PLANET TECHNOLOGIES, INC
Form DEFM14A
July 26, 2005

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SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

PLANET TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common Stock, no par value

(2) Aggregate number of securities to which transaction applies:
600,000 shares of Common Stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11
The proposed aggregate value of the transaction for purposes of calculating the filing fee is $1,050,000. The aggregate value was determined by (a) multiplying (i) 600,000 shares of common stock that are proposed to be exchanged by (ii) $1.75 which represents the market value of each share of Common Stock to be acquired in the acquisition.

(Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:
$1,050,000

(5) Total fee paid:
$123.59

þ Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PLANET TECHNOLOGIES, INC.
6835 Flanders Drive, Suite 100
San Diego, California 92121
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 10, 2005

DEAR SHAREHOLDERS:

Notice is hereby given that the Annual Meeting of Shareholders of Planet Technologies, Inc., a California corporation (the Company), will be held on August 10, 2005, at 10:00 a.m. local time, at 800 Silverado Street, Second Floor, La Jolla, California 92037 for the following purpose:

1. To adopt and approve the Agreement and Plan of Merger, dated March 7, 2005, among Allergy Control Products, Inc., a Delaware corporation (ACP) and Jonathan T. Dawson, an individual and the sole shareholder of ACP, and the Company, and to approve the merger between ACP Acquisition Corp., a wholly owned subsidiary of the Company and ACP (the Merger) pursuant to which ACP will become a wholly owned subsidiary of the Company and the sole shareholder will receive 600,000 shares of the common stock of the Company;

2. To elect five (5) directors to hold office until the next Annual Meeting of Shareholders or until their successors are elected and qualified;

3. To approve the Company s 2000 Stock Option Plan, as amended, to increase the aggregate number of shares of common stock reserved for issuance under such plan from 100,000 to 350,000;

4. To approve the engagement of J.H. Cohn LLP, its independent registered public accounting firm, for the fiscal year ending December 31, 2005; and

5. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors of the Company has approved each of the proposals and recommends that you vote IN FAVOR of each of the proposals as described in the attached materials. Before voting, you should carefully review all of the information contained in the attached proxy statement and in particular you should consider the matters discussed under Risk Factors under certain of the Proposals listed above.

All shareholders are cordially invited to attend the Annual Meeting. Only shareholders of record at the close of business on June 15, 2005, are entitled to notice of and to vote at the Annual Meeting and any adjustments thereof. A complete list of shareholders entitled to vote at the Annual Meeting will be available at the meeting.

Sincerely,
/s/ Scott L. Glenn
Scott L. Glenn

San Diego, California
July 25, 2005

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING. A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR THAT PURPOSE. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.
THE DEADLINE FOR THE RETURN OF YOUR PROXY IS August 9, 2005.

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PLANET TECHNOLOGIES, INC.
6835 Flanders Drive, Suite 100
San Diego, California 92121
PROXY STATEMENT
SUMMARY TERM SHEET

THIS SUMMARY MAY NOT CONTAIN ALL OF THE INFORMATION THAT IS IMPORTANT TO YOU. FOR A MORE COMPLETE UNDERSTANDING OF THE INFORMATION CONTAINED IN THIS PROXY STATEMENT, YOU SHOULD READ THE ENTIRE PROXY STATEMENT CAREFULLY, AS WELL AS THE ADDITIONAL DOCUMENTS TO WHICH IT REFERS.

THE ANNUAL MEETING

Date, Time and Place of Annual Meeting	The Annual Meeting will be held on August 10, 2005, beginning at 10:00 a.m., La Jolla time, at 800 Silverado Street, La Jolla, CA 92037.
Record Date: Shareholders Entitled to Vote; Quorum	Only holders of record of Planet common stock on June 15, 2005, are entitled to notice of and to vote at the Annual Meeting. As of the record date, there were 2,280,368 shares of Planet common stock outstanding. The presence, in person or by proxy, of the holders of a majority of our common stock will constitute a quorum.
Vote Required	Holders of a majority of the outstanding common stock are required to vote in favor of Proposal 1 for such proposal to pass; the five persons with the most number of votes will be elected directors pursuant to Proposal 2; and assuming a quorum is present, the affirmative vote of a majority of the shares represented and voting, either present in person or represented by proxy at the meeting are required to vote in favor of Proposals 3 and 4 for such proposals to pass.
Recommendation of Board of Directors	Our Board of Directors unanimously approved each of the Proposals to be considered at the Annual Meeting. The Board recommends that the stockholders vote FOR each proposal.

PROPOSAL 1 ALLERGY CONTROL PRODUCTS MERGER

Companies Involved in the Merger	Planet Technologies, Inc. is engaged in the business of designing, manufacturing, selling, and distributing consumer products for use by allergy sensitive persons, including air filters, bedding and similar products. Allergy Control Products, Inc. is engaged in the business of developing and marketing environmental controls to reduce allergen exposure. Such environmental control products include: allergen proof pillow and mattress encasings, HEPA filter air cleaners, HEPA filter vacuum cleaners, carpet treatments and respiratory products.

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Summary of the Merger	In the Merger, the Company will issue and deliver to the sole-shareholder of ACP approximately 600,000 shares of the Company s common stock (or 300 shares of Company common stock for each one share of ACP common stock outstanding). As a condition to, and simultaneously with, the effective time of the Merger, the Company shall cause to be paid to Jonathan T. Dawson the sum of $1,500,000 cash in full payment of all indebtedness of ACP to Mr. Dawson, its sole-shareholder.
Reasons for the Merger	In approving the Merger and in recommending that the Company s shareholders approve the Agreement and Plan of Merger and the Merger, the Company s Board of Directors considered a number of factors. The Company considered the impact on combining the Company s business with ACP s business, and the potential positive results of combining the operations and technology of ACP with the operations and technology of the Company.
Accounting Treatment	For Accounting purposes Planet will be deemed Acquirer. The transaction will be accounted for as a purchase with Planet as the accounting acquirer. At the consummation of the transaction, the purchase price will be allocated to the fair value of the assets acquired with the excess attributed to goodwill. There are no other identifiable intangible assets involved with the transaction. At this stage of the transaction, given the current nature of the assets of ACP, (i.e. accounts receivable and inventory) the book value has been assumed to equal the fair market value and the excess of the purchase price over that value has been assumed to be goodwill.
Background and Negotiations Related to the Merger	The Company and ACP have been discussing the possibility of merger since late 2004. The discussions led to entering into the Agreement and Plan of Merger on March 7, 2005.
Material Tax Consequences to the Company and its Shareholders	The Merger should not result in any material tax consequences to either the Company or its shareholders. We believe the Merger will qualify as a reorganization as defined in Section 368 of the Internal Revenue Code as either a statutory merger, or a stock for stock acquisition. We have not obtained or requested an opinion of tax counsel or a revenue ruling from the IRS regarding the tax consequences of the transaction. In addition, we do not believe that there is significant appreciation in the carrying value for federal or state income tax purposes of the assets of either ACP or Planet, which if the transaction was recharacterized as a purchase and sale would result in material taxable income to either Planet or ACP which would not be offset by current losses or loss carry forwards. The shareholders of Planet will not be distributed any cash or other consideration in connection with the Merger transaction and we therefore believe that there will be no material tax consequence to our shareholders. Again, we have not requested or obtained a tax opinion or revenue ruling regarding the tax consequences to our shareholders.
Dissenters Rights	If the Merger is approved by the required vote of the Company s shareholders and is not abandoned or terminated, holders of the

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	Company s common stock who did not vote in favor of the Merger and who notify the Company in writing of their intent to demand payment of their shares if the Merger is consummated, may, by complying with Sections 1300 through 1312 of the California Corporations Code, be entitled to dissenters rights as described therein. The Company s shareholders must notify the Company of their intent to dissent within 30 days of the date that the notice of approval of the Merger is mailed to all the Company s shareholders who did not vote in favor of the Merger.
Vote Required to Approve the Agreement and Plan of Merger and the Merger	The affirmative vote of holders of the majority of outstanding common stock is required to approve the Agreement and Plan of Merger and the Merger.
PROPOSAL 2 ELECTION OF DIRECTORS	
Nominees	There are five board nominees for the five board positions presently authorized by the Company s current bylaws. The names of the nominees are H. M. Busby; Scott L. Glenn; Eric B. Freedus, Ellen Preston; and Michael Trinkle.
Voting	Shares represented by executed proxies will vote, if authority to do so is not withheld, for the election of the nominees. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as management may propose. Each person nominated for election has agreed to serve if elected and management has no reason to believe that any nominee will be unable to serve.
PROPOSAL 3 AMENDMENT TO THE 2000 STOCK OPTION PLAN	
Description of the 2000 Plan, as Amended	The Company proposes to increase the number of shares reserved for issuance under the 2000 Plan from 100,000 shares to 350,000 shares. The purpose of the increase is to reserve an adequate number of shares of Common Stock for awards pursuant to the 2000 Plan sufficient to accommodate the retention of the current Board of Directors and executive officers of the Company and Edward Steube as President/ CEO of ACP, as a subsidiary of the Company, and in the future, other key employees, officers and directors. The number of shares available for issuance will be subject to adjustment to prevent dilution in the event of stock splits, stock dividends or other changes in the capitalization of the Company. As part of the Merger, and for his remaining the President/ CEO of ACP, Edward Steube will be granted the right to the option to purchase 100,000 shares of Company common stock. This represents the total number of shares under the 2000 Plan awarded pursuant to the Merger. In addition, the Company has issued a total of 226,043 options to officers and directors of the Company for services provided that are subject to shareholder approval of this Proposal 3.

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Tax Consequences	For Federal Income Tax purposes, the grant to an optionee of a non-incentive option generally will not constitute a taxable event to the optionee or to the Company. Similarly, for Federal Income Tax purposes, in general, neither the grant nor the exercise of an incentive option will constitute a taxable event to the optionee or to the Company, assuming the incentive option qualifies as an Incentive Stock Option under Internal Revenue Code Section 422. Proposal 1 is dependent upon the approval of this Proposal 3. If Proposal 3 is not approved, the Company does not have sufficient shares available for issuance under the 2000 Plan in order to grant options to Edward Steube.
Vote Required to Approve	Assuming a quorum is present, the affirmative vote of a majority of the shares represented and voting, either present in person or represented by proxy at the meeting are required to vote in favor.

PROPOSAL 4 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Engagement of Accountant	We have approved retaining J.H. Cohn LLP to serve as our independent registered public accounting firm for the 2005 fiscal year and we seek stockholder ratification of that decision.
Vote Required to Approve	Assuming a quorum is present, the affirmative vote of a majority of the shares represented and voting, either present in person or represented by proxy at the meeting are required to vote in favor.

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PLANET TECHNOLOGIES, INC.
6835 Flanders Drive, Suite 100
San Diego, California 92121
PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON August 10, 2005
INFORMATION CONCERNING SOLICITATION AND VOTING

INTRODUCTION

General Information

The enclosed proxy is solicited on behalf of the Board of Directors (the Board) of Planet Technologies, Inc., a California corporation (the Company), for use at the Annual Meeting of Shareholders to be held on August 10, 2005 at 10:00 a.m. local time (the Annual Meeting), or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at 800 Silverado Street, Second Floor, La Jolla, California 92037. The Company intends to mail this proxy statement and accompanying proxy card on or about July 25, 2005, to all shareholders entitled to vote at the Annual Meeting.

Solicitation

The Company will bear the entire cost of solicitation of proxies including preparation, assembly, printing and mailing of this proxy statement, the proxy and any additional information furnished to shareholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of Common Stock beneficially owned by others to forward to such beneficial owners. The Company may reimburse persons representing beneficial owners of Common Stock for their costs of forwarding solicitation materials to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, telegram or personal solicitation by directors, officers or other regular employees of the Company. No additional compensation will be paid to directors, officers or other regular employees for such services.

Voting Rights and Outstanding Shares

For purposes of the Annual Meeting, a quorum means a majority of the outstanding shares entitled to vote. Holders of record of the Company s Common Stock at the close of business on June 15, 2005 (the Record Date) will be entitled to notice of and to vote at the Annual Meeting. At the close of business on June 15, 2005, the Company had outstanding and entitled to vote 2,280,368 shares of Common Stock. In determining whether a quorum exists at the Annual meeting, all shares represented in person or by proxy, including abstentions and broker non-votes, will be counted.

Except as provided below, on all matters to be voted upon at the Annual Meeting, each holder of record of Common Stock on the Record Date will be entitled to one vote for each share held. With respect to the election of directors, shareholders may exercise cumulative voting rights, i.e., each shareholder entitled to vote for the election of directors may cast a total number of votes equal to the number of directors to be elected multiplied by the number of such shareholder shares (on an as converted basis), and may cast such total of votes for one or more candidates in such proportions as such shareholder chooses.

All votes will be tabulated by the inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

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How to Vote

Please sign, date and return the enclosed proxy card promptly. If your shares are held in the name of a bank, broker, or other holder of record (that is, in street name) you will receive instructions from the holder of record that you must follow for your shares to be voted.

Revocability of Proxies

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing with the Secretary of the Company at the Company s principal executive office, 6835 Flanders Drive, Suite 100, San Diego, California 92121, a written notice of revocation or a duly executed proxy bearing a later date, or it may be revoked by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

Votes Required to Approve Proposals

Shares represented by executed proxies that are not revoked will be voted in accordance with the instructions in the proxy, or in the absence of instructions, in accordance with the recommendations of the Board of Directors. Assuming a quorum is present at the Annual Meeting, the following table sets forth the votes required to approve each Proposal:

Proposal	Vote Required to Approve
Proposal 1 (Adopt and approve Agreement and Plan of Merger and the Merger)	Holders of a majority of the outstanding common stock.
Proposal 2 (Elect directors)	The five persons with the most number of votes will be elected.
Proposal 3 (Amend 2000 Stock Option Plan)	Assuming a quorum is present, the affirmative vote of a majority of the shares represented and voting, either present in person or represented by proxy at the meeting are required to vote in favor.
Proposal 4 (Ratify Appointment of Independent Registered Public Accounting Firm)	Assuming a quorum is present, the affirmative vote of a majority of the shares represented and voting, either present in person or represented by proxy at the meeting are required to vote in favor.
Other Business	Assuming a quorum is present, the affirmative vote of a majority of the shares represented and voting, either present in person or represented by proxy at the meeting are required to vote in favor.

Board Recommendations

The Board of Directors unanimously approved each of the Proposals to be considered at the Annual Meeting and recommends that shareholders also vote IN FAVOR OF approval of each Proposal.

Shareholder Proposals

The deadline for submitting a shareholder proposal for inclusion in the Company s proxy statement and form of proxy for the Company s 2006 Annual Meeting of Shareholders pursuant to Rule 14a-8 of the Securities and Exchange Commission is January 27, 2006. Shareholders are also advised to review the Company s current Bylaws, which contain additional requirements with respect to advance notice of shareholder proposals and director nominations.

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STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements that involve substantial risks and uncertainties. In some cases you can identify these statements by forward-looking words such as anticipate, believe, could, estimate, exp intend, may, should, will, and would or similar words. In particular, statements regarding expected strategic ben advantages and other effects of the Merger and other proposals described in this proxy statement are forward-looking statements. You should read forward-looking statements carefully because they may discuss our future expectations, contain projections of the Company s and ACP s future results of operations or of our financial position or state other forward-looking information. The Company believes that it is important to communicate its future expectations to their investors. However, there may be events in the future that the Company is not able to accurately predict or control. The factors listed above in the sections captioned Risk Factors, as well as any cautionary language in this proxy statement, provide examples of risks, uncertainties and events that may cause the actual results to differ materially from any expectations they describe. Actual results or outcomes may differ materially from those predicted in the forward-looking statements due to the risks and uncertainties inherent in their business, including risks and uncertainties in:

market acceptance of and continuing demand for its products;

the Company s ability to protect its intellectual property;

the impact of competitive products, pricing and customer service and support;

the Company s ability to obtain additional financing to support their operations;

obtaining and maintaining regulatory approval where required;

changing market conditions; and

other risks detailed in this proxy statement.

You should not place undue reliance on any forward-looking statements, which reflect the views of the Company s and ACP s management only as of the date of this proxy statement. The Company and ACP are not obligated to update any forward-looking statements to reflect events or circumstances that occur after the date on which such statement is made.

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: WHY IS THE COMPANY MERGING WITH ACP?

A: The Company intends to expand its product scope and business operations through its merger with ACP. We believe the Company s acquisition of ACP s business will provide the Company with an operating business complementary with certain of the allergy products that the Company has developed and currently markets, as well as open new markets for the Company s products.

Q: WHAT WILL ACP RECEIVE IN THE MERGER?

A: In the Merger, each share of ACP common stock shall be converted into the right to receive 300 shares of Company common stock. The sole shareholder of ACP currently holds 2,000 shares of ACP common stock, which is convertible into 600,000 shares of Company common stock, or 300 shares of Company common stock for each one share of ACP common stock outstanding.

As a condition to, and simultaneously with, the effective time of the Merger, the Company shall cause to be paid to Jonathan T. Dawson, the sole shareholder of ACP, the sum of $1,500,000 cash in full repayment of all indebtedness of ACP to Mr. Dawson.

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Q: HOW WILL THE COMPANY SHAREHOLDERS BE AFFECTED BY THE MERGER?

A: The Company shareholders will continue to own the same number of shares of the Company common stock that they owned immediately prior to the Merger. Each share of the Company common stock, however, will represent a smaller ownership percentage of a larger company.

Q: WHAT ARE THE MATERIAL UNITED STATES TAX CONSEQUENCES OF THE MERGER TO THE COMPANY SHAREHOLDERS?

A: The Merger standing alone is not expected to result in any material tax consequences to the Company or the Company shareholders for United States income tax purposes.

We believe the Merger will qualify as a reorganization as defined in Section 368 of the Internal Revenue Code as either a statutory merger, or a stock for stock acquisition. We have not obtained or requested an opinion of tax counsel or a revenue ruling from the IRS regarding the tax consequences of the transaction. In addition, we do not believe that there is significant appreciation in the carrying value for federal or state income tax purposes of the assets of either ACP or Planet, which if the transaction was recharacterized as a purchase and sale would result in material taxable income to either Planet or ACP which would not be offset by current losses or loss carry forwards. The shareholders of Planet will not be distributed any cash or other consideration in connection with the Merger transaction and we therefore believe that there will be no material tax consequence to our shareholders. Again, we have not requested or obtained a tax opinion or revenue ruling regarding the tax consequences to our shareholders.

Q: WHAT SHAREHOLDER VOTES ARE NEEDED TO APPROVE THE MERGER?

A: The affirmative vote of the holders of a majority of the outstanding shares of the Company common stock is required to approve the proposed Agreement and Plan of Merger and the Merger.

Q: HOW WILL THE MERGER EFFECT THE DISTRIBUTION OF COMPANY COMMON STOCK AMONG SHAREHOLDERS?

A: Pre-merger, non-affiliates own 47.5% and affiliates own 52.5% of the outstanding common stock of the Company.

Post-merger, non-affiliates (excluding Jonathan T. Dawson) would own 37.6%, affiliates would own 41.5% and Jonathan T. Dawson the sole shareholder of ACP would own 21% of the outstanding common stock of the Company.

Q: WHEN DOES THE COMPANY EXPECT TO COMPLETE THE MERGER?

A: The Company and ACP are working to complete the Merger as quickly as possible. We expect to complete the Merger as soon as reasonably possible after the requisite shareholder votes have been obtained.

Q: ARE THE COMPANY SHAREHOLDERS ENTITLED TO DISSENTERS RIGHTS?

A: If the Merger is approved by the required vote of the Company s shareholders and is not abandoned or terminated, holders of the Company s common stock who did not vote in favor of the Merger and who notify the Company in writing of their intent to demand payment of their shares if the Merger is consummated, may, by complying with Sections 1300 through 1312 of the California Corporations Code, a copy of which is attached hereto as Exhibit D , be entitled to dissenters rights as described therein. The Company s shareholders must notify the Company of their intent to dissent within 30 days of the date that the notice of approval of the Merger is mailed to all the Company s shareholders who did not vote in favor of the Merger.

Q: WHAT DO I NEED TO DO NOW?

A: After carefully reading and considering the information contained in this proxy statement, please complete, sign and date your proxy and return it in the enclosed return envelope as soon as possible, so that your shares may be represented at the annual meeting of the Company shareholders. If you sign, date and return your proxy card but do not include instructions on how to vote your proxy, we will vote your shares IN

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FAVOR of each proposal described in this proxy statement. You may attend the annual meeting, if you are a Company shareholder and vote your shares in person rather than voting by proxy.

Q: IF MY BROKER HOLDS MY SHARES IN STREET NAME, WILL MY BROKER VOTE MY SHARES FOR ME?

A: Generally your broker will vote your shares only if you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker.

Q: WHAT HAPPENS IF I DO NOT VOTE?

A: If you do not submit a proxy or vote at your annual meeting, your shares will not be counted for the purpose of determining the presence of a quorum and your inaction will have the same effect as a vote against Proposal 1 but may have no effect on the outcome of the other proposals. If you submit a proxy and affirmatively elect to abstain from voting, your shares will be counted for the purpose of determining the presence of a quorum but will not be voted at the annual meeting. As a result, your abstention will have the same effect as a vote against Proposal 1 but will have no effect on the outcome of the other proposals.

Q: CAN I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY?

A: Yes. You can change your vote at any time before your proxy is voted at the Company s annual meeting. You can do this in one of three ways:

timely delivery of a valid, later-dated proxy by mail;

revoking your proxy by written notice to the corporate secretary of the Company; or

voting in person by written ballot at the Company annual meeting.

If you have instructed a broker to vote your shares, you must follow the directions from your broker on how to change that vote.

Q: WHAT IS THE DEADLINE FOR THE RETURN OF MY PROXY?

A. The Company must receive your Proxy no later than August 9, 2005

Q: ARE THERE ANY RISKS I SHOULD CONSIDER IN DECIDING WHETHER TO VOTE FOR THE PROPOSALS DESCRIBED IN THIS PROXY STATEMENT?

A: We have listed in the section entitled Risk Factors the risks among others that you should consider in deciding whether to vote for Proposal No. 1 described in this proxy statement.

Q: WHOM SHOULD I CALL WITH QUESTIONS?

A: If you have any questions about the Merger or about any of the other proposals described in this proxy statement or the enclosed proxy, you should contact:

Planet Technologies, Inc.
6835 Flanders Drive, Suite 100
San Diego, California 92121
(858) 457-4742
Attention: Scott L. Glenn

You may also obtain additional information about the Company from documents filed with the SEC by accessing EDGAR, the SEC s online filing system at www.sec.gov.

RISK FACTORS

Risk Factors Associated With the Merger

An investment in the Company s common stock is subject to many risks. You should carefully consider the risks described below, together with all of the other information included in this proxy statement, including

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the financial statements and the related notes, before you decide whether to approve the Acquisition. The Company s business, operating results and financial condition could be harmed by any of the following risks. The trading price of the Company s common stock could decline due to any of these risks, and you could lose all or part of your investment.

The Company may not realize the intended benefits of the Merger if the Company is unable to consolidate its operations with those of ACP. Achieving the benefits of the Merger will depend in part on growing ACP s operations, combining the operations of ACP and the Company, and developing new markets for the Company s and ACP s products. This integration may be difficult and unpredictable because the Company s operations are based in San Diego, California, and ACP s operations are based in Ridgefield, Connecticut. The Company plans to consolidate operations into the Ridgefield facility. If the Company cannot successfully integrate the two businesses, the Company may not realize the expected benefits of the Merger.

The Merger will result in significant costs to the Company and ACP, whether or not the Merger is completed. The Merger will result in significant costs to the Company and ACP. Transaction costs are estimated to be at least $100,000. These costs are expected to consist primarily of fees for attorneys, accountants, filing fees and financial printers. All of these costs will be incurred whether or not the Merger is completed. In addition, if the Agreement and Plan of Merger is terminated under specified circumstances, the Company may be obligated to pay a $150,000 termination fee.

We could be exposed to unknown liabilities of ACP. If there are liabilities of ACP which we do not know of, as a merger, in all likelihood, Planet would assume these liabilities and may have little or no recourse against the shareholder of ACP who will receive substantially all of the consideration for the transaction. If we discovered that there were intentional misrepresentations made to us by ACP, its shareholder or its representatives, we would explore all possible legal remedies to compensate us for any loss. However, there is no assurance that legal remedies would be available or collectible. The Board considered the possibility that Planet could be subjected to unknown liabilities in connection with evaluating the Merger transaction.

Failure to complete the Merger could cause the Company s Stock Price to decline. If the Merger is not completed for any reason, the Company s stock price may decline because costs related to the Merger, such as legal and accounting, must be paid even if the Merger is not completed. In addition, if the Merger is not completed, the Company s stock price may decline to the extent that the current market price reflects a market assumption that the Merger will be completed.

If the conditions to the Merger are not met, the Merger will not occur. Specified conditions must be satisfied or waived to complete the Merger. These conditions are summarized in the section captioned Conditions to Completion of the Merger and are described in detail in the Agreement and Plan of Merger. The Company cannot assure you that each of the conditions will be satisfied. If the conditions are not satisfied or waived, the Merger will not occur or will be delayed and the Company may lose some or all of the intended benefits of the Merger.

The Company and ACP may waive one or more of the conditions to the Merger without resoliciting shareholder approval for the Merger. Each of the conditions to the Company s and ACP s obligations to complete the Merger may be waived, in whole or in part, to the extent permitted by applicable laws, by agreement of the Company and ACP. The board of directors of the Company will evaluate the materiality of any such waiver to determine whether amendment of this proxy statement and resolicitation of proxies is warranted. However, the Company generally does not expect any such waiver to be sufficiently material to warrant resolicitation of the shareholders. In the event that the board of directors of the Company determines any such waiver is not sufficiently material to warrant resolicitation of shareholders, the Company will have the discretion to complete the Merger without seeking further shareholder approval. Any waiver not deemed material by the board of directors, and not put before the shareholders for approval, would not be expected to create a material risk to shareholders. The Board would only waive a Condition after making a determination that any such waiver would have no material affect on the rights and benefits the Company and its shareholders expect to receive from the Merger. If the Board chooses to waive a Condition, a shareholder will not have an opportunity to vote on that waiver and the Company and shareholders will not have the benefit, if any, of the Condition waived.

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Sales of ACP S products could decline or be inhibited if customer relationships are disrupted by the Merger. The Merger may have the effect of disrupting customer relationships. ACP s customers or potential customers may delay or alter buying patterns during the pendency of and following the Merger. Customers may defer purchasing decisions as they evaluate the likelihood of successful completion of the Merger. ACP s customers or potential customers may instead purchase products of competitors. Any significant delay or reduction in orders for ACP s products could cause the Company s sales, following the Merger, to decline.

The Company may enter into subsequent agreements to merge or consolidate with other companies, and it may incur significant costs in the process, whether or not the transactions are completed. The Company may enter into other merger agreements, in addition to the Agreement and Plan of Merger with ACP, in furtherance of the Company s strategy to consolidate with other companies in the allergy market. The Company may not be able to close any mergers on the timetable it anticipates, if at all. The Company may incur significant non-recoverable expenses in these efforts.

The Company s Prospects for obtaining additional financing are uncertain and failure to achieve profitability or obtain needed financing will affect its ability to pursue future growth, harm its business operations and affect its ability to continue as a going concern. If the Company is unable to achieve profitability or raise additional debt or equity financing, it will not be able to continue as a going concern. The Company s future capital requirements will depend upon many factors, including development costs of new products, potential acquisition opportunities, maintenance of adequate contract manufacturing agreements, progress of research and development efforts, expansion of marketing and sales efforts and the status of competitive products. Additional financing may not be available in the future on acceptable terms or at all. The Company s history of substantial operating losses could also severely limit the Company s ability to raise additional financing. In addition, given the recent price of its common stock, if the Company raises additional funds by issuing equity securities, additional significant dilution to its shareholders could result.

If the Company is unable to increase sales, decrease costs, or obtain additional equity or debt financing, the Company may be required to close business or product lines, further restructure or refinance its debt or delay, scale back further or eliminate its research and development program. The Company may also need to obtain funds through arrangements with partners or others that may require it to relinquish its rights to certain technologies or potential products or other assets. The Company s inability to obtain capital, or its ability to obtain additional capital only upon onerous terms, could very seriously damage its business, operating results and financial condition.

Issuing additional Securities as a means of raising capital and the future sales of these Securities in the Public Market could lower the Company s stock price and adversely affect its ability to raise additional capital in subsequent financings, impair its ability in New Stock Offerings to raise funds to continue operations, and will have a significant dilutive effect on the Company s existing shareholders. The Company intends to rely on debt and equity financings to meet its working capital needs. If the securities that the Company issues in these financings are subsequently sold in the public market, the trading price of its common stock may be negatively affected. As of April 12, 2005, the last reported sale price of the Company common stock was $1.25. If the market price of the Company common stock continues to decrease, The Company may not be able to conduct additional financings in the future on acceptable terms or at all, and its ability to raise additional capital will be significantly limited.

Future sales of the Company s common stock, particularly shares issued upon the exercise or conversion of outstanding or newly issued securities upon exercise of its outstanding options, could have a significant negative effect on the market price of the Company s common stock. These sales might also make it more difficult for the Company to sell equity securities or equity-related securities in the future at a time and price that it would deem appropriate. The Company has agreed to use its best efforts to register shares issued to the sole-shareholder of ACP. When these shares are registered, there will be many more shares that may be sold, which could have a significant negative impact on the market price of the Company s common stock.

Shares issued in connection with the Merger and the conversion or exercise of convertible securities into shares of the Company s common stock will result in substantial dilution to the Company s existing

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shareholders. In order to consummate the merger with ACP, the Company intends to issue approximately 600,000 shares of common stock to the sole-shareholder of ACP.

The Company s stock price has been volatile and has experienced significant decline, and it may continue to be volatile and continue to decline. In recent years, the stock market in general, and the market for shares of small capitalization technology stocks in particular, have experienced extreme price fluctuations. These fluctuations have often negatively affected small cap companies such as the Company, and may impact its ability to raise equity capital. Companies with liquidity problems also often experience downward stock price volatility. The Company believes that factors such as announcements of developments relating to its business (including any financings or any resolution of liabilities), announcements of technological innovations or new products or enhancements by the Company or its competitors, sales by competitors, sales of significant volumes of the Company s common stock into the public market, developments in its relationships with customers, partners, lenders, distributors and suppliers, shortfalls or changes in revenues, gross margins, earnings or losses or other financial results that differ from analysts expectations, regulatory developments and fluctuations in results of operations could and have caused the price of the Company common stock to fluctuate widely and decline over the past three or more years during the technology recession. The market price of the Company common stock may continue to decline, or otherwise continue to experience significant fluctuations in the future, including fluctuations that are unrelated to the Company s performance.

Consummation of the Merger will result in diminution of Voting Control by current shareholders of the Company. The proposed terms of the Merger will result in the sole shareholder of ACP acquiring an approximate twenty one (21%) percent of the voting shares of the Company. As a result, each individual shareholder of the Company will not exert the same degree of voting power with respect to the combined company that it did with the Company prior to the consummation of the Merger.

No fairness Opinion has been obtained. Because of the absence of a fairness opinion, there will be no independent assurance from an expert that the consummation of the Acquisition is fair from a financial point of view to the shareholders of the Company.

Risk Factors of the Merged Company

Amendments to the Telemarketing Sales Rule (the TSR). The amendments to the TSR in 2003 may have a material impact on Planet s and ACP s revenue and profitability. The addition of a national do-not-call list to the growing number of states that already have do-not-call lists has reduced the number of households that the Company may call. Approximately seventy-percent (70%) of Planet s historical customers have placed their names on the national do-not-call list. The Company believes that increasing numbers of its customers will join the DNC list in the future and so has developed direct mailing programs and other sales initiatives to mitigate the effect on future revenues. The Company is also considering regional and national radio campaigns to reach new customers and plans to diversify its direct-to-consumer approach via strategic acquisition.

In addition to the federal legislation and regulations, there are numerous state statutes and regulations governing telemarketing activities, which do or may apply to us. For example, some states also place restrictions on the methods and timing of telemarketing calls and require that certain mandatory disclosures be made during the course of a telemarketing call. Some states also require that telemarketers register in the state before conducting telemarketing business in the state.

We specifically train our telemarketing representatives to handle calls in an approved manner and believe we comply in all material respects with all federal and state telemarketing regulations. There can be no assurance, however, that Planet would not be subject to regulatory challenge for a violation of federal or state law.

If ACP and Planet continue to experience losses, then the combined company stock value will be negatively impacted. Future profitability is anticipated, but there is no assurance that ACP and/or Planet will become profitable, or if it does, that either will be able to sustain or increase profitability on a quarterly or annual basis. If ACP and/or Planet continues to run at a deficit, then the combined company will require a

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further infusion of capital. In addition, if the anticipated profitability of ACP and/or Planet does not come to fruition, this will likely have a negative impact on the combined company stock valuation.

Planet has experienced losses, we expect future losses and we may not become profitable. For the years ended December 31, 2004, and 2003, we had net losses of approximately $773,558 and $574,135, respectively. As of December 31, 2004, Planet had an accumulated deficit of approximately $3.7 million.

For the twelve months ended December 31, 2004, 2003 and 2002, ACP reported net losses of $317,933, $764,141 and $3,584,879, respectively. The 2002 loss included a goodwill impairment loss of $3,348,586 from the adoption of FASB No. 142. On December 31, 2004, ACP had an accumulated deficit of approximately $9.5 million.

Since we have historically incurred net losses, we expect this trend to continue until some indefinite date in the future. We may not become profitable. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

We will require additional capital in the future which may not be available. Our future capital requirements will depend on many factors, including:

the cost of manufacturing our products;

developing new markets for our products;

competing technological and market developments; and

the costs involved in filing, prosecuting and enforcing patent claims.

In the past, the Company has met its capital needs through private placements directed toward accredited investors and advances from affiliates. As of March 31, 2005, the unaudited pro forma condensed balance sheet for Planet and ACP shows combined current assets of approximately $1.3 million and combined current liabilities of approximately $1.7 million, resulting in working capital deficit of approximately $400,000. In addition, we will need $1.5 million to complete the Merger. To fund the working capital deficit, complete the Merger and raise cash for operations, we have sold 100,000 shares at $2.50 per share to raise $250,000 since March 31, 2005, as part of a $3 million private placement and intend to sell an additional 1,100,000 shares at $2.50 per share to raise an additional $2.75 million immediately prior to the closing of the Merger. Although Planet has no written commitment from the investors, Mr. Glenn has advised Planet that two equity investment funds affiliated with Mr. Glenn are prepared to and will purchase the balance of the private placement prior to the closing of the Merger.

The Company has received written consent from ACP and Dawson, granting the Company the right to proceed with the $3.0 million private placement.

After completion of the $3 million private placement and the Merger, we anticipate that our existing resources combined with revenues will enable us to maintain our current and planned operations through December 31, 2005. However, changes in our plans or other events affecting our operating expenses, such as acquisition opportunities, may cause us to expend our existing resources sooner than expected.

We may seek additional funding through private placements of stock or strategic relationships. But the uncertainty as to our future profitability may make it difficult for us to secure additional financing on acceptable terms, if we are able to secure additional financing at all. Insufficient funds may require us to delay, scale back or eliminate some or all of our activities.

We are subject to penny stock regulations. Our common stock is not listed or qualified for listing on NASDAQ or any national securities exchange but is only sporadically traded in the over-the-counter market in the so-called OTC Bulletin Board. As a result, an investor will find it difficult to dispose of, and to obtain accurate quotations as to the value of, our common stock.

Our common stock is classified as a penny stock by the Securities and Exchange Commission. The classification severely and adversely affects the market liquidity for our common stock. The Commission has adopted Rule 15g-9, which establishes the definition of a penny stock for the purposes relevant to us, as any

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equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require: (i) that a broker or dealer approve a person s account for transactions in penny stocks; and (ii) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person s account for transactions in penny stocks, the broker or dealer must (i) obtain financial information and investment experience objectives of the person; and (ii) make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks. The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedules prepared by the Commission relating to the penny stock market, which, in highlight form, sets forth (i) the basis on which the broker or dealer made the suitability determination and (ii) that the broker or dealer received a signed, written agreement from the investor prior to the transaction. Disclosure also has to be made about the risks of investing in penny stocks in public offerings and secondary trading and about the commissions payable to the broker-dealer and registered representative, current quotations for the securities and the rights and remedies available to an investor in case of fraud in penny stock transaction. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Any inability to adequately retain or protect our employees, customer relationships and proprietary technology could harm our ability to compete. Our future success and ability to compete depends in part upon our employees, customer relationships, proprietary technology and trademarks, which we attempt to protect with a combination of trademark and trade secret claims. These legal protections afford only limited protection. Further, despite our efforts, we may be unable to prevent third parties from soliciting our employees or customers or infringing upon or misappropriating our intellectual property. Our employees, customer relationships and intellectual property may not be adequate to provide us with a competitive advantage or to prevent competitors from entering the markets for our product and services. Additionally, our competitors could independently develop non-infringing technologies that are competitive with, and equivalent or superior to, our products. We will monitor infringement and/or misappropriation of our proprietary rights. However, even if we do detect infringement or misappropriation of our proprietary rights, litigation to enforce these rights could cause us to divert financial and other resources away from our business operations.