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SSE TELECOM INC
Form 10-K/A
January 29, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-16473

SSE TELECOM, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

52-1466297
(I.R.S. Employer
Identification No.)

47823 Westinghouse Drive
Fremont, California
(Address of principal executive office)

94539
(Zip Code)

Registrant's telephone number, including area code: (510) 657-7552

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, Par Value \$0.01

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.

The aggregate market value of voting common stock held by non-affiliates of the Registrant, based upon the closing sale price of Common Stock on December 8, 2000 as reported on the Nasdaq National Market, was approximately \$3,423,000. Shares of common stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed affiliates. This determination of affiliate status is not

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necessarily a conclusive determination for other purposes. On December 8, 2000, there were 6,257,608 shares of the Registrant's common stock issued.

DOCUMENTS INCORPORATED BY REFERENCE

None.

PART III

ITEM 10. DIRECTORS OF THE COMPANY

The following table sets forth information regarding the Company's directors as of January 12, 2001:

NAME	AGE	POSITION HELD WITH THE COMPANY
Mr. Leon F. Blachowicz	61	President, Chief Executive Officer and Director
Mr. Frank Trumbower	63	Chairman of the Board of Directors
Mr. Joseph T. Pisula	59	Director
Mr. Lawrence W. Roberts	61	Director
Mr. D. Jonathan Merriman	40	Director

Mr. Leon F. Blachowicz has served as President, Chief Executive Officer, and Director of the Company since April 1998, the date he joined the Company. He has also served as a member of the Nominating Committee of the Board of Directors since April 1998. From 1995 to 1998, he was at California Microwave, Inc. and served as Group President of the Wireless and Satellite Communications Group. From 1989 to 1995 he was Vice President/General Manager of Varian Associates, Microwave Products Division, a manufacturer of satellite communication equipment. Mr. Blachowicz earned his M.A. and B.A. degrees in Electrical Engineering from the University of Florida.

Mr. Frank Trumbower has served as our Chairman since May 1999, as a member of our Board of Directors from 1989 to 1994 and from 1995 to 1997 and as our President and Chief Executive Officer from 1990 to 1994. From 1990 to 1994 he also served as the President and Chief Executive Officer of DirectSat Corporation, a Direct Broadcast Satellite (DBS) licensee partly owned by the Company. Mr. Trumbower is currently the President of Cambridge Technology Partners, Inc., a private venture capital firm specializing in telecommunications and related computer technology. Mr. Trumbower currently serves as a member of the board of directors of Cambridge Technology Group, Inc., Cambridge Technology Partners, Inc., Cambridge Research Associates, Inc., Avenel Capital Management, Inc., Prinz (USA) Distributors, Inc., and Network Storage Solutions, Inc. Mr. Trumbower received a degree from the University of San Francisco and, as a Marshall Scholar, did graduate work in microeconomics at the London School of Economics.

Mr. Joseph T. Pisula has served as a Director of the Company since March 1995. He has served as a member of the Audit Committee of the Board of Directors since 1995. Since July 2000, he has served as Chairman of iSolutions, Inc., a company engaged in e-business consulting. From June 1998 to July 2000, he served as President and Chief Executive Officer of TSI TelSys, Corp., a manufacturer of high-performance digital telemetry processing and simulation systems for ground station terminals used in the satellite remote sensing market. From October 1996 until April 1998 he was President and Chief Executive Officer of Network Storage Solutions, Inc., a network-attached storage appliance manufacturer. From February 1995 to May 1996, he was President and Chief Operating Officer of Treev Inc., (formerly, Network Image Corporation), an

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enterprise client-server software company. From April 1993 to September 1994, Mr. Pisula was Chairman and Chief Executive Officer of Digital Transmission System Inc., a telecommunications equipment manufacturer. Mr. Pisula received his M.A. in Business Administration from the University of Rochester and his B.S. in Electrical Engineering from the University of Pittsburgh.

Mr. Lawrence W. Roberts has served as Director of the Company since June 1997. He has served as a member of the Compensation and Nominating Committees of the Board of Directors since 1997. Since 1985, he has been President and a Director of Technology Strategies & Alliances, a strategic investment banking firm specializing in the technology industry. Since September 2000, Mr. Roberts has been a Managing Partner of Rocket Management LLC, a venture management and investment firm. He received his M.B.A. from the Harvard Graduate School of Business Administration, an M.A. in International Relations from American University and a B.A. from the University of Louisville.

Mr. D. Jonathan Merriman has served as a Director of the Company since October 1999. Since October 2000 he has been the Chief Executive Officer of RateXchange Corporation a company involved in the brokering of bandwidth. Previously Mr. Merriman was the Senior Managing Director in charge of the Equity Capital Markets Group at First Security Van Kasper and Company, an investment banking and brokerage firm, and oversaw the research, institutional sales, equity trading, syndicate, and derivatives trading departments. He was also a member of

Van Kasper's management, executive and commitment committees as well as the Van Kasper Advisors investment committee. He received a B.A. degree in psychology from Dartmouth College and an M.B.A. from New York University's Graduate School of Business.

Section 16(a) Beneficial Ownership Reporting Compliance Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of the Common Stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Based on this review of the copies of such forms received by it, the Company believes that all filing requirements applicable to its officers, directors, and greater than ten-percent beneficial owners were complied with.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table shows for the fiscal years ended September 30, 2000, September 25, 1999, and September 26, 1998, compensation awarded or paid to, or earned by, the Company's Chief Executive Officer and its other four most highly compensated executive officers (the "Named Executive Officers"):

Name and Principal Position	Year	Annual Compensation		Long-ter Compensat
		Salary (\$)	Bonus (\$)	Securiti Underlyi Option (#)
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Leon F. Blachowicz	2000	259,609	46,500	50,000
President and Chief	1999	235,000	100,000	75,000
Executive Officer	1998	88,576 (2)	-	150,000
Michael B. Wytyshyn	2000	192,510	-	10,000
Executive Vice President	1999	184,995	35,000	100,000
Business Development	1998	60,479 (2)	-	
Myron B. Gilbert	2000	154,060	11,000	25,000
Executive Vice President	1999	136,864	20,000	50,000
Operations	1998	32,694 (2)	-	
George M. Walley	2000	175,062	11,040	70,000
Executive Vice President	1999	137,088	4,595	10,000
Product Development	1998	18,000 (2)	5,000	30,000
James J. Commendatore	2000	162,401	30,000	35,000
Chief Financial Officer	1999	117,113 (2)	10,000	50,000
	1998	-	-	

STOCK OPTION GRANTS AND EXERCISES

The Company may grant options to its executive officers under its 1997 Equity Participation Plan or its 1992 Stock Option Plan. Percentage of total options as set forth below was calculated based on option to purchase an aggregate of 1,271,325 shares of common stock granted under our plans. The potential realizable value as set forth below was calculated based on the five-year term of the option and assumed rates of stock appreciation of 5% and 10% compounded annually from the date the options were granted to their expiration date based on the fair market value of the Common Stock on the date of grant. Options are granted to purchase Common Stock at exercise prices no less than 100% of the market value of the stock on the grant date. Options generally vest in a series of annual installments beginning from the vesting start date and extending through the next four years of service. The stock option agreements provide that options granted to all employees will vest upon any "change in control" of the Company, as defined by the agreements.

The following tables show for the fiscal year ended September 30, 2000, certain information regarding options granted to, exercised by, and held at year end by, the Named Executive Officers:

OPTION GRANTS IN LAST FISCAL YEAR

Name	Number of Securities Underlying Options	% of Total Options Granted to Employees Fiscal Year	Price Per Share	Expiration Date	Potent Valu Annual Price For (5) ----- 5% (\$)
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Leon F. Blachowicz	50,000	3.93%	\$2.15	10/25/04	30,083
Michael B. Wytshyn	10,000	0.79%	\$5.75	04/13/05	15,886
Myron B. Gilbert	15,000	1.18%	\$5.75	04/13/05	23,830
	10,000	0.79%	\$2.15	10/25/04	6,016
George M. Walley	40,000	3.15%	\$5.75	04/13/05	63,545
	30,000	2.36%	\$2.15	10/25/04	18,050
James J. Commendatore	20,000	1.57%	\$5.75	04/13/05	31,772
	15,000	1.18%	\$2.15	10/25/04	9,025

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR, AND FISCAL YEAR-END OPTION V

Name	Shares Acquired on Exercise (#)	Value Realized (\$) ⁽¹⁾	Number of Unexercised Options at Fiscal Year End		Value of in-the-M at Fiscal
			Exercisable	Unexercisable	Exercisable
Leon F. Blachowicz	-	-	93,750	181,250	14,719
Michael B. Wytshyn	-	-	25,000	85,000	11,813
Myron B. Gilbert	12,500	118,750	0	62,500	0
George M. Walley	10,000	66,973	7,500	92,500	10,125
James J. Commendatore	-	-	12,500	72,500	8,250

EMPLOYMENT AGREEMENTS

In April 1998 the Company entered into an employment agreement with Mr. Blachowicz to serve as its President and Chief Executive Officer. Mr. Blachowicz received a base salary of \$235,000 per year. In addition, Mr. Blachowicz is entitled to receive an annual bonus, a portion of which is guaranteed, payable in cash and/or stock options with a target range of sixty percent (60%) of base salary upon the Company's achieving certain pre-established goals determined by the Board. In addition, the Company committed to grant Mr. Blachowicz an option to purchase an aggregate of 250,000 shares of its Common Stock of which 150,000 shares were granted upon execution of the agreement.

In May 1998 the Company entered into an employment agreement with Mr. Wytshyn to serve as its Executive Vice President of Business Development. Mr. Wytshyn received an annual base salary of \$185,000 per year. In addition, Mr. Wytshyn is entitled to receive an annual bonus payable in cash and/or stock options with a target range of fifty percent (50%) of base salary upon the Company's achieving certain pre-established goals determined by the Board. In addition, the Company committed to grant Mr. Wytshyn an option to purchase an aggregate of 100,000 shares of its Common Stock of which 75,000 shares were granted upon execution of the agreement.

In May 1998, the Company entered into an employment agreement with Mr. Gilbert to serve as its Executive Vice President of Operations. Mr. Gilbert received an annual base salary of \$125,000 per year. In addition, Mr. Gilbert is entitled to receive an annual bonus payable in cash and/or stock options with a

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target range of forty percent (40%) of base salary upon the Company's achieving certain pre-established goals determined by the Board. In addition, the Company granted Mr. Gilbert an option to purchase an aggregate of 50,000 shares of its Common Stock.

In November 1998, the Company entered into an employment agreement with Mr. Commendatore to serve as its Executive Vice President and Chief Financial Officer. Mr. Commendatore received an initial annual base salary of \$145,000 per year. In addition, Mr. Commendatore is entitled to receive an annual bonus payable in cash and/or stock options with a target range of forty percent (40%) of base salary upon the Company's achieving certain pre-established goals determined by the Board. In addition, the Company granted Mr. Commendatore an option to purchase an aggregate of 50,000 shares of its Common stock.

In February 1999, the Company entered into an employment agreement with Mr. Walley to serve as its Executive Vice President of Product Development. Mr. Walley received an initial annual base salary of \$138,000 per year. In addition, Mr. Walley is entitled to receive an annual bonus payable in cash and /or stock options with a target range of forty percent (40%) of base salary upon the Company's achieving certain pre-established goals determined by the Board. In addition, the Company agreed to pay a temporary mortgage allowance of up to \$1,600 a month for up to six months from the date of the agreement.

In July 2000, the Company entered into an employment agreement with Mr. Mossman to serve as its Executive Vice President of Sales and Marketing. Mr. Mossman received an initial annual base salary of \$160,000 per year. In addition, Mr. Walley is entitled to receive an annual bonus payable in cash and /or stock options with a target range of forty percent (40%) of base salary upon the Company's achieving certain pre-established goals determined by the Board. The first year management bonus, for fiscal year 2000, is guaranteed at 40% of base salary, prorated for months employed in the balance of the fiscal year.. The second year management bonus, fiscal year 2001, is guaranteed at the 40% of then base salary. In addition, the Company agreed to pay Mr. Mossman a \$25,000 signing bonus and granted him a non-secured interest free loan of \$40,000 for a term of two years.

In accordance with all the agreements, subsequent to the fiscal year of initial employment, annual base salary is to be determined by the Company's Board of Directors. In addition, if any of the named executive officers is terminated without cause, (a) within the first twelve month period from the effective date of the employment agreements, the executive shall be entitled to receive, and shall receive continuing compensation

substantially equivalent to their then current compensation for a period of twelve months from the date of termination, payable in monthly installments during the twelve month period following termination, (b) within the second twelve month period from the effective date, the executive shall receive continuing compensation for a period of nine months from the date of termination, payable in monthly installments during the twelve month period following termination; and (c) within the third twelve month period from the effective date, the executive shall receive continuing compensation for a period of six months from the date of termination, payable in monthly installments during the twelve month period following termination. If any of the named executive officers are terminated upon a change in control, such termination shall be termination without cause. All executive officers have agreed not to (i) compete with the Company for the six (6) month period following termination or during the period in which he receives such salary continuation payments, whichever is longer or (ii) during the term of their agreements, or at any time during the two year period thereafter, divulge, furnish or make accessible to

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anyone other than the Company, the directors and officers of the Company, unless otherwise in the regular course of the business of the Company, any knowledge of confidential information.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of the Company's Common Stock as of January 12, 2001 by: (i) each for director; (ii) each of the executive officers named in the Summary Compensation Table; (iii) all executive officers and directors of the Company as a group; and (iv) all those known by the Company to be beneficial owners of more than five percent of its Common Stock. The address for each director, and executive officer named in the table is 47823 Westinghouse Drive, Fremont, California 94539; the address for Alcatel Telspace, S.A. is 5 Rue Noel Pons, 92734 Nanterre Cedex, France; and the address for Cannell Capital Management is 600 California Street, San Francisco, California 94108.

Beneficial Owner	Beneficial Ownership (1)	
	Number of Shares	Percent of Total
Directors and Executive Officers :		
Leon F. Blachowicz (2).....	170,000	2.8
Frank S. Trumbower (3).....	551,176	9.1
D. Jonathan Merriman(4).....	3,333	*
Joseph T. Pisula(5).....	13,332	*
Lawrence W. Roberts (6).....	9,332	*
Myron B. Gilbert (7).....	65,000	1.1
Daryl L. Mossman	5,700	*
James J. Commendatore (8).....	39,512	*
George M. Walley (9).....	38,422	*
Directors and Executive Officers as a Group (nine persons) (10).....	882,475	14.6
Five Percent Stockholders:		
Alcatel Telspace, S.A.....	625,000	10.4
Cannell Capital Management (11).....	700,000	11.6

* Less than one percent.

(1) This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13D and 13G filed with the Securities and Exchange Commission (the "SEC"). Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment

power with respect to all shares of Common Stock shown as beneficially owned by them. Percentage of beneficial ownership is based on 6,032,985 shares of Common Stock outstanding as of January 12, 2001, adjusted as required by rules promulgated by the SEC.

(2) Includes 125,000 shares subject to options exercisable within 60 days of

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January 12, 2001.

- (3) Includes 8,333 shares subject to options exercisable within 60 days of January 12, 200. The number of shares also includes 192,827 shares owned by Mr. Trumbower's spouse, as to which Mr. Trumbower disclaims beneficial ownership, and 16,667 shares held by Prescap Limited Partnership of which Mr. Trumbower is a general partner. Also,
- (4) Includes 3,333 shares subject to options exercisable within 60 days of January 12, 2001.
- (5) Includes 13,332 shares subject to options exercisable within 60 days of January 12, 2001.
- (6) Includes 3,334 shares subject to options exercisable within 60 days of January 12, 2001.
- (7) Includes 15,000 shares subject to options exercisable within 60 days of January 12, 2001.
- (8) Includes 28,750 shares subject to options exercisable within 60 days of January 12, 2001.
- (9) Includes 17,500 shares subject to options exercisable within 60 days of January 12, 2001.
- (10) Includes the Directors and Executive Officers named in the table.
- (11) Based on a Schedule 13G filed January 12, 2000, J. Carlo Cannell D/B/A Cannell Capital Management has shared dispositive power and shared voting power with respect to 700,000 shares of the Company's Common Stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SSE TELECOM, INC.

Dated: January 29, 2001

/s/ LEON F. BLACHOWICZ

Leon F. Blachowicz
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
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/s/ FRANK S. TRUMBOWER ----- Frank Trumbower	Chairman of the Board	January 29, 2001
/s/ LEON F. BLACHOWICZ ----- Leon F. Blachowicz	Director and Chief Executive Officer (Principle Executive Officer)	January 29, 2001
/s/ JAMES J. COMMENDATORE ----- James J. Commendatore	Chief Financial Officer (Principle Finance and Accounting Officer)	January 29, 2001
/s/ JOSEPH T. PISULA ----- Joseph T. Pisula	Director	January 29, 2001
/s/ OLIN L. WETHINGTON ----- Olin L. Wethington	Director	January 29, 2001
/s/ LAWRENCE W. ROBERTS ----- Lawrence W. Roberts	Director	January 29, 2001
/s/ D. JONATHAN MERRIMAN ----- D. Jonathan Merriman	Director	January 29, 2001