknown. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as guarantees of future events.

The forward-looking statements in this report represent the views of the Reporting Entities as of the date of this filing. Subsequent events and developments may cause those views to change.

**Item 5. Interest in Securities of the Issuer.**

No change.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.**

Pursuant to Rule 13d-1(k) promulgated under the Act, the Reporting Entities have entered into an agreement with respect to the joint filing of this statement, and any amendment or amendments hereto. A copy of such agreement was filed as Exhibit A to the Schedule 13D filing of the Reporting entities on May 9, 2016.

**Item 7. Material to Be Filed as Exhibits.**

Exhibit A – Joint Filing Agreement dated May 9, 2016, signed by each of the Reporting Entities in order to confirm that this Schedule 13D is being filed on behalf of each of the Reporting Entities.(1).

(1) Incorporated by reference to Schedule 13D filed on May 9, 2016.

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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.

Meridian OHC Partners, L.P.

By: TSV Investment Partners, L.L.C.

Its: General Partner

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director

Meridian TSV II, L.P.

By: TSV Investment Partners, L.L.C.

Its: General Partner

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director

TSV Investment Partners, L.L.C.

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director

BlueLine Capital Partners II, L.P.

By: BlueLine Partners, L.L.C.

Its: General Partner

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director

BlueLine Partners, L.L.C.

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director

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