

MECHANICAL TECHNOLOGY INC
Form 8-K
January 03, 2006

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

December 30, 2005

Date of Report (Date of earliest event reported)

MECHANICAL TECHNOLOGY INCORPORATED

(Exact name of registrant as specified in its chapter)

| | | |
|---|--------------------------|---|
| <u>NEW YORK</u> | <u>0-6890</u> | <u>14-1462255</u> |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |
| 431 NEW KARNER ROAD, ALBANY, NEW YORK 12205 | | |
| (Address of principal executive offices) (Zip Code) | | |

Registrant's telephone number, including area code:

(518) 533-2200

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))

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Item 1.01. Entry into a Material Definitive Agreement

On December 30, 2005, Mechanical Technology Incorporated ("MTI") issued options (the "Options") to acquire 1,021,213 shares of MTI common stock, par value \$0.01 per share, to certain employees, officers and directors of MTI and MTI MicroFuel Cells Inc. ("MTI Micro")(the "Optionees"). The Options have an exercise price per share of \$2.80 based on the closing price of the Company's stock on the NASDAQ National Market System on December 30, 2005. MTI issued the Options pursuant to the exchange offer described below, whereby Optionees received the Options in replacement of options (the "MTI Micro Options") held by the Optionees to acquire an aggregate of 2,392,947 shares of common stock, par value \$0.01 per share, of MTI Micro. MTI Micro is a majority-owned subsidiary of MTI. Certain Optionees' names and titles, as well as the number of Options received, are set forth below. MTI issued the Options pursuant to MTI's 1999 Employee Stock Incentive Plan and the shares of common stock underlying such options are registered pursuant to an effective Form S-8 that was previously filed with the SEC.

| | | Number of | Number of |
|-------------------|----------------------------|-----------|-----------|
| | | Options | MTI Micro |
| | | Issued on | Options |
| Individual | Title | 12/30/05 | Exchanged |
| William P. Acker | CEO - MTI Micro | 200,060 | 650,243 |
| Juan J. Becerra | VP Market & Business | 50,000 | 100,001 |
| | Development - MTI Micro | | |
| Dale W. Church | Director - MTI & MTI Micro | 48,333 | 96,667 |
| Edward A. Dohring | Director - MTI & MTI Micro | 8,333 | 16,667 |

| | | | |
|---------------------|----------------------------|--------|---------|
| Steven N. Fischer | Chairman & CEO - MTI | 23,333 | 46,667 |
| Shimshon Gottesfeld | VP & CTO - MTI Micro | 95,161 | 230,645 |
| Russel H. Marvin | VP Engineering - MTI Micro | 78,250 | 163,000 |
| E. Dennis O'Connor | Director - MTI & MTI Micro | 8,333 | 16,667 |
| Walter L. Robb | Director - MTI & MTI Micro | 8,333 | 16,667 |
| Cynthia A. Scheuer | VP, CFO & Secretary - MTI | 13,333 | 26,667 |

In accordance with the terms and subject to the conditions of the voluntary exchange offer, each Option is exercisable for one share of MTI common stock. The exchange rate was one Option for each two MTI Micro Options, rounded down to the nearest whole Option, or if an individual had an MTI Micro Option balance in excess of 150,000 options, then at a rate of one Option for each four MTI Micro Options in excess of 150,000 options. Each replacement Option will have a vesting schedule that is the same or no more favorable than the replaced MTI Micro Option, and will have the same expiration date as the corresponding canceled and replaced MTI Micro Option. The exchange offer resulted in MTI maintaining an 89% ownership in its subsidiary MTI Micro. If MTI Micro Options exchanged by this offer had been in the money and exercised then MTI's ownership of MTI Micro could have been reduced to 78%. As part of the exchange offer, MTI issued options to acquire MTI common stock with a dilution impact to shareholders of 3%. There are 88,503 remaining MTI Micro Options outstanding as of December 31, 2005. The exchange offer expired on December 27, 2005.

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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.

MECHANICAL TECHNOLOGY INCORPORATED

Date: January 3, 2006

By: /S/ CYNTHIA A. SCHEUER

Name: Cynthia A. Scheuer

Title: Vice President, Chief

Financial Officer and Secretary

