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BLONDER TONGUE LABORATORIES INC

Form 8-K

April 04, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 29, 2005

Blonder Tongue Laboratories, Inc.
(Exact Name of registrant as specified in its charter)

Delaware	1-14120	52-1611421
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Jake Brown Road, Old Bridge, New Jersey 08857
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (732) 679-4000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01 Entry into a Material Definitive Agreement

Amendment to Loan and Security Agreement

On March 30, 2005, Blonder Tongue Laboratories, Inc. (the "Company") executed a Third Amendment to Loan and Security Agreement (the "Amendment") with Commerce Bank, NA (the "Bank"). The Amendment amends the Loan and Security Agreement dated March 20, 2002, as amended ("Loan Agreement"). The Amendment (i) extends the maturity date of the Company's line of credit until April 1, 2006, (ii) provides for an interest rate on the line of credit of the prime rate plus 2.0%, with a floor of 5.5%, (iii) waives the applicability of the consolidated pre-tax income covenant for the quarter ended December 31, 2004, (iv) suspends the applicability of the cash flow coverage ratio covenant until March 31, 2006, and (v) imposes a financial covenant requiring the Company to achieve certain levels of consolidated pre-tax income on a quarterly basis commencing with the fiscal quarter ended March 31, 2005. Upon a default under the Loan Agreement, including the non-payment of principal or interest, the obligations under the Loan Agreement may be accelerated. The Amendment also waived the Company's inability to meet one of its financial covenants as required under the Loan Agreement as of December 31, 2004.

Stock Option Grants to Executive Officers

On March 29, 2005, the Compensation Committee of the Board of Directors of the Company granted an option to purchase shares of the Company's common stock to each of its executive officers other than the Chief Executive Officer and the President. The executive officers who received an option are Peter Daly, Emily Nikoo, Norman Westcott, Eric Skolnik, Allen Horvath and Kant Mistry. These executive officers received an option to purchase 15,000 shares, except Mr. Daly who received an option to purchase 5,000 shares. All of these options were granted pursuant to the Company's 1995 Long Term Incentive Plan, except for the option to purchase 5,000 shares granted to Mr. Daly which was issued under the Company's 2005 Employee Equity Incentive Plan ("2005 Plan"). This grant to Mr. Daly is subject to approval of the 2005 Plan at the Company's Annual Meeting of Stockholders to be held on May 24, 2005. The options will become exercisable on May 31, 2005 and will expire on March 28, 2015. The exercise price of the options is \$3.84 per share, but is subject to increase if the fair market value of the common stock is higher than \$3.84 per share on the second trading day following the date of public disclosure of the Company's financial results for the fiscal year ended December 31, 2004. If higher, the exercise price will be equal to the fair market value (equal to the mean average of the high and low selling prices as reported on the American Stock Exchange) of the common stock on the second trading day following the date of public disclosure of the Company's financial results for the fiscal year ended December 31, 2004.

Criteria under Bonus Plan

On March 29, 2005, the Compensation Committee of the Board of Directors of the Company determined that the following executive officers will be participants in the Blonder Tongue Executive Officer Bonus Plan for the fiscal year ending December 31, 2005 ("Bonus Year"): Peter Daly, Alan Horvath James A. Luksch, Kant Mistry, Emily Nikoo, Robert J. Palle, Jr., Eric Skolnik, and Norman Westcott.

These participants will be entitled to share in a Bonus Pool based upon a subjectively determined allocation, which has not yet been finalized by the Compensation Committee. The Bonus Pool will be equal to the sum of (i) thirty percent (30%) of the first \$1,000,000 (or portion thereof) of the Company's pre-tax income, plus (ii) twenty percent (20%) of the Company's pre-tax income,

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in excess of \$1,000,000, but less than or equal to \$2,000,000, plus (iii) ten percent (10%) of the Company's pre-tax income, in

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excess of \$2,000,000, all as set forth on the Company's audited financial statements for the Bonus Year (in all cases calculated before taking into account any accrual for such Bonus Pool); provided, however, that in no event will the Bonus Pool exceed the sum of the Base Salary (as defined below) of all participants, in the aggregate. The maximum bonus that may be paid to any participant, regardless of the size of the Bonus Pool, is 100% of the participant's base salary as of January 1 in any Bonus Year ("Base Salary"). Also, no bonus will be paid to any participant unless the Bonus Pool equals or exceeds \$90,000.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BLONDER TONGUE LABORATORIES, INC.

By: /s/ Eric Skolnik
Eric Skolnik
Senior Vice President and Chief
Financial Officer

Date: April 4, 2005

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