

SOUTHWALL TECHNOLOGIES INC /DE/
Form SC 13G
February 14, 2005

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 2) *

Southwall Technologies Inc.
(Name of Issuer)

COMMON STOCK, \$.001 par value
(Title of Class of Securities)

844909101
(CUSIP Number)

December 31, 2004
(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 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 ("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).

CUSIP NO. 844909101

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1 NAME OF REPORTING PERSON
S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Needham Investment Management L.L.C.

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22-3408336

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []

(b) [x]

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

| | | |
|--|---|--------------------------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER |
| | | None |
| | 6 | SHARED VOTING POWER |
| | | 728,000 shares |
| | 7 | SOLE DISPOSITIVE POWER |
| | | None |
| | 8 | SHARED DISPOSITIVE POWER |
| | | 728,000 shares |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

728,000 shares of common stock of the Issuer ("Shares") which consists of 728,000 Shares held by a series of The Needham Funds, Inc. which Needham Investment Management L.L.C. may be deemed to beneficially own by virtue of its position as investment adviser to this series.

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

[]

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

2.33%

12 TYPE OF REPORTING PERSON

IA

CUSIP NO. 844909101

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1 NAME OF REPORTING PERSON

S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The Needham Funds, Inc.

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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

| | | |
|--|---|--------------------------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER |
| | | None |
| | 6 | SHARED VOTING POWER |
| | | 728,000 shares |
| | 7 | SOLE DISPOSITIVE POWER |
| | | None |
| | 8 | SHARED DISPOSITIVE POWER |
| | | 728,000 shares |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

728,000 shares (includes 728,000 shares beneficially owned by Needham Growth Fund, a series of The Needham Funds, Inc.)

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

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9
2.33%

12 TYPE OF REPORTING PERSON
IV

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Item 1(a) NAME OF ISSUER:

Southwall Technologies Inc.

Item 1(b) ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

3975 East Bayshore Road
Palo Alto, CA 94303

Item 2(a) NAME OF PERSON FILING:

(i) Needham Investment Management L.L.C.

(ii) The Needham Funds, Inc.

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

(i) 445 Park Avenue
New York, New York 10022

(ii) 445 Park Avenue
New York, New York 10022

Item 2(c) CITIZENSHIP:

See Item 4 of the cover pages attached hereto

Item 2(d) TITLE OF CLASS OF SECURITIES:

Common Stock, \$.001 par value

Item 2(e) CUSIP NUMBER:

844909101

- Item 3 (i) Needham Investment Management L.L.C. is a registered investment adviser under Section 203 of the Investment Advisers Act of 1940, as amended (ss. 240.13d-1(b)(1)(ii)(E)).
- (ii) The Needham Funds, Inc. is an investment company registered under Section 8 of the Investment Company Act of 1940, as amended (15 U.S.C. 80a-8).

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Item 4 OWNERSHIP:

- (a) Amount beneficially owned and (b) Percent of Class:
See Items 5 through 11 of the cover pages attached hereto.
The aggregate amount held by all Reporting Persons is 2.33% (728,000 shares).

This Schedule 13G shall not be construed as an admission that the Reporting Person, either for purposes of Section 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended (the "Act") or for other purposes, is the beneficial owner of any securities covered by this statement.

- (c) See Items 5 through 8 of the cover pages attached hereto

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 [x].

Item 6 OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON:

Not applicable

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- Item 7 IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY OR CONTROL PERSON:
Not Applicable
- Item 8 IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP:
Not Applicable
- 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 acquired and are held in the ordinary course of business and 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, I certify that the information set forth in this statement is true, complete and correct.

February 10, 2005

NEEDHAM INVESTMENT MANAGEMENT L.L.C.

By: /s/ John C. Michaelson
Name: John C. Michaelson
Title: President and Chief Executive Officer

THE NEEDHAM FUNDS, INC.

By: /s/ Glen W. Albanese
Name: Glen W. Albanese
Title: Chief Financial Officer

AGREEMENT

The undersigned, Needham Investment Management L.L.C. and The Needham Funds, Inc., agree that the statement to which this exhibit is appended is filed on behalf of each of them.

February 10, 2005

NEEDHAM INVESTMENT MANAGEMENT L.L.C.

By: /s/ John C. Michaelson
Name: John C. Michaelson
Title: President and Chief Executive Officer

THE NEEDHAM FUNDS, INC.

By: /s/ Glen W. Albanese
Name: Glen W. Albanese
Title: Chief Financial Officer