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EASTERN CO
Form 8-K
November 08, 2006

UNITED STATES
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: November 8, 2006

(Date of earliest event reported)

The Eastern Company

(Exact name of Registrant as specified in its charter)

Connecticut ----- (State or other jurisdiction of incorporation)	0-599 ----- (Commission File Number)	06-0330020 ----- (IRS Employer identification No.)
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112 Bridge Street, Naugatuck, Connecticut ----- (Address of principal executive offices)	06770 ----- (Zip Code)
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(203) 729-2255

Registrant's telephone number, including area code)

(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 (see General Instruction A.2)

- 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)

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- [] 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))

SECTION 1 - REGISTRANT'S BUSINESS AND OPERATIONS

ITEM 1.01 - Entry into a Material Definitive Agreement

On November 8, 2006, pursuant to an Asset Purchase Agreement dated November 8, 2006 between the Registrant and Summit Manufacturing, Inc., a Connecticut corporation (the "Seller") and its shareholders Ralph Larson, Edwin Betancourt, Jr., and Joseph Perez (the "Shareholders"), the Registrant acquired certain assets of the Seller. See Item 2.01 for a brief description of the terms and conditions of the agreement.

SECTION 2 - FINANCIAL INFORMATION

ITEM 2.01 - Completion of Acquisition or Disposition of Assets

On November 8, 2006, pursuant to an Asset Purchase Agreement between the Registrant and Summit Manufacturing, Inc., a Connecticut corporation (the "Seller") and its shareholders Ralph Larson, Edwin Betancourt, Jr., and Joseph Perez (the "Shareholders"), the Registrant acquired certain assets of the Seller.

The purchase price for the assets acquired totaled \$836,334, including cash plus the assumption of bank debt and certain liabilities. At the closing \$215,000 was paid to the Seller in cash, \$296,195 was paid to extinguish the bank debt of Summit Manufacturing, Inc. and the balance represented assumed liabilities. The purchase price is subject to an earn-out provision which requires the Registrant to pay the Seller 4% of revenue from Summit products once such revenue exceeds an aggregate of \$4 million. The earn-out is payable monthly beginning after the \$4 million sales threshold is met and ending on December 1, 2011.

The assets acquired from the Seller included accounts receivable, inventories, a vehicle, furniture, fixtures and equipment, a patent, intellectual property rights and rights existing under all sales and purchase agreements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,

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The Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

The Eastern Company

Date: November 8, 2006

By: /s/Leonard F. Leganza

Leonard F. Leganza
President & CEO