

DGT HOLDINGS CORP.

FORM 8-K (Current report filing)

Filed 08/31/06 for the Period Ending 08/27/06

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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) August 27, 2006

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 10595

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (914) 686-3650

(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 OF A MATERIAL DEFINITIVE AGREEMENT.

On August 31, 2006, in connection with the appointment of James A. Risher as full-time Chief Executive Officer ("CEO") and President of Del Global Technologies Corp., a New York corporation (the "Company"), the Company entered into an employment letter (the "Risher Letter") with Mr. Risher, which sets forth terms and provisions governing Mr. Risher's employment as CEO and President of the Company. A copy of the Risher Letter is attached hereto as EXHIBIT 99.1 and is incorporated herein by reference. Mr. Risher had been serving as the Interim CEO of the Company since July 22, 2006. The following summary of the Risher Letter does not purport to be complete and is subject to and qualified in its entirety by reference to the actual text of such letter.

The Risher Letter provides for an annual salary of \$300,000. In connection with his employment, Mr. Risher received an option grant to purchase 120,000 shares of the Company's common stock, \$.10 par value, pursuant to and in accordance with the Company's Amended and Restated Stock Option Plan. Such stock options shall vest and become exercisable as to one-half of such shares on the first anniversary of the date of the grant and as to an additional 25% of such shares on the second and third anniversaries of the date of the grant, respectively. Mr. Risher will be provided with a living allowance of \$6200 per month and will be eligible for three weeks of paid vacation per year. In addition, Mr. Risher will be eligible to receive an annual bonus with a target of 60% of his annual base salary based upon achieving the Company's annual budget and attaining specific objectives assigned by the Board of Directors of the Company. The Risher Letter also provides that the consulting agreement between the Company and Lumina Group, LLC shall terminate as of the effective date of the Risher Letter.

On August 30, 2006, in connection with the appointment of Mark Zorko as the Chief Financial Officer ("CFO") of the Company, the Company entered into an employment letter (the "Zorko Letter") with Mr. Zorko, which sets forth terms and provisions governing Mr. Zorko's employment as CFO of the Company. A copy of the Zorko Letter is attached hereto as EXHIBIT 99.2 and is incorporated herein by reference. The following summary of the Zorko Letter does not purport to be complete and is subject to and qualified in its entirety by reference to the actual text of such letter.

The Zorko Letter provides for an annual salary of \$233,000. In connection with his employment, Mr. Zorko received an option grant to purchase 60,000 shares of the Company's common stock, \$.10 par value, pursuant to and in accordance with the Company's Amended and Restated Stock Option Plan. Mr. Zorko will be provided with an automobile allowance of \$575 per month and will be eligible for three weeks of paid vacation per year. In addition, Mr. Zorko will be eligible to receive an annual bonus with a target of 45% of his annual base salary based upon achieving the Company's annual budget and attaining specific objectives assigned by the CEO of the Company.

On August 27, 2006, the Company entered into a Full-Time Permanent Engagement Resources Agreement with Tatum, LLC (the "Resources Agreement") regarding the Company's employment of Mr. Zorko as CFO. A copy of the Resources Agreement is attached hereto as EXHIBIT 99.3 and is incorporated herein by

reference. Pursuant to the Resources Agreement, as compensation for resources provided to the Company, the Company will pay Tatum, LLC (i) \$58,250 plus (ii) 25% of any bonus paid to Mr. Zorko for work performed during the first year of his employment and (iii) \$1,000 per month during the term of the Resources Agreement. The Resources Agreement will terminate upon the effective date of termination of Mr. Zorko's employment with the Company.

ITEM 1.02. TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT.

As of August 31, 2006, the consulting agreement between the Company and

Lumina Group, LLC, a company owned by Mr. Risher, dated as of June 14, 2006 (the "Consulting Agreement") has been terminated. Pursuant to the terms of the Consulting Agreement, Lumina Group, LLC had been providing certain consulting services to the Company for a fee of \$20,000 per month.

ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

The Board of Directors of the Company has appointed James A. Risher, age 63 and a current director of the Company, as CEO and President of the Company effective August 31, 2006. A summary description of the material terms of Mr. Risher's letter agreement are discussed in Item 1.01 above and are incorporated herein by reference.

Mr. Risher has been serving as Interim CEO of the Company since July 22, 2006 and has been a member of the Company's Board of Directors since April 27, 2005. Mr. Risher has been the Managing Partner of Lumina Group, LLC, a private company engaged in the business of consulting and investing in small and mid-size companies, since 1998. From February 2001 to May 2002, Mr. Risher served as Chairman and Chief Executive Officer of BlueStar Battery Systems International, Inc., a Canadian public company that is an e-commerce distributor of electrical and electronic products to selected automotive aftermarket segments and targeted industrial markets. From 1986 to 1998, Mr. Risher served as a director, Chief Executive Officer and President of Exide Electronics Group, Inc. ("Exide"), a global leader in the uninterruptible power supply industry. He also served as Chairman of Exide from December 1997 to July 1998. Mr. Risher has also been a director of SL Industries, Inc., a manufacturer and marketer of power and data quality systems and equipment for individual, medical, aerospace and consumer applications, since May 2003 and a director of New Century Equity Holdings Corp., a holding company seeking to acquire a new business, since October 2004.

Mr. Risher does not have any family relationships with any of the directors, executive officers, or any people nominated or chosen by the registrant to become a director or executive officer.

Except as described below, Mr. Risher is not a party to any transactions listed in Reg. S-K Item 404(a).

As of August 31, 2006, the consulting agreement between the Company and Lumina Group, LLC, a company owned by Mr. Risher, has been terminated.

The Board of Directors of the Company has appointed Mark Zorko, age 54, as CFO of the Company effective August 30, 2006. A summary description of the material terms of Mr. Zorko's letter agreement are discussed in Item 1.01 above and are incorporated herein by reference.

Since 2000, Mr. Zorko has been a CFO Partner at Tatum CFO Partners, LLP, a professional services firm where he has held financial leadership positions with public and private client companies. From 1996 to 1999, Mr. Zorko was Chief Financial Officer and Chief Information Officer for Network Services Co., a privately held distribution company. Mr. Zorko's prior experience includes Vice President, Chief Financial Officer and Secretary of Comptronix Corporation, a publicly held electronic systems manufacturing company, corporate controller for Zenith Data Systems Corporation, a privately held computer manufacturing and retail electronics company, and finance manager positions with Honeywell, Inc. Mr. Zorko was a senior staff consultant with Arthur Andersen & Co. Mr. Zorko served in the Marine Corps. from 1970 to 1973. Mr. Zorko has served as a director of Guardian Technologies International, Inc. since November 2005. Mr. Zorko is a board advisor to Medspeed, Inc., a privately held medical transportation logistics company. Mr. Zorko earned a BS degree in Accounting

from Ohio State University, an MBA from the University of Minnesota, and completed the FEI's Chief Financial Officer program at Harvard University. Mr. Zorko is a certified public accountant and a member of the National Association of Corporate Directors.

Mr. Zorko does not have any family relationships with any of the directors, executive officers, or any people nominated or chosen by the registrant to become a director or executive officer.

Except as described below, Mr. Zorko is not a party to any transactions listed in Reg. S-K Item 404(a).

The Company and Tatum, LLC, of which Mark Zorko is a partner, are parties to the Resources Agreement defined and described in Item 1.01 above. A summary description of the material terms of the Resources Agreement is discussed in Item 1.01 above and is incorporated herein by reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Businesses Acquired.

Not Applicable.

(b) Pro Forma Financial Information.

Not Applicable.

(c) Shell Company Transactions.

Not Applicable.

(d) Exhibits.

99.1 Employment Letter dated as of August 31, 2006 between Del Global Technologies Corp. and James A. Risher.

99.2 Employment Letter dated as of August 30, 2006 between Del Global Technologies Corp. and Mark Zorko.

99.3 Resources Agreement dated as of August 27, 2006 by and between Del Global Technologies Corp. and Tatum, LLC.

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: August 31, 2006

By: /s/ James A. Risher

James A. Risher
President and Chief Executive Officer

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Employment Letter dated as of August 31, 2006 between Del Global Technologies Corp. and James A. Risher
99.2	Employment Letter dated as of August 30, 2006 between Del Global Technologies Corp. and Mark Zorko
99.3	Resources Agreement dated as of August 27, 2006 by and between Del Global Technologies Corp. and Tatum, LLC.

DEL GLOBAL TECHNOLOGIES CORP.
ONE COMMERCE PARK
VALHALLA, NY 10595

August 31, 2006

Mr. James A. Risher
1900 Eastwood Road, Suite 11
Wilmington, North Carolina 28403

Dear Jim:

I am pleased to extend an offer of employment to you as Chief Executive Officer (CEO) and President of Del Global Technologies Corporation (the "Company"). The following sets forth the term of employment as CEO and President of the Company.

Your employment is conditioned upon and will commence upon the satisfaction of all of the terms set forth in this letter. You will remain a member of the Board of Directors but will no longer be eligible for any compensation paid to you as an independent director. Your compensation as CEO and President will include a base salary of \$300,000. You will also be eligible to receive an annual bonus ("Annual Bonus") with a target of 60% of your annual base salary based on achieving the Company's annual budget and attaining specific objectives assigned by the Board of Directors of the Company. This Annual Bonus can be anywhere from 0% to 150% of your target. Such additional bonus, if any, shall be based on achieving specific targets to be determined exclusively by the Board of Directors. The bonuses, if any, will be paid following the completion of audited financial results. Therefore, the Bonuses, if any, are not guaranteed.

Management of the Company has recommended to the Board of Directors of the Company a stock option grant to purchase 120,000 shares (the "Shares") of common stock, \$.10 par value, of the Company pursuant to and in accordance with the Company's Amended and Restated Stock Option Plan (the "Stock Option Plan"). Additional stock options may be granted in the future based on the Company's performance and Board of Director approval. All stock options granted under the Stock Option Plan shall become exercisable and vest only to the following extent: (i) up to fifty (50%) percent of the options granted may be exercised on or after the first (1st) anniversary of the date of grant; (ii) up to seventy-five (75%) percent of the options granted may be exercised on or after the second (2nd) anniversary of the date of grant; and (iii) up to one hundred (100%) percent of the options granted may be exercised on or after the third (3rd) anniversary of the date of grant.

The Company will provide you with a monthly living allowance during the term of this agreement of \$6,200.00 per month. In the event that your employment is terminated by the Company without cause you will receive \$6,200.00 per month for

James A. Risher
August 31, 2006
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the remaining months from your start date until your first anniversary date of employment. You will not be entitled to this payment in the event your employment is terminated for cause.

You are eligible for three weeks of paid vacation during the year. Any vacation day not used cannot be carried forward and will have no cash value.

The consulting agreement between the Company and Lumina Group LLC, dated as of June 14, 2006, shall terminate as of the effective date of this letter.

You may be eligible to participate in Del Global's insurance programs after acceptance of this offer based on the recommendation and approval of the Board of Directors prior to the conclusion of first 30 days of this agreement.

Del Global's 401 (k) Plan provides a vehicle to help you invest in your retirement years with pre-tax dollars. Key features of the Plan include:

- o A Company-matching contribution of 50% of the first 4% of your salary that you invest in the Plan subject to plan and statutory limits, after 12 months of employment,
- o A diversified investment option portfolio sponsored by ING Life Insurance and Annuity Company,
- o An accelerated vesting schedule (100% vested in Company contributions after three (3) years of employment, and
- o Immediate eligibility to contribute to the Plan.

This offer of employment is contingent on the completion by the Company of a background check and drug screening test on you to the satisfaction of the Company.

To comply with Federal Immigration Law, we ask that you provide the Company with proof of your identity and citizenship. A list of acceptable documents is enclosed for you to review and must be provided to the Company within 24 hours of your date of hire.

You represent and warrant that your employment with the Company and your execution of this letter does not, and that your performance in accordance with this letter will not, violate the provisions of any agreement or instrument to which you are a party or any decree, judgment or order to which you are subject to.

The terms of this offer are not intended to create either an expressed or implied contract of employment for a specified period of time. It is understood that you are voluntarily entering into employment at will with the Company and either you or the Company can terminate the employment relationship at any time with or without prior notice for any reason whatsoever or for no reason at all. Moreover, both you and the Company acknowledge that there is no agreement expressed or implied for any specific period of employment, or for continued employment.

James A. Risher
August 31, 2006
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During your employment you will be asked to review and sign documents, including but not limited to, those that concern the non-disclosure of confidential information, and if you should leave the Company, the prompt return of all company property then in your possession. Your execution of these confidentiality agreements and adherence to their terms are a condition of your employment.

Please indicate your acceptance of this offer by signing below and returning this letter in its entirety to me within two (2) business days of the date of this letter. Please remember to keep one (1) copy for your records.

Sincerely,

/s/ James Henderson

James Henderson
Chairman

Cc: Personnel File

Agreed and accepted as of the date written above.

/s/ James A. Risher

James A. Risher

DEL GLOBAL TECHNOLOGIES CORP.
ONE COMMERCE PARK
VALHALLA, NY 10595

August 30, 2006

Mr. Mark Zorko
9 Greenbriar Lane
Hawthorn Woods, IL 60047

Dear Mark:

I am pleased to extend an offer of employment to you as Chief Financial Officer (CFO) of Del Global Technologies Corporation (the "Company"). The following sets forth the term of employment as CFO of the Company.

Your employment is conditioned upon and will commence upon the satisfaction of all of the terms set forth in this letter. Your compensation will include a base salary of \$233,000. The Company will also pay Tatum Partners \$1,000 per month in fees, on behalf of the Employee, during the Employee's period of employment with the Company. You will also be eligible to receive an annual bonus ("Annual Bonus") with a target of 45% of your annual base salary based on achieving the Company's annual budget and attaining specific objectives assigned by the Chief Executive Officer of the Company. The bonus, if any, will be paid following the completion of audited financial results. Therefore, the Bonus is not guaranteed and may range from 0% to 45% of your base salary.

Management of the Company has recommended to the Board of Directors of the Company a stock option grant to purchase 60,000 shares (the "Shares") of common stock, \$.10 par value, of the Company pursuant to and in accordance with the Company's Amended and Restated Stock Option Plan. Additional stock options may be granted in the future based on the Company's performance and Board of Director approval.

The Company will provide you with an automobile allowance of \$575.00 per month.

You are eligible for three weeks of paid vacation per year. Any vacation day not used cannot be carried forward and will have no cash value.

You will be entitled to a severance payment in the event your employment is terminated by the Company without cause. The severance payment will be equal to one (1) year of base salary. You will not be entitled to severance in the event your employment is terminated for cause.

Del Global's 401 (k) Plan provides a vehicle to help you invest in your retirement years with pre-tax dollars. Key features of the Plan include:

- o A Company-matching contribution of 50% of the first 4% of your salary that you invest in the Plan subject to plan and statutory limits, after 12 months of employment,
- o A diversified investment option portfolio sponsored by ING Life Insurance and Annuity Company,
- o An accelerated vesting schedule (100% vested in Company contributions after three (3) years of employment, and
- o Immediate eligibility to contribute to the Plan.

This offer of employment is contingent on the completion by the Company of a background check and drug screening test on you to the satisfaction of the Company.

To comply with Federal Immigration Law, we ask that you provide the Company with

proof of your identity and citizenship. A list of acceptable documents is enclosed for you to review and must be provided to the Company within 24 hours of your date of hire.

You represent and warrant that your employment with the Company and your execution of this letter does not, and that your performance in accordance with this letter will not, violate the provisions of any agreement or instrument to which you are a party or any decree, judgment or order to which you are subject to.

The Company acknowledges that you will continue to be associated with Tatum Partners, LLC and has entered into a "Resource Agreement" with Tatum.

The terms of this offer are not intended to create either an expressed or implied contract of employment for a specified period of time. It is understood that you are voluntarily entering into employment at will with the Company and either you or the Company can terminate the employment relationship at any time with or without prior notice for any reason whatsoever or for no reason at all. Moreover, both you and the Company acknowledge that there is no agreement expressed or implied for any specific period of employment, or for continued employment.

During your employment you will be asked to review and sign documents, including but not limited to, those that concern the non-disclosure of confidential information, and if you should leave the Company, the prompt return of all company property then in your possession. Your execution of these confidentiality agreements and adherence to their terms are a condition of your employment.

Please indicate your acceptance of this offer by signing below and returning this letter in its entirety to me within two (2) business days of the date of this letter. Please remember to keep one (1) copy for your records.

Sincerely,

/s/ James A. Risher

James A. Risher
Chief Executive Officer

Cc: Personnel File

Agreed and accepted as of the date written above.

/s/ Mark Zorko

Mark Zorko

TATUM, LLC
FULL-TIME PERMANENT ENGAGEMENT RESOURCES
AGREEMENT

August 21, 2006

Mr. James A. Risher
Interim Chief Executive Officer
Del Global Technologies Corp.

Dear Jim:

Tatum, LLC ("Tatum") understands that Del Global Technologies Corp. (the "Company") desires to hire Mark A. Zorko, one of our partners, as an employee of the Company (the "Employee"). The Company acknowledges that the Employee is and will remain a partner in our firm so that he or she will have access to our firm's resources for use in his or her employment with the Company. This Full-Time Permanent Engagement Resources Agreement (the "Resources Agreement") sets forth the rights of the Company, through the Employee, to use such resources for the benefit of the Company and for the payment for such services and for making the Employee available for service to the Company.

Since the Employee will be under the control and direct management of the Company, and not Tatum, Tatum's obligations to the Company are exclusively those set forth in this Resources Agreement. This document will serve as the entire agreement between the Company and Tatum.

COMPENSATION

The Company will pay directly to Tatum, as compensation for resources provided, resource fees ("Resource Fees") equal to the sum of (i) \$58,250 (payable as follows: (a) the \$20,000 deposit currently being held by Tatum will be applied toward this amount immediately upon the beginning of employment of the Employee (b) the balance of \$38,250 will be paid in three monthly installments of \$12,750 each beginning September 15, 2006), plus (ii) 25% of any bonus paid for the period beginning the date of employment under this agreement ("Beginning Date") until the date 12 months after Beginning Date. Any amounts payable based on bonuses paid Employee, will be paid to Tatum at the time the bonus is paid to the Employee, and (iii) \$1,000 per month during the term of this Resources Agreement, including any months with respect to which any severance payment is made, payable at the same time the Employee is paid. If a bonus or bonuses are paid to the Employee subsequent to 12 months from the Beginning date (the "Bonus Period"), for work performed during the Bonus Period, the amount owing to Tatum will be calculated proportionally based on the number days for which the bonus was paid that fall within the Bonus Period divided by the total number of days for which the bonus was paid.

If the Employee is no longer employed by the Company, for whatever reason, as of the six-month anniversary of the Beginning Date, then Tatum agrees to promptly return to the Company any compensation paid to Tatum pursuant to the above paragraph. Tatum further agrees that Tatum shall not be entitled to any additional Resource Fees from the Company pursuant to this Resources Agreement.

In addition, the Company acknowledges that the Employee will share with Tatum 15% of any cash proceeds realized from any Equity Bonus that the Employee may be granted.

For purposes hereof, "Equity Bonus" means any stock, option, warrant, or similar right (i.e., not yet realized in cash) that is granted, in each case in connection with services rendered by the Employee and "Salary" means all compensation paid to Employee, except bonuses and benefits (including medical benefits subsidy paid to Employee). All compensation payable or deliverable to

Tatum is referred to herein as the "Resource Fee."

Payment of the Signing Fee will be made concurrently with the signing of this Resources Agreement. All other payments to Tatum should be made by direct deposit through the Company's payroll, or by an automated clearing house ("ACH") payment at the same time as payments are made to the Employee.

TERMINATION

This Resources Agreement will terminate immediately upon the effective date of termination or expiration of the Employee's employment with the Company or upon the Employee ceasing to be a partner of Tatum.

In the event that either party commits a breach of this Resources Agreement and fails to cure the same within seven (7) days following delivery by the non-breaching party of written notice specifying the nature of the breach, the non-breaching party will have the right to terminate this Resources Agreement immediately effective upon written notice of such termination.

HIRING EMPLOYEE OUTSIDE OF RESOURCES AGREEMENT

During the twelve (12)-month period following termination or expiration of this Resources Agreement, other than in connection with another Tatum agreement, the Company will not employ the Employee, or engage the Employee as an independent contractor, to render services of substantially the same nature as those for which Tatum is making the Employee available pursuant to this Resources Agreement. The parties recognize and agree that a breach by the Company of this provision would result in the loss to Tatum of the Employee's valuable expertise and revenue potential and that such injury will be impossible or very difficult to ascertain. Therefore, in the event this provision is breached, Tatum will be entitled to receive as liquidated damages an amount equal to forty-five percent (45%) of the Employee's Annualized Compensation (as defined below), which amount the parties agree is reasonably proportionate to the probable loss to Tatum and is not intended as a penalty. If, however, a court or arbitrator, as applicable, determines that liquidated damages are not appropriate for such breach, Tatum will have the right to seek actual damages. The amount will be due and payable to Tatum upon written demand to the Company. For this purpose, "Annualized Compensation" will mean the Employee's most recent annual Salary and the maximum amount of any bonus for which the Employee was eligible with respect to the then current bonus year.

INSURANCE

The Company will provide Employee with the same level of directors' and officers' insurance as other most senior executives and board members of the Company, including "tail" coverage.

DISCLAIMERS, LIMITATIONS OF LIABILITY & INDEMNITY

It is understood that Tatum does not have a contractual obligation to the Company other than to make its resources available to the Employee (by virtue of

the Employee being a partner in Tatum) for the benefit of the Company under the terms and conditions of this Resources Agreement. The Resource Fee will be for the resources provided and for making the Employee available for service to the Company. Tatum assumes no responsibility or liability under this Resources Agreement other than to render the services called for hereunder and will not be responsible for any action taken by the Company in following or declining to follow any of Tatum's advice or recommendations.

Tatum represents to the Company that Tatum has conducted its standard screening

and investigation procedures with respect to the Employee becoming a partner in Tatum, and the results of the same were satisfactory to Tatum. Tatum disclaims all other warranties, either express or implied. Without limiting the foregoing, Tatum makes no representation or warranty as to the accuracy or reliability of reports, projections, forecasts, or any other information derived from use of Tatum's resources, and Tatum will not be liable for any claims of reliance on such reports, projections, forecasts, or information. Tatum will not be liable for any non-compliance of reports, projections, forecasts, or information or services with federal, state, or local laws or regulations. Such reports, projections, forecasts, or information or services are for the sole benefit of the Company and not any unnamed third parties.

In the event that any partner of Tatum (including without limitation the Employee to the extent not otherwise entitled in his or her capacity as an officer of the Company) is subpoenaed or otherwise required to appear as a witness or Tatum or such partner is required to provide evidence, in either case in connection with any action, suit, or other proceeding initiated by a third party or by the Company against a third party, then the Company shall reimburse Tatum for the costs and expenses (including reasonable attorneys' fees) actually incurred by Tatum or such partner and provide Tatum with compensation at Tatum's customary rate for the time incurred.

The Company agrees that, with respect to any claims the Company may assert against Tatum in connection with this Resources Agreement or the relationship arising hereunder, Tatum's total liability will not exceed two (2) months of the then current monthly Resource Fee.

As a condition for recovery of any liability, the Company must assert any claim against Tatum within three (3) months after discovery or sixty (60) days after the termination or expiration of this Resources Agreement, whichever is earlier.

Tatum will not be liable in any event for incidental, consequential, punitive, or special damages, including without limitation, any interruption of business or loss of business, profit, or goodwill.

ARBITRATION

If the parties are unable to resolve any dispute arising out of or in connection with this Resources Agreement, either party may refer the dispute to arbitration by a single arbitrator selected by the parties according to the rules of the American Arbitration Association ("AAA"), and the decision of the arbitrator will be final and binding on both parties. Such arbitration will be conducted by the Chicago, Illinois office of the AAA. In the event that the parties fail to agree on the selection of the arbitrator within thirty (30) days after either party's request for arbitration under this paragraph, the arbitrator will be chosen by AAA. The arbitrator may in his discretion order documentary discovery but shall not allow depositions without a showing of compelling need. The

arbitrator will render his decision within ninety (90) days after the call for arbitration. The arbitrator will have no authority to award punitive damages. Judgment on the award of the arbitrator may be entered in and enforced by any court of competent jurisdiction. The arbitrator will have no authority to award damages in excess or in contravention of this Resources Agreement and may not amend or disregard any provision herein. Notwithstanding the foregoing, no issue related to the ownership of intellectual property will be subject to arbitration but will instead be subject to determination by a court of competent jurisdiction, and either party may seek injunctive relief in any court of competent jurisdiction.

MISCELLANEOUS

Tatum will be entitled to receive all reasonable costs and expenses incidental to the collection of overdue amounts under this Resources Agreement, including but not limited to attorneys' fees actually incurred.

The Company agrees to allow Tatum to use the Company's logo and name on Tatum's website and other marketing materials for the sole purpose of identifying the Company as a client of Tatum. Tatum will not use the Company's logo or name in any press release or general circulation advertisement without the Company's prior written consent.

Neither the Company nor Tatum will be deemed to have waived any rights or remedies accruing under this Resources Agreement unless such waiver is in writing and signed by the party electing to waive the right or remedy. This Resources Agreement binds and benefits the successors of Tatum and the Company.

Neither party will be liable for any delay or failure to perform under this Resources Agreement (other than with respect to payment obligations) to the extent such delay or failure is a result of an act of God, war, earthquake, civil disobedience, court order, labor dispute, or other cause beyond such party's reasonable control.

The terms of this Resources Agreement are severable and may not be amended except in a writing signed by Tatum and the Company. If any portion of this Resources Agreement is found to be unenforceable, the rest of the Resources Agreement will be enforceable except to the extent that the severed provision deprives either party of a substantial portion of its bargain.

The provisions in this Resources Agreement concerning payment of compensation and reimbursement of costs and expenses, limitation of liability, directors' and officers' insurance and arbitration will survive any termination or expiration of this Resources Agreement.

This Resources Agreement will be governed by and construed in all respects in accordance with the laws of the State of New York, without giving effect to conflicts-of-laws principles.

Nothing in this Resources Agreement shall confer any rights upon any person or entity other than the parties hereto and their respective successors and permitted assigns and the Employee.

Each person signing below is authorized to sign on behalf of the party indicated, and in each case such signature is the only one necessary.

This Resources Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, and may be executed by delivery of a facsimile copy of a signed signature page.

ELECTRONIC PAYMENT INSTRUCTIONS FOR DEPOSIT AND RESOURCE FEE:

Bank Name:	Bank of America
Branch:	Atlanta
Routing Number:	
For ACH Payments:	xxx xxx xxx
For Wires:	xxx xxx xxx
Account Name:	Tatum, LLC
Account Number:	xxx xxx xxx xxx

Please reference Del Global Technologies Corp. in the body of the wire.

Please sign below and return a signed copy of this letter to indicate the Company's agreement with its terms and conditions.

We look forward to serving you.

Sincerely yours,

TATUM, LLC

/s/ Dirk B. Landis

SIGNATURE
Dirk B. Landis
Area Managing Partner for
TATUM LLC

Acknowledged and agreed by:

DEL GLOBAL TECHNOLOGIES CORP.

By: /s/ James A. Risher

Title: Interim CEO/President

Date: 8/27/06
