

PAR TECHNOLOGY CORP
Form 8-K
December 29, 2011

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): December 23, 2011
PAR Technology Corporation

(Exact name of registrant as specified in its charter)

Delaware	1-09720	16-1434688
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

PAR Technology Park, 8383 Seneca Turnpike, New Hartford, New York 13413-4991
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (315) 738-0600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On December 23, 2011, PAR Technology Corporation (“PAR”) and its wholly owned subsidiaries, PAR Government Systems Corporation (“PAR-G”), and PAR Logistics Management Systems Corporation (“PLMS”) (PAR, PAR-G, and PLMS are each individually referred to herein as a “Seller” and are collectively referred to herein as the “Sellers”), ORBCOMM Inc. (“ORBCOMM”) and PLMS Acquisition, LLC, an indirectly wholly-owned subsidiary of ORBCOMM (“PLMS Acquisition”) (ORBCOMM and PLMS Acquisition are collectively referred to herein as the, the “Buyer”), entered into an Asset Purchase Agreement (the “Asset Purchase Agreement”) for Buyer to purchase substantially all of the assets of PLMS.

Consideration to be Paid

The consideration payable by ORBCOMM at the closing with respect to substantially all the assets of PLMS is equal to the aggregate amount of \$6,000,000 (the “Closing Consideration”) in cash and common stock as follows:

- (i) Cash consideration in an amount equal to four million Dollars (\$4,000,000);
- (ii) Issuance and delivery to PAR of 258,065 shares of ORBCOMM common stock (based on the amount of \$800,000 divided by the average 20-day closing price of ORBCOMM common stock prior to the execution of the Asset Purchase Agreement (the “Average Price”));
- (iii) Issuance and delivery to The Bank of New York Mellon, as escrow agent (“Mellon”), of 387,097 shares of ORBCOMM common stock (based on the amount of \$1,200,000 divided by the Average Price), which escrowed shares will be available to pay certain indemnification obligations of the Sellers to the Buyer; and
- (iv) Assumption by Buyer of certain specified assumed liabilities, generally consisting of liabilities arising after the closing date and liabilities reflected in the closing working capital calculation.

In addition to the Closing Consideration, contingent consideration of up to \$3.95 million payable by ORBCOMM to PAR post-closing in cash, ORBCOMM common stock or a combination of cash and ORBCOMM common stock, at ORBCOMM’s option. Up to \$3 million of the contingent consideration will be payable based on achievement of certain agreed-upon new subscriber targets for calendar year 2012 and up to \$950,000 of the contingent consideration will be payable based on achieving agreed-upon sales targets for calendar years 2012 through 2014.

If paid in stock, the number of ORBCOMM shares to be issued to PAR will be based upon the average 20-day closing price of ORBCOMM common stock prior to the payment due date for such contingent consideration.

Representations, Warranties and Covenants

The Asset Purchase Agreement contains customary representations, warranties and covenants.

Conditions to Closing

Each party’s obligation to close the transactions contemplated by the Asset Purchase Agreement is subject to customary closing conditions, including obtaining certain third party consents to the transactions and the execution and delivery of a registration rights agreement relating to the shares being issued in the transaction.

Termination

The Asset Purchase Agreement contains certain termination rights for both ORBCOMM and PAR, including in the event that the closing conditions of the transactions contemplated by the Asset Purchase Agreement is not consummated by March 31, 2012.

Other Related Transaction Documents

On December 23, 2011, the Buyer and the Sellers also entered into a transition services agreement whereby PLMS and PAR agreed to provide transition services for a period of six months after the closing of the transactions contemplated by the Asset Purchase Agreement. ORBCOMM may, at its option, extend such services for two additional six month periods.

Item 8.01 Other Events

On December 28, 2011, ORBCOMM and PAR issued a joint press release announcing the entry into the Asset Purchase Agreement and the transactions contemplated thereby, a copy of which is attached as Exhibit 99.1 to this Report and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

99.1 Joint press release of ORBCOMM Inc. and PAR Technology Corporation dated December 28, 2011.

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 thereunto duly authorized.

PAR TECHNOLOGY CORPORATION
(Registrant)

Date: December 29, 2011

/s/Ronald J. Casciano
Ronald J. Casciano
Vice President, Chief Financial Officer,
Treasurer and Chief Accounting Officer

Exhibit Number Description

99.1 Press Release of PAR Technology Corporation dated December 28, 2011.

ORBCOMM TO ACQUIRE PAR TECHNOLOGY SUBSIDIARY,
PAR LOGISTICS MANAGEMENT SYSTEMS

- PAR Technology to Focus on Hospitality and Government -

- Strengthens ORBCOMM's Market Leadership in Providing Transport Solutions and Ability to Deliver Advanced Products to a Broader Customer Base –

Fort Lee, NJ; New Hartford, NY - December 28, 2011 - ORBCOMM Inc. (Nasdaq: ORBC), a global satellite data communications company focused on two-way Machine-to-Machine (M2M) communications, and PAR Technology Corporation (NYSE: PAR), a leading provider of hospitality technology and services, today announced that they have entered into a definitive agreement under which ORBCOMM will acquire the assets of PAR's subsidiary, PAR Logistics Management Systems (PAR LMS). PAR LMS is a leading provider of advanced solutions for monitoring transport assets and cargo in the transportation and distribution industries.

“The addition of PAR LMS's customer base and advanced technology platform strengthens ORBCOMM's foundation of value-added services and our ability to offer the most advanced products in the fast-growing telematics industry,” said Marc Eisenberg, CEO of ORBCOMM. “We expect to offer customers increased features, higher levels of integration and increased scale by adding PAR LMS to our portfolio of leading edge businesses. We look forward to welcoming PAR LMS's employees and customers to ORBCOMM,” said Eisenberg.

“We are pleased with this agreement, which comes at the end of a thorough review and sale process. The decision to sell PAR LMS resulted from our board's evaluation over the past year of various strategic alternatives to position the company for long-term growth. Focusing on the core businesses will benefit customers and shareholders and the sale of PAR LMS is an important step forward to unlocking the intrinsic value of PAR's underlying assets,” said Paul B. Domorski, PAR Chairman and CEO. “ORBCOMM's proven experience in the telematics industry; cutting-edge technology resources and breadth of global data communications services will significantly benefit PAR LMS's current customers.”

Under the terms of the transaction, ORBCOMM will acquire PAR LMS for approximately \$6 million at closing, comprised of cash and stock, plus the potential of up to \$4 million in additional consideration based on achieving specific sales targets. The transaction is expected to close in mid-January 2012, subject to customary closing conditions. The transaction will add to ORBCOMM's revenue growth and is expected to be accretive to adjusted EBITDA by the end of 2012. ORBCOMM expects to realize benefits and synergies from the combined businesses in service delivery, device manufacturing, and other operating costs.

The acquisition of PAR LMS adds new vertical markets to ORBCOMM and will enhance ORBCOMM's leadership position in providing efficiency, predictability and quality to cold chain management. The combined platform supports ORBCOMM's growth strategy by expanding its satellite, terrestrial and dual-mode offerings and advancing sales growth in these attractive business segments. PAR LMS adds strategic channel relationships, a broad customer base and a strong technology platform. ORBCOMM plans to extend its services directly to PAR LMS's customers as well as leverage improved economies of scale in manufacturing and service delivery. This acquisition follows ORBCOMM's purchase of Startrak in May 2011, also in the transportation solutions sector.

Raymond James acted as financial advisors to ORBCOMM in this transaction. Needham & Company, LLC acted as financial advisor to PAR Technology Corporation in this transaction.

About ORBCOMM Inc.

ORBCOMM is a leading global satellite data communications company, focused on Machine-to-Machine (M2M) communications. Its customers include Caterpillar Inc., Doosan Infracore America, Hitachi Construction Machinery, Hyundai Heavy Industries, Asset Intelligence (a division of I.D. Systems, Inc.), Komatsu Ltd., Manitowoc Crane Companies, Inc., and Volvo Construction Equipment among other industry leaders. By means of a global network of low-earth orbit (LEO) satellites and accompanying ground infrastructure, ORBCOMM's low-cost and reliable two-way data communication services track, monitor and control mobile and fixed assets in four core markets: commercial transportation; heavy equipment; industrial fixed assets; and marine/homeland security. ORBCOMM-based products are installed on trucks, containers, marine vessels, locomotives, backhoes, pipelines, oil wells, utility meters, storage tanks and other assets. Through its recently acquired StarTrak Information Technologies, LLC subsidiary, ORBCOMM is an innovator and leading provider of tracking, monitoring and control services for the refrigerated transport market. Under its ReeferTrak® and GenTrak™ brands, the company provides customers with the ability to proactively monitor, manage and remotely control their refrigerated transport assets. ORBCOMM is headquartered in Fort Lee, New Jersey and has its network control center in Dulles, Virginia. For more information, visit www.orbcomm.com.

About PAR Technology Corporation

PAR Technology Corporation's stock is traded on the New York Stock Exchange under the symbol PAR. PAR's Hospitality segment has been a leading provider of restaurant and retail technology for more than 30 years. PAR offers technology solutions for the full spectrum of restaurant operations, from large chain and independent table service restaurants to international quick service chains. PAR also offers hotel management systems that provide a complete suite of powerful tools for guest management, recreation management, and timeshare/condo management. PAR provides the spa industry a leading management application that was specifically designed to support the unique needs of the resort spa and day spa markets, a rapidly growing hospitality segment. PAR solutions also can be found in retailers, cinemas, cruise lines, stadiums and food service companies as well as being a leader in providing computer-based system design and engineering services to the Department of Defense and various Federal Agencies. Visit www.partech.com for more information.

Forward-Looking Statements

Certain statements discussed in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally relate to our plans, objectives and expectations for future events and include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Such forward-looking statements, including those concerning expectations, are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from the results, projected, expected or implied by the forward-looking statements, some of which are beyond ORBCOMM or PAR's control, that may cause actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include but are not limited to the risks described in our respective filings with the Securities and Exchange Commission. Unless required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For more detail on these and other risks, please see the "Risk Factors" section in our respective annual reports on Form 10-K for the year ended December 31, 2010.

Contacts

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