

DGT HOLDINGS CORP.

FORM 8-K (Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) September 23, 2004

DEL GLOBAL TECHNOLOGIES CORP.

(Exact name of registrant as specified in charter)

New York ----- (State or other jurisdiction of incorporation)	0-3319 ----- (Commission File Number)	13-1784308 ----- (IRS Employer Identification No.)
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One Commerce Park, Valhalla, NY ----- (Address of Principal Executive Offices)	10595 ----- (Zip Code)
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Registrant's telephone number, including area code (914) 686-3600

(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. below):

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 September 23, 2004, the registrant and Villa Sistemi Medicali S.p.A. ("Villa Sistemi"), a subsidiary of the registrant, entered into a loan agreement (the "Villa Loan Agreement"), a copy of which is attached hereto as EXHIBIT 99.01 and incorporated herein by reference. The terms of the Villa Loan Agreement provide for a loan of Euro 500,000 by Villa Sistemi to the registrant (the "Villa Loan").

On September 23, 2004, the registrant entered into a waiver, consent and amendment ("Amendment No. 5") to that certain loan and security agreement by and among the registrant, Bertan High Voltage Corp., RFI Corporation, Del Medical Imaging Corp. and GE Business Capital Corporation f/k/a/ Transamerica Business Capital Corporation (the "Lender") dated June 10, 2002 (the "Loan and Security Agreement"). A copy of Amendment No. 5 to the Loan and Security Agreement is attached hereto as EXHIBIT 99.02 and incorporated herein by reference. The following summary of Amendment No. 5 to the Loan and Security Agreement does not purport to be complete and is subject to and qualified in its entirety by reference to the actual text of such agreement. The terms of the Loan and Security Agreement were amended to provide that the Lender (i) waives certain Events of Default (as defined in the Loan and Security Agreement), (ii) consents to the use of proceeds of the Loans (as defined in the Loan and Security Agreement) to make payments to the Department of Defense of the United States in connection with the settlement of the investigation conducted by the Department of Justice of the United States with respect to RFI Corporation (the "Settlement"), (iii) consents to the registrant incurring the Villa Loan, the proceeds of which will be used to partially fund the payments due in connection with the Settlement, (iv) consents to the cancellation of certain intercompany indebtedness of Villa Sistemi to the registrant, (v) consents to the payment to the registrant of the proceeds of the Villa Loan and a dividend from Villa Sistemi and (vi) consents to the sale of substantially all of the assets of Del High Voltage, a division of the registrant.

ITEM 2.03. CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT.

As described in Item 1.01 above, the registrant entered into the Villa Loan Agreement on September 23, 2004. The terms of the Villa Loan Agreement provide for a loan of Euro 500,000 by Villa Sistemi to the registrant (the "Villa Loan"). The Villa Loan is due together with any interest thereon on the earlier of (i) the consummation by the registrant of the sale of Villa Sistemi and another subsidiary of the registrant, Del Medical Imaging Corp., or (ii) January 24th, 2005. The Villa Loan is subordinated to the registrant's obligation under the Loan and Security Agreement.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Businesses Acquired.

Not Applicable

(b) Pro Forma Financial Information.

Not Applicable

(c) Exhibits.

- 99.01 Villa Loan Agreement dated September 23, 2004 between the registrant and Villa Sistemi.
- 99.02 Amendment No.5 dated as of September 23, 2004 to the Loan and Security Agreement by and among the registrant, Bertan High Voltage Corp., RFI Corporation, Del Medical Imaging Corp. and GE Business Capital Corporation f/k/a/ Transamerica Business Capital Corporation, dated as of June 10, 2002.

SIGNATURES

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.

DEL GLOBAL TECHNOLOGIES CORP.
(Registrant)

Date: September 28, 2004

By: /s/ Walter Schneider

Walter Schneider
Chief Executive Officer

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.01	Villa Loan Agreement dated September 23, 2004 between the registrant and Villa Sistemi.
99.02	Amendment No.5 dated as of September 23, 2004 to the Loan and Security Agreement by and among the registrant, Bertan High Voltage Corp., RFI Corporation, Del Medical Imaging Corp. and GE Business Capital Corporation f/k/a/ Transamerica Business Capital Corporation, dated as of June 10, 2002.

Date: September 23rd, 2004

Del Global Technologies Corp.

Dear Sirs,

This is to inform you that we will make available a loan in the principal sum of Euro 500,000 ("the Loan") on the following terms and conditions:

1. Subject as provided below, you may draw the Loan in one amount once your acceptance is received by Villa Sistemi Medicali S.p.A..
2. Subject to the provisions of Section 8 hereof, you will repay the Loan together with any interest due up to the time of repayment on the earlier of (i) the consummation by you of the sale of Villa Sistemi Medicali S.p.A. and Del Medical Imaging Corp.; and (ii) January 24th, 2005 ("the Period").
3. Interest is payable on the principal amount of the Loan at the end of the Period at 1.5% per annum above the Euribor 6 months for the "Interest Period", that is 2.20% on a yearly basis. In each case the basis will be the actual number of days on a 360 day year.
4. The Loan will be unsecured.
5. You will make all payments due hereunder for value date at the end of the Period in Euro to us at our account No. 064307510108 BancaIntesa, SWIFT code BCITITMM334.
6. You will make all payments due hereunder without set-off or counter-claim and free and clear of any withholding or deduction for or on account of tax, except any tax which you are required by law to deduct or withhold.
7. Any demand or notice in respect of this agreement and/or the Loan will be in writing and (withhold prejudice to any other effective means of serving it) may be served on you by post or by facsimile addressed to your registered or principal office or facsimile number for the time being or any of your places of business last known to us or any of your facsimile numbers last known to us. Any such demand or notice sent by post shall be deemed to have been received at the opening of business seven days following the day on which it was posted, even if returned undelivered. Any

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such demand or notice sent by facsimile shall be deemed to have been received at the commencement of the next subsequent working day (subject to proof of proper transmission).

8. Notwithstanding anything to the contrary contained herein:

(a) You covenant and agree, and we likewise covenant and agree, that the payment of the principal of the Loan and any other obligations owing to us (the "Villa Obligations") is subordinated, to the extent and in the manner provided in this Section 8, to the prior payment in full of all Obligations as defined in that certain Loan and Security Agreement, dated as of June 10, 2002, among you, Bertan High Voltage Corp., RFI Corporation, Del Medical Imaging Corp. and GE Business Capital Corporation f/k/a Tranamerica Business Capital Corporation ("Lender"), as the same may be amended, restated, supplemented or otherwise modified from time to time (the "Loan Agreement", and such Obligations, the "Senior Obligations"), and that the subordination is for the benefit of Lender. Lender is made an obligee

hereunder and it may enforce such provisions directly.

(b) We hereby (i) authorize Lender to demand specific performance of the terms of this Section 8, whether or not you shall have complied with any of the provisions hereof applicable to you, at any time when we shall have failed to comply with any provisions of this Section 8 which are applicable to us, and (ii) irrevocably waive any defense based on the adequacy of a remedy at law, which might be asserted as a bar to such remedy of specific performance.

(c) Upon any distribution of your assets in any dissolution, winding up, liquidation or reorganization (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise):

(i) Lender shall first be entitled to receive payment in full in cash of the Senior Obligations before we are entitled to receive any payment on account of the Villa Obligations.

(ii) Any payment or distribution of your assets of any kind or character, whether in cash, property or securities, to which we would be entitled except for the provisions of this Section 8(c), shall be paid by the liquidating trustee or agent or other Person making such payment or distribution directly to Lender in the manner set forth in the Loan Agreement, to the extent necessary to make payment in full of all

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Senior Obligations remaining unpaid after giving effect to any concurrent payment or distribution or provisions therefor to Lender.

(iii) In the event that, notwithstanding the foregoing provisions of this Section 8(c), any payment or distribution of your assets of any kind or character, whether in cash, property or securities, shall be received by us on account of this letter agreement before all Senior Obligations are paid in full, such payment or distribution shall be received and held in trust for and shall be paid over to Lender for application to the payment of the Senior Obligations until all of the Senior Obligations shall have been paid in full, after giving effect to any concurrent payment or distribution or provision therefor to Lender.

(d) No right of Lender or any other present or future holders of any Senior Obligations to enforce the subordination provisions herein shall at any time in any way be prejudiced or impaired by any act or failure to act on your part or our part or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by you or us with the terms of this letter agreement, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

9. Time shall be of the essence in respect of your obligations under or in respect of this agreement but no failure by us to exercise or delay by us in exercising any right or remedy under or in respect of this facility shall operate as a waiver of it, nor shall any single partial or defective exercise by us of any such right or remedy preclude any other or further exercise of that or any other right or remedy.

10. The agreement is governed by the laws of Italy.

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To accept the terms and conditions of this letter, Please execute it on your head letter and return it us.

Yours faithfully,

For and on behalf of Villa Sistemi Medicali S.p.A.:

/s/ Walter F. Schneider

By: Walter F. Schneider
Title: President

ACKNOWLEDGED AND AGREED:

For and on behalf of DEL GLOBAL TECHNOLOGIES CORP.:

/s/ Mark Koch

By: Mark Koch
Title: Principal Accounting Officer and Treasurer

WAIVER AND CONSENT AND FIFTH AMENDMENT

TO

LOAN AND SECURITY AGREEMENT

This Waiver, Consent and Fifth Amendment to Loan and Security Agreement (this "AGREEMENT") is entered into as of the 23 day of September, 2004, by and among DEL GLOBAL TECHNOLOGIES CORP., a New York corporation ("DEL GLOBAL"), BERTAN HIGH VOLTAGE CORP., a Delaware corporation ("BERTAN"), RFI CORPORATION, a Delaware corporation ("RFI"), and DEL MEDICAL IMAGING CORP., a Delaware corporation ("DEL MEDICAL") (each a "BORROWER" and collectively, the "BORROWERS") and GE BUSINESS CAPITAL CORPORATION FIKJA TRANSAMERICA BUSINESS CAPITAL CORPORATION, a Delaware corporation ("LENDER").

BACKGROUND

The Borrowers and the Lender are parties to a Loan and Security Agreement dated as of June 10, 2002 (as amended, restated, supplemented or otherwise modified from time to time, the "LOAN AGREEMENT") pursuant to which the Lender provides the Borrowers with certain financial accommodations.

The Borrowers have requested that the Lender (a) waive certain Events of Default under the Loan Agreement, (b) consent to the use of proceeds of the Loans to make payments to the Department of Defense of the United States ("DOD") in connection with the settlement of the investigation conducted by the Department of Justice of the United States ("DOJ") with respect to RFI (the "SETTLEMENT"), (c) consent to Del Global incurring Indebtedness in the form of a loan from Villa Sistemi, the proceeds of which will be used to partially fund the payments due in connection with the Settlement, (d) consent to the cancellation of certain intercompany indebtedness of Villa Sistemi to Del Global, (e) consent to the proceeds of the loan and dividends received from Villa Sistemi being paid directly to Del Global and (f) consent to the sale of substantially all of the assets Del High Voltage, a division of Del Global ("HI VO_1, ") that designs, manufactures, markets and sells high voltage power conversion systems (the "HIGH VOLTAGE SALE") pursuant to the terms of the High Voltage Purchase Agreement (as hereinafter defined) and the Lender is willing to do so on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of any loan or advance or grant of credit heretofore or hereafter made to or for the account of the Borrowers by the Lender, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. DEFINITIONS. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

2. CONSENT TO USE OF LOAN PROCEEDS. Subject to the satisfaction of the conditions precedent set forth in Section 7 below and subject to the terms of the Loan Agreement, the Lender agrees that the Borrowers may use up to \$2,000,000 of the proceeds of the Loans to pay amounts owing by RFI to the DOD with respect to the Settlement; provided that: (a) no later than two (2) Business Days following the execution thereof, the Lender shall have received an executed copy of the written settlement agreement with the DOD with respect to the investigation conducted by the DOJ into the business relationship between the DOD and RFI on the terms and conditions satisfactory to the Lender including, without limitation, (i) an agreement by the DOJ to end its investigation of RFI with respect to RFI's business relationship with the DOD and to release any claims with respect thereto and (ii) the payment by RFI to the DOD of an amount not to exceed \$5,000,000; (b) at least \$3,000,000 of the amount needed to make the \$5,000,000 payment due under the Settlement is obtained from a dividend, repayment of intercompany indebtedness from Villa

Sistemi to Del Global and/or loans from Villa Sistemi; and (c) the High Voltage Sale has not been consummated. In the event the High Voltage Sale has been consummated, the Lender agrees that Borrowers may use up to \$750,000 of the proceeds of the Loans to pay amounts owing by RFI to the DOD with respect to the Settlement.

3. CONSENT TO INCURRENCE OF INDEBTEDNESS, CANCELLATION OF INDEBTEDNESS AND USE OF PROCEEDS. Subject to the satisfaction of the conditions precedent set forth in Section 7 below, the Lender consents to: (a) Del Global obtaining a loan from Villa Sistemi in the amount of approximately \$600,000 (the "Villa Sistemi Loan") and that the incurrence of such Indebtedness shall not constitute a breach of Sections 7.2(a) or 7.2(h) of the Loan Agreement; (b) Del Global cancelling debt due from Villa Sistemi in the approximate amount of \$120,000 and that such cancellation shall not constitute a breach of Section 7.2(g) of the Loan Agreement; and (c) the proceeds from the Villa Sistemi Loan, the repayment of intercompany indebtedness from Villa Sistemi to Del Global and the dividends paid by Villa Sistemi to Del Global in an aggregate amount not to exceed \$3,000,000 being paid directly to Del Global and not to the Lender and that such events shall not result in a breach of the terms of the Loan Agreement; PROVIDED, THAT: (i) the proceeds of the Villa Sistemi Loan, the repayment of the intercompany indebtedness from Villa Sistemi to Del Global and the dividends from Villa Sistemi to Del Global are used to pay a portion of the amounts owing under the Settlement; (ii) the aggregate amount of intercompany indebtedness repaid by Villa Sistemi to Del Global, the Villa Sistemi Loan, and the dividends paid by Villa Sistemi to Del Global is at least equal to \$3,000,000; (iii) the note, document or instrument evidencing the Villa Sistemi Loan shall be in form and substance satisfactory to Lender; and (iv) the obligations of Del Global to repay the Villa Sistemi Loan shall be subordinated to the Obligations in a manner satisfactory to Lender.

4. WAIVER. Subject to the satisfaction of the conditions precedent set forth in Section 7 below, the Lender hereby waives the Events of Default arising solely out of the failure by the Borrowers to maintain (a) the Fixed Charge Coverage Ratio for the fiscal period ending July 31, 2004 as required by Section 8.4 of the Loan Agreement and (b) Net Worth for the fiscal month ending July 31, 2004 as required by Section 8.5 of the Loan Agreement provided that Borrowers would be in compliance with each of the such financial covenants if the effect of the reclassification and related impairment charge of High Voltage as a discontinued operation were excluded in determining compliance with such financial covenants. The Borrowers and the Lender agree that in determining compliance with the Net Worth covenant contained in Section 8.5 of the Loan Agreement for all fiscal periods ending after July 31, 2004 the effect of the reclassification of High Voltage as a discontinued operation and related impairment charges shall be excluded.

5. CONSENT OF SALE OF HIGH VOLTAGE ASSETS. Subject to the satisfaction of the conditions precedent set forth in Section 7 below, the Lender consents to the High Voltage Sale and releases any and all security interest and liens which Del Global may have granted to the Lender in the assets of High Voltage which are being sold under the High Voltage Purchase Agreement; provided that (a) the Lender shall have received net cash proceeds from such sale which amount shall not be less than \$2,750,000 and shall be applied to the Obligations; (b) the Lender shall have received a fully executed copy of the Asset Purchase Agreement by and between Spellman High Voltage Electronics Corporation and Del Global (the "HIGH VOLTAGE PURCHASE AGREEMENT") including all schedules, exhibits, amendments supplements, modifications, assignments and all other documents delivered pursuant thereto or in connection therewith each of which shall be in full force and effect and in form and substance reasonably satisfactory to the Lender; and (c) the High Voltage Sale shall have been consummated in accordance with the terms of the High Voltage Purchase Agreement.

6. AMENDMENT. Subject to the satisfaction of the conditions precedent set forth in Section 7 below, Section 1.1 of the Loan Agreement is amended by amending the defined term "Expiration Date" to provide as follows:

"EXPIRATION DATE" means the earlier of: (i) December 31, 2004, (ii) the date of

termination of the Lender's obligations to make Loans or to use its best efforts to cause Letters of Credit to be issued pursuant to the terms hereof and (iii) the date on which either the assets or stock of RFI or Del Medical are sold.

7. CONDITIONS OF EFFECTIVENESS. This Agreement shall become effective upon satisfaction or waiver in writing by the Lender of each of the following conditions precedent, each in form and substance satisfactory to the Lender: (a) the Lender's receipt of this Agreement duly executed by the Borrowers; and (b) the Lender's receipt of a non-refundable fee in the amount of \$100,000 and all attorney's fees incurred in connection with this Agreement, each of which shall be charged to the Borrowers' loan account as a Loan on the date of this Agreement.

8. REPRESENTATIONS AND WARRANTIES. The Borrowers hereby represent and warrant as follows:

(a) This Agreement and the Loan Agreement constitute legal, valid and binding obligations of the Borrowers and are enforceable against the Borrowers in accordance with their respective terms.

(b) Upon the effectiveness of this Agreement, the Borrowers hereby reaffirm all covenants, representations and warranties made in the Loan Agreement to the extent the same are not amended hereby and agree that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Agreement.

(c) No Event of Default or Default has occurred and is continuing or would exist after giving effect to this Agreement.

(d) As of the date hereof, the Borrowers have no defense, counterclaim or offset with respect to the Loan Agreement.

9. EFFECT ON THE LOAN AGREEMENT. Except as specifically provided herein, the execution, delivery and effectiveness of this Agreement shall not operate as a waiver or an amendment of any right, power or remedy of the Lender, nor constitute a waiver of any provision of the Loan Agreement, or any other documents, instruments or agreements executed and/or delivered under or in connection therewith.

10. GOVERNING LAW. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the State of Illinois.

11. HEADINGS. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

12. COUNTERPARTS; FACSIMILE. This Agreement may be executed by the parties hereto in one or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first written above.

DEL GLOBAL TECHNOLOGIES CORP,

By: /s/ Mark Koch

Name: Mark Koch

Title: Principal Accounting Officer

BERTAN HIGH VOLTAGE COMP,

By: /s/ Marls Koch

Name: Mark Koch
Title: Principal Accounting Officer

RFI CORPORATION

By: /s/ Mark Koch

Name: Mark Koch
Title: Principal Accounting Officer

DEL MEDICAL IMAGING CORP.

By: /s/ Mark Koch

Name: Mark Koch
Title: Principal Accounting Officer

GE BUSINESS CAPITAL CORPORATION
F/K/A TRANSAMEITICA BUSINESS
CAPITAL CORPORATION

By: /s/ Mark Koch

Name: Mark Koch
Title: Duly Authorized Signatory