BLONDER TONGUE LABORATORIES INC
Form 8-K
April 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): March 28, 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.

Amendment to Credit and Security Agreement

On March 29, 2005, Blonder Tongue Laboratories, Inc. (the "Company") and its majority-owned subsidiary, BDR Broadband, LLC ("BDR"), as Borrowers, and its wholly-owned subsidiary, Blonder Tongue Investment Company, as Guarantor, executed a First Amendment to Credit and Security Agreement (the "Amendment") with National City Business Credit, Inc. ("NCBC") and National City Bank (the "Bank"). The Amendment (i) modifies the definition of "EBITDA" to exclude certain non-cash items from the calculation thereof, (ii) increases the applicable interest rates for each of (a) the $10.0 million asset based revolving credit facility and (b) the $3.5 million term loan facility, by 25 basis points until such time as the Company has met certain financial covenants for two consecutive fiscal quarters, (iii) imposes an availability block of $500,000 under the Company's borrowing base until such time as the Company has met certain financial covenants for two consecutive fiscal quarters, and (iv) retroactively defers applicability of the fixed charge coverage ratio until June 30, 2006 and increases the required ratio from 1.00:1.00 to 1.10:1.00 thereunder.

Stock Option Grants to Executive Officers

On March 28, 2006, 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, including 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, Kant Mistry, James Luksch and Robert Palle, Jr. An option to purchase 25,000 shares was granted to each of Messrs. Westcott, Skolnik, Mistry and Horvath. Mr. Luksch received an option to purchase 45,000 shares, Mr. Palle and Ms. Nikoo each received an option to purchase 35,000 shares, and Mr. Daly received an option to purchase 20,000 shares. All of these options were granted pursuant to the Company's 2005 Employee Equity Incentive Plan. All of the options were granted as tax-qualified incentive stock options, except the options received by Messrs. Luksch and Palle and Ms. Nikoo, each of whom received non-qualified stock options. The options will become exercisable in three equal installments on the first, second and third anniversary of the date of grant and will expire on March 27, 2016. The exercise price of the options is $1.905 per share, but is subject to increase if the fair market value of the common stock is higher than $1.905 per share on the second trading day following the date of public disclosure of the Company's financial results for the first quarter ending March 31, 2006. 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 first quarter ending March 31, 2006.

Stock Option Grants to Directors

On March 28, 2006, the Board of Directors of the Company granted an option to purchase shares of the Company's common stock to each of its non-employee directors, other than James H. Williams. The directors who received an option are Robert Heaton, James F. Williams, Stephen Necessary, Robert Mayer and Gary Scharmett. Each of these directors received an option to purchase 10,000 shares of the Company's common stock. All of these options were granted pursuant to the Company's 2005 Director Equity Incentive Plan. The options will become exercisable on March 28, 2007 and will expire on March 27, 2016. The exercise price of the options is $1.905 per share, but is subject to increase if the fair market value of the common stock is higher than $1.905 per share on the second trading day following the date of public disclosure of the Company's financial results for the first quarter ending March 31, 2006. 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 first quarter ending March 31, 2006.

Also on March 28, 2006, Compensation Committee of the Board of Directors of the Company granted an option to purchase 10,000 shares of the Company's common stock to John Dwight who is a director of the Company and is also the Assistant to the President. The option was granted pursuant to the Company's 2005 Employee Equity Incentive Plan as a tax-qualified incentive stock option. The option becomes exercisable in three equal installments on the first, second and third anniversary of the date of grant and will expire on March 27, 2016. The exercise price of the option is $1.905 per share, but is subject to increase if the fair market value of the common stock is higher than $1.905 per share on the second trading day following the date of public disclosure of the Company's financial results for the first quarter ending March 31, 2006. 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 first quarter ending March 31, 2006.

Criteria under Bonus Plan

On March 28, 2006, 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, 2006 ("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, 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 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.

ITEM 5.02. DEPARTURE OF DIRECTOR.

On March 28, 2006, James H. Williams notified the Board of Directors of the Company that he will not stand for re-election as a Class II Director of the Company at the 2006 Annual Meeting of Shareholders to be held on May 24, 2006 (the "2006 Annual Meeting"). Mr. Williams will continue to serve as a Class II Director until his term expires at the 2006 Annual Meeting. Mr. Williams noted that his decision was for personal reasons and not due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices. Mr. Williams will continue to advise the Company pursuant to his existing Consulting Agreement.

In connection with Mr. Williams' decision not to stand for re-election, the Board of Directors determined to reduce the number of directors constituting the entire Board of Directors from nine (9) directors to eight (8) directors, eliminating one (1) position from the Class II Directors, effective at the upcoming 2006 Annual Meeting. As such, only two (2) directors will be nominated for election to the Board as Class II Directors at the 2006 Annual Meeting.

James A. Luksch, the Company's Chief Executive Officer and Chairman of the Board of Directors, expressed the Board's and the Company's thanks to Mr. Williams for his many years of dedication and service to the Company.

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 3, 2006