BLONDER TONGUE LABORATORIES INC
Form 8-K
March 03, 2006

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): February 27, 2006

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))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On February 27, 2006 (the Closing Date), Blonder Tongue Laboratories, Inc. (Registrant) entered into (i) a side letter agreement (Side Letter) with Octalica, Inc. (Octalica), and (ii) a Second Amended and Restated Distribution Agreement (Amended Distribution Agreement) with T.M.T. - Third Millennium Technologies Ltd. (TMT), the manufacturer and supplier of the Registrant s MegaPort(TM)line of high-speed data communications products, each as described in greater detail below. These agreements were entered into in connection with TMT being acquired from Octalica on the Closing Date by Shenzhen Junao Technology Company Ltd. (Shenzhen), pursuant to a Share Purchase Agreement among Shenzhen, TMT and Octalica (the Share Purchase Agreement). Shenzhen is an affiliate of Master Gain International Industrial, Limited, the Registrant s joint venture partner in the Registrant s ongoing efforts to develop manufacturing operations in the Peoples Republic of China (the Joint Venture). In addition, on the Closing Date TMT also granted an option to acquire substantially all of its assets to a newly formed wholly-owned subsidiary of the Registrant, as this option is further described below.

On the Closing Date, among other things, (i) the Registrant entered into the Side Letter with Octalica whereby (a) the Registrant agreed to guaranty the payment by Shenzhen to Octalica of the purchase price described in the Share Purchase Agreement, and (b) Octalica and the Registrant exchanged mutual general releases; (ii) the Registrant and TMT entered into the Amended Distribution Agreement, whereby among other things, (a) the territory for the Registrant s existing exclusive distributorship was expanded from merely the United States, to include the entire world (other than China and the Pacific Rim countries), (b) certain volume purchase requirements formerly serving as conditions precedent to the continued exclusivity in favor of the Registrant were eliminated, (c) product pricing was reduced to more favorable levels for the Registrant, and (d) the term of the agreement was extended for 10 years from the Closing Date; and (iii) TMT granted to a newly formed wholly-owned subsidiary of the Registrant (Megaport), an assignable option (the Option) to acquire substantially all of TMT s assets and assume certain of its liabilities for an aggregate purchase price of the same amount and payable on the same terms as the payment obligation of Shenzhen to Octalica under the Share Purchase Agreement.

The purchase price for the TMT Stock under the Share Purchase Agreement (and therefore the amount and payment terms guaranteed by the Registrant under the Side Letter and also the purchase price under the Option) is the sum of $383,150 plus an earn-out. The earn-out will not exceed 4.5% of the net revenues derived from the sale of certain products during a period of 36 months commencing after the sale of certain specified quantities of TMT inventory following the Closing Date. The cash portion of the purchase price is payable (i) $22,100 on the 120th day following the Closing Date, (ii) $22,100 on the last day of the twenty-fourth month following the Closing Date, and (iii) $338,950 commencing upon the later of (A) the second anniversary of the Closing Date and (B) for each of the products specified in the Share Purchase Agreement, the date after which certain volume sales targets for such products have been met, and then only as and to the extent that revenues are derived from sales of such products. The Registrant anticipates that it will either cause Megaport to exercise the Option or will assign the Option to the Joint Venture or one or more of the Joint Venture s affiliates for exercise, prior to the expiration thereof. The Option has a term of one year, extendable by the optionee for an additional 90 days thereafter.

ITEM 2.03. CREATION OF DIRECT FINANCIAL OBLIGATION.

As described above in Item 1.01, the Registrant has guaranteed the obligations of Shenzhen under the Share Purchase Agreement. These obligations became effective on February 27, 2006, and the terms and conditions as described in detail in Item 1.01 above are incorporated into this Item 2.03 by reference. The exact amount of the obligations cannot be determined at this time as a portion of the purchase price under the Share Purchase Agreement is contingent upon or otherwise earned as a percentage of revenues derived from, the sale of products after closing, which cannot be quantified at this time.

ITEM 7.01. REGULATION FD DISCLOSURE.

The disclosure contained in Item 1.01 above is incorporated into this Item 7.01 by reference.

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. These statements are neither promises nor guarantees, are based upon assumptions and estimates that might not be realized and are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward looking statements. There are a number of factors that may cause actual results to differ from these forward-looking statements, including the success of marketing and sales strategies and new product development, the price of raw materials, and general economic and business conditions. Other risks and uncertainties that may materially affect the Registrant are provided in the Registrant's annual reports to shareholders and the Registrant's periodic reports filed with the Securities and Exchange Commission from time to time, including reports on Forms 10-K and 10-Q. Please refer to these documents for a more thorough description of these and other risk factors.

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 CFO

Date: March 2, 2006