

# DGT HOLDINGS CORP.

## FORM 8-K (Current report filing)

Filed 05/25/05 for the Period Ending 05/23/05

Address	100 PINE AIRE DRIVE BAY SHORE, NY 11706
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Sector	Healthcare
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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) May 23, 2005  
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DEL GLOBAL TECHNOLOGIES CORP.  
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(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 10595  
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(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (914) 686-3650  
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(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 May 23, 2005, the registrant entered into a Severance Benefits Agreement (the "Schneider Severance Agreement") between the registrant and Walter F. Schneider. A copy of the Schneider Severance Agreement is attached hereto as EXHIBIT 99.01 and incorporated herein by reference. The following summary of the Schneider Severance 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. Pursuant to the terms of the Schneider Severance Agreement, upon the occurrence of the events specified below, Mr. Schneider is entitled to receive a severance payment equal to (a) the payment of his full base salary through the date of the termination of his employment at the rate in effect immediately prior to such termination; PLUS (b) in lieu of any further payments, a payment equal to one times his annual base salary in effect prior to the date of termination (such payments collectively, the "Severance Payment"). The Severance Payment is payable to Mr. Schneider upon the occurrence of the following events: (a) his employment is involuntarily terminated by the registrant other than for cause or due to his death or disability; or (b) he voluntarily terminates his employment because (i) without his express written consent, he is placed in any position of substantially lesser stature than the position he holds with the registrant as of the date of the Schneider Severance Agreement (except if another person that is mutually acceptable to Mr. Schneider and the registrant is appointed to the office of President of the registrant); (ii) his annual base salary, as increased from time to time, is reduced; or (iii) the registrant hires a person for the position of President of the registrant that is not acceptable to Mr. Schneider. Additionally, if Mr. Schneider is entitled to a Severance Payment, he will also be entitled to receive health insurance coverage for one year on the same terms as such coverage is available to him on the date of the Schneider Severance Agreement. The Schneider Severance Agreement also requires Mr. Schneider to keep certain information about the registrant confidential after the termination of his employment. The Schneider Severance Agreement expires on December 31, 2007.

On May 23, 2005, the registrant entered into a Severance Benefits Agreement (the "Koch Severance Agreement") between the registrant and Mark A. Koch. A copy of the Koch Severance Agreement is attached hereto as EXHIBIT 99.02 and incorporated herein by reference. The following summary of the Koch Severance 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. Pursuant to the terms of the Koch Severance Agreement, upon the occurrence of the events specified below, Mr. Koch is entitled to receive a severance payment equal to (a) the payment of his full base salary through the date of the termination of his employment at the rate in effect immediately prior to such termination; PLUS (b) in lieu of any further payments, a payment equal to one times his annual base salary in effect prior to the date of termination (such payments collectively, the "Severance Payment"). The Severance Payment is payable to Mr. Koch upon the occurrence of the following events: (a) his employment is involuntarily terminated by the registrant other than for cause or due to his death or disability; or (b) he voluntarily terminates his employment because (i) without his express written consent, he is placed in any position of substantially lesser stature than the position he holds with the registrant as of the date of the Koch Severance Agreement; (ii) without his express written consent, he is transferred or the registrant proposes that he be transferred for any extended period to a location that is more than forty (40) miles from the registrant's location at which he performs services for the registrant as of the date of the Koch Severance Agreement; or (iii) his annual base salary, as

increased from time to time, is reduced. Additionally, if Mr. Koch is entitled to a Severance Payment, he will also be entitled to receive health insurance coverage for one year on the same terms as such coverage is available to him on the date of the Koch Severance Agreement. The Koch Severance Agreement also requires Mr. Koch to keep certain information about the registrant confidential after the termination of his employment. The Koch Severance Agreement expires on

December 31, 2006.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Businesses Acquired.

Not Applicable.

(b) Pro Forma Financial Information.

Not Applicable.

(c) Exhibits

EXHIBIT NO. -----	EXHIBITS -----
99.01	Severance Benefits Agreement dated May 23, 2005 between the registrant and Walter F. Schneider.
99.02	Severance Benefits Agreement dated May 23, 2005 between the registrant and Mark A. Koch.

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: May 24, 2005

By: /s/ Mark A. Koch

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Mark A. Koch  
Principal Accounting Officer and Treasurer

Exhibit No. -----	Description -----
99.01	Severance Benefits Agreement dated May 23, 2005 between the registrant and Walter F. Schneider.
99.02	Severance Benefits Agreement dated May 23, 2005 between the registrant and Mark A. Koch.

Exhibit 99.01

[DEL GLOBAL TECHNOLOGIES CORP. LETTERHEAD]

SEVERANCE BENEFITS AGREEMENT

May 23, 2005

Walter F. Schneider  
45 Poverty Hollow Road  
Newton, CT 06470

Dear Mr. Schneider:

The Board of Directors of the Company has determined that it is in the best interests of the Company and its stockholders to offer to you certain severance benefits in accordance with the terms and conditions of this severance benefits agreement (the "Agreement").

ARTICLE I  
DEFINITIONS

1.1 DEFINITIONS

Whenever used in this Agreement, the following capitalized terms shall have the meanings set forth in this Section, certain other capitalized terms being defined elsewhere in this Agreement:

(a) "Affiliate" shall have the meaning given such term in Rule 405 promulgated under the Securities Act of 1933, as amended.

(b) "Board of Directors" means the Board of Directors of the Company.

(c) "Cause" means the termination of your employment as a result of (i) your indictment for or conviction of, or your entering of a plea of NOLLO CONTENDERE with respect to, having committed a felony, (ii) your abuse of controlled substances or alcohol, (iii) your acts of dishonesty or moral turpitude that are detrimental to one or more of the Companies, (iv) your acts or omissions that you knew were likely to damage the business of one or more of the Companies, (v) your willful and repeated failure to perform any material duties, whether under any employment agreement to which you are a party with the Company or otherwise, or your gross negligence in the performance of such duties or (vi) your failure to obey the reasonable and lawful orders and policies of the Board of Directors of the Company that are consistent with the provisions of such employment agreement or otherwise (provided that, in the case of an indictment described in clause (i) above, and in the case of clause (ii), (iii), (iv) or (v) above, you shall have received written notice of such proposed termination and a reasonable opportunity to discuss the matter with the Board of Directors, followed by your receipt of written notice that the Board of

Directors adheres to its position following the provision of such opportunity.

(d) "Company" means Del Global Technologies Corp., a New York corporation, and any successor or assignee as provided in Article V.

(e) "Companies" means the Company and any present and future Subsidiaries of the Company.

(f) "Disability" means a physical or mental infirmity that substantially impairs your ability to perform your material duties for a period of 180 or more days, whether or not consecutive, during a period of 12 consecutive months and, as a result of which you have not returned to your full-time regular employment prior to termination.

(g) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(h) "Good Reason" means:

(i) Without your express written consent, you are placed in any position of substantially lesser stature than your position with the Company as of the date of this Agreement; provided, however, that you shall not be deemed to have been placed in a position of substantially lesser stature than your position with the Company as of the date of this Agreement solely because the Company hires a person mutually acceptable to you and the Company as the President of the Company;

(ii) Your base annual salary, as the same may hereafter be increased from time to time, is reduced; or

(iii) The Company hires a person for the position of President of the Company and such person is not acceptable to you.

(i) "Person" shall have the meaning ascribed to such term in Section 3 of the Exchange Act and the rules and regulations promulgated thereunder.

(j) "Severance Payment" means the payment of severance compensation as provided in Article II.

(k) "Subsidiary" means any corporation or other Person, a majority of the voting power, equity securities or equity interest of which is owned directly or indirectly by the Company.

## ARTICLE II SEVERANCE PAYMENTS

### 2.1 RIGHT TO SEVERANCE PAYMENT

You shall be entitled to receive a Severance Payment from the Company in the amount provided in Section 2.2 if, (a) your employment is involuntarily terminated by the Company other than for Cause, Disability or your death, or (b) you voluntarily terminate your employment for Good Reason.

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### 2.2 AMOUNT OF SEVERANCE PAYMENT

(a) If you become entitled to a Severance Payment under this Agreement, you shall receive a payment equal to the sum of the amounts provided below:

(i) The Company shall pay you your full base salary through the date of the termination of your employment at the rate in effect immediately prior to the time your employment is terminated; and

(ii) In lieu of any further payments to you for periods subsequent to the date you become entitled to a Severance Payment as provided in Section 2.1, the Company shall pay as severance to you a severance payment (the "Severance Payment") equal to one (1) times your annual base salary in effect immediately prior to such date.

### 2.3 NO DUTY OF MITIGATION

The Company acknowledges that it would be very difficult and generally impracticable to determine your ability to, or the extent to which you may, mitigate any damages or injuries you may incur by reason of termination of your employment. The Company has taken this into account in entering into this Agreement and, accordingly, the Company acknowledges and agrees that you shall have no duty to mitigate any such damages and that you shall be entitled to receive your entire Severance Payment regardless of any income that you may receive from other sources following the date you become entitled to receive a Severance Payment.

### 2.4 TIME OF SEVERANCE PAYMENT

The Severance Payment shall be conditioned upon the execution of a mutual release of claims by you and the Company and, subject to the provisions of Section 2.7 hereof, the Severance Payment to which you are entitled shall be paid to you, in cash and in full, as soon as practicable after the date you become entitled to receive a Severance Payment, but in no event more than ten (10) days after the date you become entitled to receive a Severance Payment.

### 2.5 HEALTH INSURANCE COVERAGE

If you are entitled to receive a Severance Payment under Section 2.1, you will also be entitled to receive health insurance coverage for you and your dependents under the same plan or plans under which you were covered immediately prior to the termination of your employment or substantially similar plan(s) established by the Company or any of its Subsidiaries thereafter. Such health insurance coverage shall be paid for by the Company to the same extent as if you were still employed by the Company, and you will be required to make such payments as you would be required to make if you were still employed by the Company. This coverage will continue for a period of one year following the date you become entitled to receive a Severance Payment.

### 2.6 WITHHOLDING OF TAXES

The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes required by applicable law to be withheld by the Company.

### 2.7 SETOFF AND RECOUPMENT

The Company's obligation to make a Severance Payment to you pursuant to this Agreement and otherwise to perform its obligations hereunder is subject to a right of setoff and recoupment in respect of any and all amounts or payments due to the Company from you.

### 2.8 BENEFITS UNDER OTHER PLANS

The benefits that you may be entitled to receive pursuant to Section 2.5 of this Agreement are not intended to be duplicative of any similar benefits to which you may be entitled from the Company or any of its Subsidiaries under any other severance plan, agreement, policy or program maintained by the Company or any of its Subsidiaries. Accordingly, the benefits to which you are entitled under Section 2.5 shall be reduced to take account of any other similar benefits to which you are entitled from the Company or any of its Subsidiaries; provided, however, that if the amount of benefits to which you are entitled under such other severance plan, agreement, policy or program is greater than the benefits to which you are entitled under Section 2.5 of this Agreement, you will be entitled to receive the full amount of the benefits to which you are entitled under such other plan, agreement, policy or program.

ARTICLE III  
OTHER RIGHTS AND BENEFITS NOT AFFECTED

3.1 OTHER BENEFITS

(a) This Agreement does not provide a pension for you nor shall any payment hereunder be characterized as deferred compensation. Except as set forth in Section 2.8 and Section 3.1(b), neither the provisions of this Agreement nor the Severance Payment provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish your rights as an employee, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus or stock purchase plan or any employment agreement or other plan or arrangement not related to severance.

(b) The Severance Payment that you may be entitled to receive pursuant to this Agreement is not intended to be duplicative of any similar benefits to which you may be entitled from the Company or any of its Subsidiaries under any employment or other agreement with any such company. Accordingly, the Severance Payment to which you may become entitled pursuant to this Agreement shall be reduced on a dollar-for-dollar basis by the amount of any other severance payments to which you become entitled upon the termination of your employment by the Company.

3.2 EMPLOYMENT STATUS

This Agreement does not constitute a contract of employment or impose on you any obligation to remain in the employ of the Company, nor does it impose on the Company or any of its Subsidiaries any obligation to retain you in your present or any other position, or to change the status of your employment as an employee at will. Nothing in this Agreement shall in any way require the Company or any of its Subsidiaries to provide you with any severance benefits prior to termination of your employment, nor shall this Agreement ever be construed in any way as establishing any policies or requirements of the Company or any of

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its Subsidiaries for the termination of your employment, nor shall anything in this Agreement in any way affect the right of the Company or any of its Subsidiaries in its absolute discretion to change one or more benefit plans, including but not limited to pension plans, dental plans, health care plans, savings plans, bonus plans, vacation pay plans, disability plans, and the like.

ARTICLE IV  
CONFIDENTIALITY

You hereby covenant, agree and acknowledge as follows:

4.1 You have and will have access to and will participate in the development of or be acquainted with confidential or proprietary information and trade secrets related to the business of the Company and any present and future

subsidiaries or affiliates of the Company (collectively with the Company, the "Companies"), including but not limited to (i) customer lists; related records and compilations of information; the identity, lists or descriptions of any new customers, referral sources or organizations; financial statements; cost reports or other financial information; contract proposals or bidding information; business plans; training and operations methods and manuals; personnel records; software programs; reports and correspondence; and management systems policies or procedures, including related forms and manuals; (ii) information pertaining to future developments such as future marketing or acquisition plans or ideas, and potential new business and (iii) all other tangible and intangible property that are used in the business and operations of the Companies but not made public. The information and trade secrets relating to the business of the Companies described hereinabove in this Section 4.1, whether acquired while you were employed on an "at will" basis or pursuant to an employment agreement, are hereinafter referred to collectively as the "Confidential Information," provided that the term Confidential Information shall not include any information (x) that is or becomes generally publicly available (other than as a result of violation of this Agreement by you or the violation of an agreement of like tenor by any other person or entity) or (y) that you receive on a nonconfidential basis from a source (other than the Companies or their representatives) that is not known by you to be bound by an obligation of secrecy or confidentiality to any of the Companies.

4.2 You shall not disclose, use or make known for your or another's benefit any Confidential Information or use such Confidential Information in any way, except as is in the best interests of the Companies in the performance of your duties as an employee of the Company. You may disclose Confidential Information when required by a third party and applicable law or judicial process, but only after providing (i) immediate notice to the Company at any third party's request for such information, which notice shall include your intent with respect to such request, and (ii) sufficient opportunity for the Company to challenge or limit the scope of the disclosure on behalf of the Companies, you or both.

4.3 Upon termination of your employment with the Company for any reason, you shall forthwith return to the Company all Confidential Information in whatever form maintained (including, without limitation, computer discs and other electronic media).

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4.4 The foregoing provisions of this Article IV shall survive the expiration or termination of this Agreement and shall be binding upon your heirs, successors and legal representatives.

#### ARTICLE V SUCCESSOR TO COMPANY

The Company shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Company, expressly and unconditionally to assume and agree to perform the Company's obligations under this Agreement, in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place. In such event, the term "Company," as used in this Agreement, shall mean (from and after, but not before, the occurrence of such event) any such successor or assignee.

#### ARTICLE VI MISCELLANEOUS

##### 6.1 BINDING EFFECT

This Agreement shall be binding upon and shall inure to the benefit of the

Company, its successors and assigns, and you and shall be enforceable by them and your legal personal representatives.

## 6.2 NOTICES

All notices that are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient in all respects if given in writing and (i) delivered personally, (ii) mailed by certified or registered mail, return receipt requested and postage prepaid, or (iii) sent via a nationally recognized overnight courier, to the parties at their respective addresses set forth above, or to such other address or addresses as either party shall have designated in writing to the other party hereto. The date of the giving of such notices delivered personally or by carrier shall be the date of their delivery and the date of giving of such notices by certified or registered mail shall be the date five days after the posting of the mail.

## 6.3 LAW GOVERNING

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except that body of law relating to choice of laws.

## 6.4 SEVERABILITY

If any provision of this Agreement shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of this Agreement and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

## 6.5 WAIVER

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Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times.

## 6.6 ENTIRE AGREEMENT; MODIFICATION

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral and written, between the parties hereto with respect to the subject matter hereof including, but not limited to, that certain Change in Control Agreement, dated October 28, 2002, between you and the Company. This Agreement may be modified or amended only by an instrument in writing signed by both parties hereto.

## 6.7 ASSIGNABILITY

(a) Neither this Agreement nor any right or interest hereunder shall be assignable by you or your beneficiaries or legal representatives without the Company's prior written consent; provided, however, that nothing in this Section 6.7 shall preclude you from designating a beneficiary to receive any benefit payable hereunder upon your death or incapacity.

(b) Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or to exclusion, attachment, levy or similar process or to assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

6.8 TERM

Except as otherwise specified in this Agreement, this Agreement shall expire and be of no further force and effect on December 31, 2007.

6.9 COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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If this Agreement is acceptable to you, please sign the enclosed copy of this Agreement in the space provided below and return it to me.

Sincerely,

DEL GLOBAL TECHNOLOGIES CORP.

By: /s/ Mark A. Koch

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Name: Mark A. Koch  
Title: Treasurer and Principal  
Accounting Officer

ACCEPTED AND AGREED TO:

/s/ Walter F. Schneider

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Walter F. Schneider

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Exhibit 99.02

[DEL GLOBAL TECHNOLOGIES CORP. LETTERHEAD]

SEVERANCE BENEFITS AGREEMENT

May 23, 2005

Mark A. Koch  
54 Beekman Avenue  
Croton-On-Hudson, NY 10520

Dear Mr. Koch:

The Board of Directors of the Company has determined that it is in the best

interests of the Company and its stockholders to offer to you certain severance benefits in accordance with the terms and conditions of this severance benefits agreement (the "Agreement").

ARTICLE I  
DEFINITIONS

1.1 DEFINITIONS

Whenever used in this Agreement, the following capitalized terms shall have the meanings set forth in this Section, certain other capitalized terms being defined elsewhere in this Agreement:

(a) "Affiliate" shall have the meaning given such term in Rule 405 promulgated under the Securities Act of 1933, as amended.

(b) "Board of Directors" means the Board of Directors of the Company.

(c) "Cause" means the termination of your employment as a result of (i) your indictment for or conviction of, or your entering of a plea of NOLLO CONTENDERE with respect to, having committed a felony, (ii) your abuse of controlled substances or alcohol, (iii) your acts of dishonesty or moral turpitude that are detrimental to one or more of the Companies, (iv) your acts or omissions that you knew were likely to damage the business of one or more of the Companies, (v) your willful and repeated failure to perform any material duties, whether under any employment agreement to which you are a party with the Company or otherwise, or your gross negligence in the performance of such duties or (vi) your failure to obey the reasonable and lawful orders and policies of the Board of Directors of the Company that are consistent with the provisions of such employment agreement or otherwise (provided that, in the case of an indictment described in clause (i) above, and in the case of clause (ii), (iii), (iv) or (v) above, you shall have received written notice of such proposed termination and a reasonable opportunity to discuss the matter with the Board of Directors, followed by your receipt of written notice that the Board of Directors adheres to its position following the provision of such opportunity.

(d) "Company" means Del Global Technologies Corp., a New York corporation, and any successor or assignee as provided in Article V.

(e) "Companies" means the Company and any present and future Subsidiaries of the Company.

(f) "Disability" means a physical or mental infirmity that substantially impairs your ability to perform your material duties for a period of 180 or more days, whether or not consecutive, during a period of 12 consecutive months and, as a result of which you have not returned to your full-time regular employment prior to termination.

(g) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(h) "Good Reason" means:

(i) Without your express written consent, you are placed in any position of substantially lesser stature than your position with the Company as of the date of this Agreement; or

(ii) Your transfer or proposed transfer for any extended period to a location that is more than forty (40) miles from the Company's location at which you perform services for the Company as of the date of this Agreement without your express consent; or

(iii) Your base annual salary, as the same may hereafter be increased from time to time, is reduced.

(i) "Person" shall have the meaning ascribed to such term in Section 3 of the Exchange Act and the rules and regulations promulgated thereunder.

(j) "Severance Payment" means the payment of severance compensation as provided in Article II.

(k) "Subsidiary" means any corporation or other Person, a majority of the voting power, equity securities or equity interest of which is owned directly or indirectly by the Company.

## ARTICLE II SEVERANCE PAYMENTS

### 2.1 RIGHT TO SEVERANCE PAYMENT

You shall be entitled to receive a Severance Payment from the Company in the amount provided in Section 2.2 if, (a) your employment is involuntarily terminated by the Company other than for Cause, Disability or your death, or (b) you voluntarily terminate your employment for Good Reason; provided, that you cooperate with the Company with respect to an orderly transition of Company matters, including, without limitation, with respect to Company financial statements.

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### 2.2 AMOUNT OF SEVERANCE PAYMENT

(a) If you become entitled to a Severance Payment under this Agreement, you shall receive a payment equal to the sum of the amounts provided below:

(i) The Company shall pay you your full base salary through the date of the termination of your employment at the rate in effect immediately prior to the time your employment is terminated; and

(ii) In lieu of any further payments to you for periods subsequent to the date you become entitled to a Severance Payment as provided in Section 2.1, the Company shall pay as severance to you a severance payment (the "Severance Payment") equal to one (1) times your annual base salary in effect immediately prior to such date.

### 2.3 NO DUTY OF MITIGATION

The Company acknowledges that it would be very difficult and generally impracticable to determine your ability to, or the extent to which you may, mitigate any damages or injuries you may incur by reason of termination of your employment. The Company has taken this into account in entering into this Agreement and, accordingly, the Company acknowledges and agrees that you shall have no duty to mitigate any such damages and that you shall be entitled to receive your entire Severance Payment regardless of any income that you may receive from other sources following the date you become entitled to receive a Severance Payment.

### 2.4 TIME OF SEVERANCE PAYMENT

The Severance Payment shall be conditioned upon the execution of a mutual release of claims by you and the Company and, subject to the provisions of Section 2.7 hereof, the Severance Payment to which you are entitled shall be paid to you, in cash and in full, as soon as practicable after the date you become entitled to receive a Severance Payment, but in no event more than ten (10) days after the date you become entitled to receive a Severance Payment.

### 2.5 HEALTH INSURANCE COVERAGE

If you are entitled to receive a Severance Payment under Section 2.1, you will also be entitled to receive health insurance coverage for you and your dependents under the same plan or plans under which you were covered immediately prior to the termination of your employment or substantially similar plan(s) established by the Company or any of its Subsidiaries thereafter. Such health insurance coverage shall be paid for by the Company to the same extent as if you were still employed by the Company, and you will be required to make such payments as you would be required to make if you were still employed by the Company. This coverage will continue for a period of one year following the date you become entitled to receive a Severance Payment.

## 2.6 WITHHOLDING OF TAXES

The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes required by applicable law to be withheld by the Company.

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## 2.7 SETOFF AND RECOUPMENT

The Company's obligation to make a Severance Payment to you pursuant to this Agreement and otherwise to perform its obligations hereunder is subject to a right of setoff and recoupment in respect of any and all amounts or payments due to the Company from you.

## 2.8 BENEFITS UNDER OTHER PLANS

The benefits that you may be entitled to receive pursuant to Section 2.5 of this Agreement are not intended to be duplicative of any similar benefits to which you may be entitled from the Company or any of its Subsidiaries under any other severance plan, agreement, policy or program maintained by the Company or any of its Subsidiaries. Accordingly, the benefits to which you are entitled under Section 2.5 shall be reduced to take account of any other similar benefits to which you are entitled from the Company or any of its Subsidiaries; provided, however, that if the amount of benefits to which you are entitled under such other severance plan, agreement, policy or program is greater than the benefits to which you are entitled under Section 2.5 of this Agreement, you will be entitled to receive the full amount of the benefits to which you are entitled under such other plan, agreement, policy or program.

## ARTICLE III

### OTHER RIGHTS AND BENEFITS NOT AFFECTED

#### 3.1 OTHER BENEFITS

(a) This Agreement does not provide a pension for you nor shall any payment hereunder be characterized as deferred compensation. Except as set forth in Section 2.8 and Section 3.1(b), neither the provisions of this Agreement nor the Severance Payment provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish your rights as an employee, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus or stock purchase plan or any employment agreement or other plan or arrangement not related to severance.

(b) The Severance Payment that you may be entitled to receive pursuant to this Agreement is not intended to be duplicative of any similar benefits to which you may be entitled from the Company or any of its Subsidiaries under any employment or other agreement with any such company. Accordingly, the Severance Payment to which you may become entitled pursuant to this Agreement shall be reduced on a dollar-for-dollar basis by the amount of any other severance payments to which you become entitled upon the termination of your employment by the Company.

### 3.2 EMPLOYMENT STATUS

This Agreement does not constitute a contract of employment or impose on you any obligation to remain in the employ of the Company, nor does it impose on the Company or any of its Subsidiaries any obligation to retain you in your present or any other position, or to change the status of your employment as an employee at will. Nothing in this Agreement shall in any way require the Company or any of its Subsidiaries to provide you with any severance benefits prior to termination of your employment, nor shall this Agreement ever be construed in any way as establishing any policies or requirements of the Company or any of its Subsidiaries for the termination of your employment, nor shall anything in this Agreement in any way affect the right of the Company or any of its

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Subsidiaries in its absolute discretion to change one or more benefit plans, including but not limited to pension plans, dental plans, health care plans, savings plans, bonus plans, vacation pay plans, disability plans, and the like.

### ARTICLE IV CONFIDENTIALITY

You hereby covenant, agree and acknowledge as follows:

4.1 You have and will have access to and will participate in the development of or be acquainted with confidential or proprietary information and trade secrets related to the business of the Company and any present and future subsidiaries or affiliates of the Company (collectively with the Company, the "Companies"), including but not limited to (i) customer lists; related records and compilations of information; the identity, lists or descriptions of any new customers, referral sources or organizations; financial statements; cost reports or other financial information; contract proposals or bidding information; business plans; training and operations methods and manuals; personnel records; software programs; reports and correspondence; and management systems policies or procedures, including related forms and manuals; (ii) information pertaining to future developments such as future marketing or acquisition plans or ideas, and potential new business and (iii) all other tangible and intangible property that are used in the business and operations of the Companies but not made public. The information and trade secrets relating to the business of the Companies described hereinabove in this Section 4.1, whether acquired while you were employed on an "at will" basis or pursuant to an employment agreement, are hereinafter referred to collectively as the "Confidential Information," provided that the term Confidential Information shall not include any information (x) that is or becomes generally publicly available (other than as a result of violation of this Agreement by you or the violation of an agreement of like tenor by any other person or entity) or (y) that you receive on a nonconfidential basis from a source (other than the Companies or their representatives) that is not known by you to be bound by an obligation of secrecy or confidentiality to any of the Companies.

4.2 You shall not disclose, use or make known for your or another's benefit any Confidential Information or use such Confidential Information in any way, except as is in the best interests of the Companies in the performance of your duties as an employee of the Company. You may disclose Confidential Information when required by a third party and applicable law or judicial process, but only after providing (i) immediate notice to the Company at any third party's request for such information, which notice shall include your intent with respect to such request, and (ii) sufficient opportunity for the Company to challenge or limit the scope of the disclosure on behalf of the Companies, you or both.

4.3 Upon termination of your employment with the Company for any reason, you shall forthwith return to the Company all Confidential Information in

whatever form maintained (including, without limitation, computer discs and other electronic media).

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4.4 The foregoing provisions of this Article IV shall survive the expiration or termination of this Agreement and shall be binding upon your heirs, successors and legal representatives.

ARTICLE V  
SUCCESSOR TO COMPANY

The Company shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Company, expressly and unconditionally to assume and agree to perform the Company's obligations under this Agreement, in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place. In such event, the term "Company," as used in this Agreement, shall mean (from and after, but not before, the occurrence of such event) any such successor or assignee.

ARTICLE VI  
MISCELLANEOUS

6.1 BINDING EFFECT

This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns, and you and shall be enforceable by them and your legal personal representatives.

6.2 NOTICES

All notices that are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient in all respects if given in writing and (i) delivered personally, (ii) mailed by certified or registered mail, return receipt requested and postage prepaid, or (iii) sent via a nationally recognized overnight courier, to the parties at their respective addresses set forth above, or to such other address or addresses as either party shall have designated in writing to the other party hereto. The date of the giving of such notices delivered personally or by carrier shall be the date of their delivery and the date of giving of such notices by certified or registered mail shall be the date five days after the posting of the mail.

6.3 LAW GOVERNING

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except that body of law relating to choice of laws.

6.4 SEVERABILITY

If any provision of this Agreement shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of this Agreement and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

6.5 WAIVER

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Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or

condition, nor shall any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times.

#### 6.6 ENTIRE AGREEMENT; MODIFICATION

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral and written, between the parties hereto with respect to the subject matter hereof including, but not limited to, that certain Change in Control Agreement, dated February 10, 2003, between you and the Company. This Agreement may be modified or amended only by an instrument in writing signed by both parties hereto.

#### 6.7 ASSIGNABILITY

(a) Neither this Agreement nor any right or interest hereunder shall be assignable by you or your beneficiaries or legal representatives without the Company's prior written consent; provided, however, that nothing in this Section 6.7 shall preclude you from designating a beneficiary to receive any benefit payable hereunder upon your death or incapacity.

(b) Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or to exclusion, attachment, levy or similar process or to assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

#### 6.8 TERM

Except as otherwise specified in this Agreement, this Agreement shall expire and be of no further force and effect on December 31, 2006.

#### 6.9 COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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If this Agreement is acceptable to you, please sign the enclosed copy of this Agreement in the space provided below and return it to me.

Sincerely,

DEL GLOBAL TECHNOLOGIES CORP.

By: /s/ Walter F. Schneider

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Name: Walter F. Schneider  
Title: Chief Executive Officer and  
President

ACCEPTED AND AGREED TO:

/s/ Mark A. Koch

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Mark A. Koch

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**End of Filing**

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