

SAFEGUARD SCIENTIFICS INC

FORM S-8

(Securities Registration: Employee Benefit Plan)

Filed 08/09/04

Address	435 DEVON PARK DR BLDG 800 WAYNE, PA 19087
Telephone	6102930600
CIK	0000086115
Symbol	SFE
SIC Code	6799 - Investors, Not Elsewhere Classified
Industry	Misc. Financial Services
Sector	Financial
Fiscal Year	12/31

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As filed with the Securities and Exchange Commission on August 9, 2004

Registration Statement No. 333-_____

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

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SAFEGUARD SCIENTIFICS, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania
(State of Incorporation)

23-1609753
(I.R.S. Employer Identification No.)

800 The Safeguard Building, 435 Devon Park Drive, Wayne, PA 19087-1945
(Address of principal executive offices, including zip code)

2004 Equity Compensation Plan
(Full title of the plan)

Karen M. Keating, Esq.
800 The Safeguard Building, 435 Devon Park Drive
Wayne, PA 19087-1945
(Name and Address of Agent for Service)

(610) 293-0600
(Telephone Number of Agent for Service)

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to Be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share ⁽²⁾	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee ⁽²⁾
Common Stock, \$.10 per share, together with related rights to purchase Series A Junior Participating Preferred Stock	6,000,000	\$ 1.910	\$ 11,460,000	\$ 1,452

- (1) Pursuant to Rule 416 under the Securities Act of 1933, this Registration Statement also registers such additional shares as may hereinafter be offered or issued to prevent dilution resulting from stock splits, stock dividends, recapitalizations or certain other capital adjustments. Associated with each share of common stock is the right to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock. The preferred stock purchase rights do not carry a separate price.
- (2) Estimated pursuant to Rule 457(c) and 457(h) under the Securities Act of 1933 solely for purposes of calculating the registration fee. The fee is computed based upon \$1.910, the average of the high and low prices for a share of common stock of the Registrant on August 5, 2004, as reported on the New York Stock Exchange.
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PART I
INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The information required by Part I of Form S-8 is included in documents to be given to the recipient of the securities registered hereby in accordance with Rule 428(b)(1) under the Securities Act of 1933, as amended (the "Securities Act").

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference .

The following documents, as filed by Safeguard Scientifics, Inc. (the "Registrant") with the Securities and Exchange Commission (the "Commission"), are incorporated by reference in this Registration Statement:

1. The Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
2. The Registrant's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004.
3. The Registrant's Current Reports on Form 8-K filed with the Commission on January 28, 2004, February 11, 2004, February 12, 2004, February 24, 2004, March 15, 2004, April 12, 2004, April 15, 2004, April 26, 2004, May 5, 2004 (relating to the appointment of Anthony Ibarguen as Chief Executive Officer and President of Alliance Consulting Group Associates, Inc.), May 17, 2004, May 28, 2004, July 15, 2004, July 23, 2004, and August 2, 2004.
4. The description of the Registrant's Common Stock contained in the Registrant's Registration Statement on Form 8-A filed by the Registrant to register such securities under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
5. The description of the Preferred Share Purchase Rights that are deemed to be attached to each share of the Registrant's Common Stock (until the occurrence of certain events) contained in the Registrant's Registration Statement on Form 8-A filed under the Exchange Act on March 2, 2000 (File No. 001-05620), including any amendment or report filed for the purpose of updating such description.

All documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this Registration Statement but prior to the filing of a post-effective amendment that indicates that all securities offered hereby have been sold or that deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of each such document.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein (or in any other subsequently filed document that is also incorporated by reference herein) modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part hereof.

Item 4. Description of Securities .

Not Applicable.

Item 5. Interests of Named Experts and Counsel .

The validity of the issuance of the shares of common stock offered hereby has been passed upon for the Registrant by Karen M. Keating, Esquire, 800 The Safeguard Building, 435 Devon Park Drive, Wayne, PA 19087-1945. Ms. Keating is Senior Corporate Counsel of Safeguard Scientifics, Inc. and beneficially owns 18,876 shares of the

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Registrant and holds options to purchase up to 92,437 shares of Registrant, of which 36,396 options are currently exercisable.

Item 6. Indemnification of Directors and Officers .

Sections 1741 and 1742 of the Pennsylvania Business Corporation Law of 1988, as amended (the “PBCL”) provide that a business corporation may indemnify directors and officers against liabilities they may incur as such provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for specified expenses. The corporation is required to indemnify directors and officers against expenses they actually and reasonably incur in defending actions against them in such capacities if they are successful on the merits or otherwise in the defense of such actions.

Section 1713 of the PBCL permits the shareholders to adopt a bylaw provision relieving a director (but not an officer) of personal liability for monetary damages except where (i) the director has breached the applicable standard of care, and (ii) such conduct constitutes self-dealing, willful misconduct or recklessness. The statute provides that a director may not be relieved of liability for the payment of taxes pursuant to any federal, state or local law or responsibility under a criminal statute.

Section 1746 of the PBCL grants a corporation broad authority to indemnify its directors, officers and other agents for liabilities and expenses incurred in such capacity, except in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

The Registrant’s Articles of Incorporation provide that a director or officer of the Registrant shall not be personally liable for monetary damages as such (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys’ fees and disbursements)) for any action taken, or any failure to take any action, unless the director or officer has breached or failed to perform the duties of his or her office under the Articles or the bylaws of the Registrant or applicable provisions of law and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness provided that such limitation on monetary damages does not relieve a director or officer of liability for the payment of any taxes pursuant to local, state or federal law, or liability or responsibility pursuant to any criminal statute.

Section 6 of Article II of the bylaws also limits the monetary liability of directors for any action taken, or any failure to take any action, unless the director has breached or failed to perform the duties of his or her office. The limitation on monetary liability does not extend to breaches of duty constituting self-dealing, willful misconduct or recklessness and does not relieve a director of liability for the payment of any taxes pursuant to local, state or federal law, or liability or responsibility pursuant to any criminal statute.

Article VIII of the bylaws provides, except as expressly prohibited by law, an unconditional right to indemnification for expenses and any liability paid or incurred by any director or officer of the Registrant, or any other person designated by the board of directors as an indemnified representative, in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise, by reason of the fact that such person is or was serving in an indemnified capacity, including without limitation liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to stricter products liability, except where such indemnification is expressly prohibited by applicable law or where the conduct of the indemnified representative has been determined to constitute willful misconduct, recklessness or self-dealing sufficient in the circumstances to bar indemnification against liabilities arising from the conduct.

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The Registrant has a directors' and officers' liability insurance policy that affords directors and officers with insurance coverage for losses arising from claims based on breaches of duty, negligence, error and other wrongful acts.

Item 7. Exemption from Registration Claimed.

None.

Item 8. Exhibits.

The following exhibits are filed as part of this Registration Statement.

- 4.1 2004 Equity Compensation Plan ⁽¹⁾
 - 5.1 Opinion of Karen M. Keating, Esquire
 - 23.1 Consent of KPMG LLP
 - 23.2 Consent of Counsel (included in opinion filed as Exhibit 5.1 hereto)
 - 24.1 Power of Attorney (included with signature page of this Registration Statement)
- (1) Filed on August 6, 2004 as Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2004.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section

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15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Wayne, Pennsylvania on August 9, 2004.

SAFEGUARD SCIENTIFICS, INC.

By: ANTHONY L. CRAIG

Anthony L. Craig
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated. Each person whose signature appears below hereby appoints Anthony L. Craig and Christopher J. Davis, and each of them acting individually, as his true and lawful attorneys-in-fact, with full power of substitution and resubstitution, with the authority to execute in the name of each such person, and to file with the Commission, together with any exhibits thereto and other documents therewith, any and all amendments (including post-effective amendments) to this Registration Statement, and any Registration Statements filed pursuant to General Instruction E to Form S-8 in respect of this Registration Statement and any and all amendments thereto (including post-effective amendments and all other related documents) necessary or advisable to enable the Registrant to comply with the Securities Act of 1933, and any rules, regulations and requirements of the Commission in respect thereof, which amendments or Registration Statements may make such other changes in the Registration Statement as the aforesaid attorney-in-fact executing the same deems appropriate.

Signature	Title	Date
ANTHONY L. CRAIG <hr/> Anthony L. Craig	Chief Executive Officer and President, and Director (Principal Executive Officer)	Dated: August 9, 2004
CHRISTOPHER J. DAVIS <hr/> Christopher J. Davis	Executive Vice President and Chief Administrative & Financial Officer (Principal Financial and Accounting Officer)	Dated: August 9, 2004
JULIE A. DOBSON <hr/> Julie A. Dobson	Director	Dated: August 3, 2004
ROBERT E. KEITH, JR. <hr/> Robert E. Keith, Jr.	Chairman of the Board of Directors	Dated: August 4, 2004
ANDREW E. LIETZ <hr/> Andrew E. Lietz	Director	Dated: August 3, 2004
GEORGE MACKENZIE <hr/> George MacKenzie	Director	Dated: August 3, 2004
JACK L. MESSMAN <hr/> Jack L. Messman	Director	Dated: August 3, 2004
<hr/> John W. Poduska Sr.	Director	Dated: August __, 2004
ROBERT RIPP <hr/> Robert Ripp	Director	Dated: August 4, 2004
JOHN J. ROBERTS <hr/> John J. Roberts	Director	Dated: August 5, 2004



EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
4.1	2004 Equity Compensation Plan ⁽¹⁾
5.1	Opinion of Karen M. Keating, Esquire
23.1	Consent of KPMG LLP
23.2	Consent of Counsel (included in opinion filed as Exhibit 5.1 hereto)
24.1	Power of Attorney (included with signature page of this Registration Statement)

(1) Filed on August 6, 2004 as Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2004.

[SAFEGUARD SCIENTIFICS, INC. LETTERHEAD]

August 5, 2004

Safeguard Scientifics, Inc.
800 The Safeguard Building
435 Devon Park Drive
Wayne, PA 19087-1945

Gentlemen:

I am Senior Corporate Counsel of Safeguard Scientifics, Inc. (the "Company"), and I am delivering this opinion in connection with the preparation of the Company's Registration Statement on Form S-8 (the "Registration Statement") to be filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act") relating to an aggregate of 6,000,000 shares of common stock of the Company, \$.10 par value per share (the "Shares"), issuable pursuant to grants made by the Company under the 2004 Equity Compensation Plan ("2004 Plan").

In this connection, I have participated in the preparation of the Registration Statement, and I have reviewed the Company's Articles of Incorporation, its Bylaws, resolutions of its Board of Directors and shareholders, and such other documents, records, statutes and decisions as I have deemed necessary or appropriate for the purposes of the opinion expressed herein. My opinion is limited solely to matters governed by the laws of the Commonwealth of Pennsylvania and the federal laws of the United States of America.

Based on the foregoing and consideration of such questions of law as I have deemed relevant, I am of the opinion that the Shares, when issued in accordance with the terms of the 2004 Plan and delivered to participants, will be validly issued, fully paid and nonassessable.

I consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement. In giving such consent, I do not thereby admit that I am acting within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Securities and Exchange Commission thereunder.

The opinion herein is for the sole benefit of, and may be relied upon only by, the Company.

Very truly yours,

/s/ Karen M. Keating

Karen M. Keating
Senior Corporate Counsel

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Safeguard Scientifics, Inc.

We consent to the use of our report dated February 9, 2004, except as to the matters discussed in Note 22 related to the 2024 Notes, which is as of March 12, 2004, with respect to the consolidated balance sheets of Safeguard Scientifics, Inc. as of December 31, 2003 and 2002, and the related consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003, incorporated herein by reference.

Our report refers to SFAS 142, "Goodwill and Other Intangible Assets," on January 1, 2002.

/s/ KPMG LLP

Philadelphia, Pennsylvania
August 9, 2004