

Bridgeline Software, Inc.
Form 8-K
February 01, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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): **January 31, 2008**

BRIDGELINE SOFTWARE, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation)

001-33567
(Commission
File Number)

52-2263942
(IRS Employer
Identification No.)

10 Sixth Road
Woburn, MA 01801
(Address of principal executive offices, including zip code)

(781) 376-5555
(Registrant's telephone number, including area code)

(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:

Written communications pursuant to Rule 425 under the Securities Act

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- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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Item 1.01. Entry into a Material Definitive Agreement

On January 31, 2008, Bridgeline Software, Inc., a Delaware corporation (“Bridgeline Software”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Tenth Floor, Inc., a Delaware corporation (“Tenth Floor”), and Austin J. Mulhern, Anthony G. Pietrocola, P. Scott Weiss and Matthew D. Glaze, the stockholders of Tenth Floor, and completed the acquisition of Tenth Floor.

The Merger Agreement sets forth the terms and conditions pursuant to which Bridgeline Software acquired all the outstanding capital stock of Tenth Floor in exchange for consideration paid to Tenth Floor’s stockholders, consisting of (i) \$504,000 in cash, (ii) 639,948 shares of Bridgeline Software common stock, (iii) the payment of \$96,000 of indebtedness owed by Tenth Floor, and (iv) deferred consideration of up to \$1,200,000, payable in cash quarterly over the three years after the acquisition, contingent upon Tenth Floor generating positive earnings before interest, taxes and depreciation and amortization of at least \$125,000 per calendar quarter during the 12 consecutive calendar quarters following the acquisition.

The parties to the Merger Agreement made customary representations, warranties and covenants therein, and the completion of the acquisition of Tenth Floor was subject to customary conditions described therein.

In connection with the execution and delivery of the Merger Agreement, Bridgeline Software entered into an Employment Agreement with Mr. Pietrocola, pursuant to which Bridgeline Software will employ Mr. Pietrocola as Executive Vice President and General Manager of the Cleveland business unit.

Under the terms of the Employment Agreement, Mr. Pietrocola agreed, among other things, not to compete with Bridgeline Software for a period of up to 12 months after ceasing to be an employee of Bridgeline Software. In addition, the Merger Agreement separately prohibits each of Mr. Mulhern and Mr. Pietrocola from competing with Bridgeline Software for a period of three years ending on the third anniversary of the closing of the acquisition and each of Mr. Weiss and Mr. Glaze from competing with Bridgeline Software for a period of one year ending on the first anniversary of the closing of the acquisition. With the exception of Mr. Mulhern, the restrictions contained in the Merger Agreement shall terminate with respect to each of Mr. Pietrocola, Mr. Weiss, or Mr. Glaze upon the termination of such individual’s employment with Bridgeline Software without cause or for good reason.

The foregoing description of the acquisition, the Merger Agreement and the Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of each such agreement, copies of which are filed as exhibits hereto and are incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets

On January 31, 2008, Bridgeline Software completed the acquisition of Tenth Floor described in Item 1.01. The acquisition was made pursuant to the Merger Agreement described in Item 1.01, whereby, upon the terms and subject to the conditions set forth therein, Bridgeline Software acquired all the outstanding capital stock of Tenth Floor.

Item 7.01. Regulation FD Disclosure

On February 1, 2008, Bridgeline Software issued a press release announcing the completion of the Tenth Floor acquisition. A copy of the press release is furnished with this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

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The information contained in Item 7.01 to this Current Report on Form 8-K (including Exhibit 99.1) is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act

of 1934, as amended, or otherwise be subject to the liabilities of that section. The information in this Item 7.01 (including Exhibit 99.1) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, except as otherwise expressly stated in such filing.

Item 9.01 **Financial Statements and Exhibits.**

Explanatory Note Regarding Exhibits

Investors should not rely on or assume the accuracy of representations and warranties in negotiated agreements that have been publicly filed because such representations and warranties may be subject to exceptions and qualifications contained in separate disclosure schedules, because such representations may represent the parties' risk allocation in the particular transaction, because such representations may be qualified by materiality standards that differ from what may be viewed as material for securities law purposes or because such representations may no longer continue to be true as of any given date.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Exhibit Description</u> |
|---------------------------|---|
| 2.1 | Agreement and Plan of Merger, dated as of January 31, 2008, by and among Bridgeline Software, Inc., Tenth Floor, Inc., Austin J. Mulhern, Anthony G. Pietrocola, P. Scott Weiss and Matthew D. Glaze. |
| 2.2 | Employment Agreement with Anthony G. Pietrocola. |
| 99.1 | Press release issued by Bridgeline Software, Inc., dated February 1, 2008. |

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.

BRIDGELINE SOFTWARE, INC.
(Registrant)

Date: February 1, 2008

By: /s/ Thomas L. Massie
Thomas L. Massie
President and Chief Executive
Officer