

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): March 1, 2004

General DataComm Industries, Inc.

(Exact Name of Registrant as Specified in Charter)

| | | |
|---|-----------------------------|--------------------------------------|
| Delaware | 1-8086 | 06-0853856 |
| ----- | ----- | ----- |
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| | |
|--|------------|
| 6 Rubber Avenue, Naugatuck CT | 06770 |
| ----- | ----- |
| (Address of Principal Executive Offices) | (Zip Code) |

Registrant's telephone number, including area code (203)-729-0271

N/A

(Former Name or Former Address, if Changed Since Last Report)

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Item 5. Other Events

On March 1, 2004, pursuant to authorization by the Board of Directors and amendment to the loan agreement with the Corporation's senior lenders, the Corporation borrowed \$125,000 from each of Howard S. Modlin, Chairman of the Board, and John L. Segall, a Director, for replacement of senior indebtedness being repaid with the \$250,000 aggregate proceeds. The loans are for two years payable on February 28, 2006 and bear interest at the rate of 10% per annum payable monthly commencing July 1, 2004. The notes are convertible into Common Stock at a conversion price of \$.8625 per share and together with previous loans aggregating \$600,000 made on December 30, 2003, or an aggregate of \$850,000 in loans by Messrs. Modlin and Segall, are secured by all of the assets of the Corporation behind the first lien of the Corporation's senior lenders. Any shares issued on conversion will not be registered and must be held for investment without a view to distribution.

Item 7. Exhibits

- 4.1 \$125,000 Negotiable Promissory Note-Modlin
- 4.2 \$125,000 Negotiable Promissory Note-Segall
- 10.2 Second Amendment to Loan Agreement

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.

General DataComm Industries, Inc.
(Registrant)

By: /s/ WILLIAM G. HENRY

William G. Henry
Vice President and Principal Financial
Officer

March 3, 2004

\$125,000 NEGOTIABLE PROMISSORY NOTE

March 1, 2004

For value received, on February 28, 2006, General DataComm Industries, Inc, having an office at 6 Rubber Avenue, Naugatuck CT 06770 ("Payor"), promises to pay to the order of Howard S. Modlin, having an office at 445 Park Avenue, 15th floor, New York, New York 10022 ("Payee"), with interest at the rate of 10% per annum on the unpaid balance thereof from March 1, 2004, the principal sum of \$125,000 in lawful money of the United States of America. This Note may be prepaid at any time without penalty or premium. Interest which accrues during each calendar month shall be paid on the first day of the following calendar month during the term of this Note except the first interest payment shall be made July 1, 2004. This Note evidences a loan made to Payor by Payee in the sum of \$125,000 for the purpose of Payor paying and replacing indebtedness of a similar amount owed to Ableco Finance LLC, as Agent, and the Lenders, under Loan and Security Agreement dated as of August 20, 2002.

1. Payment of this Note is unconditional and shall be made without defense, counterclaim or offset, any defense to be asserted in a separate suit. If payment is not made at maturity or upon the occurrence of a Default, then interest shall accrue from such date until paid in full at the rate of 12% per annum or the maximum permitted by law, whichever is less. This Note is secured by a security agreement dated December 30, 2003, as amended.

2.(a) At the option of the Payee or holder the principal amount of this Note may be converted in whole or in part into Common Stock of the Payor at the conversion price of \$.8625 per share by written notice designating the amount thereof being converted in minimum multiples of \$10,000 principal amount or integral multiples thereof. The Payee or holder acknowledges any shares of Common Stock issued on conversion will not be registered under the Securities Act of 1933, as amended and must be held for investment without a view to distribution and the certificates for such shares shall bear a restrictive legend therefor. The Payor shall issue a replacement note for this Note in the event of any conversion for the remaining balance thereof

(b) (a) If additional shares of Common Stock are issued by the Payor pursuant to a stock split or stock dividend in excess of 5% in any one fiscal year of the Payor, the number of shares of Common Stock then issuable on conversion shall be increased proportionately with no increase in the principal amount of this Note being converted. In the event that the shares of common stock of the Payor are reduced at any time by a combination of shares, the number of shares of common stock then issuable on conversion herein shall be reduced proportionately with no reduction in the principal amount of this Note

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being converted. If the Payor shall be reorganized, consolidated or merged with another corporation, or if all or substantially all of the assets of the Payor shall be sold or exchanged, the Payee shall, at the time of issuance of the stock under such a corporate event, be entitled to receive upon the conversion of this Note, the same number and kind of shares of stock or the same amount of property, cash or securities as he would have been entitled to receive upon the happening of any such corporate event as if he had been, immediately prior to such event, the holder of the number of shares receivable on conversion of this Note.

3. The term "Default" as used herein shall mean the failure of Payor to pay the principal or interest on this Note when due or the failure of Payor to perform any other obligation (including the obligations under Paragraphs 2(a) or (b) when required, or the security agreement securing this Note) or if an Event of Default exists under the Payor's Loan and Security Agreement with Ableco Finance LLC and such indebtedness is accelerated.

4. Payor agrees to pay all costs and expenses of collection, including reasonable attorney's fees, in the event of acceleration of this Note by Payee or holder following Default.

5. Presentation for payment, notice of dishonor, protest and notice of protest are hereby waived.

6. This Note shall be governed by the laws of the State of Connecticut. The Payor of this Note hereby submits to the exclusive jurisdiction of the courts of general jurisdiction of the State of Connecticut, and hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement of this Note, that it is not subject thereto or that such action, suit or proceeding may not be brought or it is not maintainable in such courts, or that this Note may not be enforced in or by such courts, or that the suit, action or proceeding is brought in an inconvenient forum, or that the venue of the suit, action or proceeding is improper. Service of process with respect thereto may be made upon Payor by mailing a copy thereof by registered or certified mail, postage prepaid, to such party at its address as provided above.

GENERAL DATACOMM INDUSTRIES, INC.

By: /s/ WILLIAM G. HENRY

William G. Henry
Title: Vice President, Finance
and Administration

\$125,000 NEGOTIABLE PROMISSORY NOTE

March 1, 2004

For value received, on February 28, 2006, General DataComm Industries, Inc, having an office at 6 Rubber Avenue, Naugatuck CT 06770 ("Payor"), promises to pay to the order of John L. Segall, residing at 11 Blackstone Drive, East Norwalk, CT 06855 ("Payee"), with interest at the rate of 10% per annum on the unpaid balance thereof from March 1, 2004, the principal sum of \$125,000 in lawful money of the United States of America. This Note may be prepaid at any time without penalty or premium. Interest which accrues during each calendar month shall be paid on the first day of the following calendar month during the term of this Note except the first interest payment shall be made July 1, 2004. This Note evidences a loan made to Payor by Payee in the sum of \$125,000 for the purpose of Payor paying and replacing indebtedness of a similar amount owed to Ableco Finance, LLC, as Agent, and the Lenders, under Loan and Security Agreement dated as of August 20, 2002.

1. Payment of this Note is unconditional and shall be made without defense, counterclaim or offset, any defense to be asserted in a separate suit. If payment is not made at maturity or upon the occurrence of a Default, then interest shall accrue from such date until paid in full at the rate of 12% per annum or the maximum permitted by law, whichever is less. This Note is secured by a security agreement dated December 30, 2003, as amended.

2.(a) At the option of the Payee or holder the principal amount of this Note may be converted in whole or in part into Common Stock of the Payor at the conversion price of \$.8625 per share by written notice designating the amount thereof being converted in minimum multiples of \$10,000 principal amount or integral multiples thereof. The Payee or holder acknowledges any shares of Common Stock issued on conversion will not be registered under the Securities Act of 1933, as amended and must be held for investment without a view to distribution and the certificates for such shares shall bear a restrictive legend therefor. The Payor shall issue a replacement note for this Note in the event of any conversion for the remaining balance thereof

(b) (a) If additional shares of Common Stock are issued by the Payor pursuant to a stock split or stock dividend in excess of 5% in any one fiscal year of the Payor, the number of shares of Common Stock then issuable on conversion shall be increased proportionately with no increase in the principal amount of this Note being converted. In the event that the shares of common stock of the Payor are reduced at any time by a combination of shares, the

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number of shares of common stock then issuable on conversion herein shall be reduced proportionately with no reduction in the principal amount of this Note being converted. If the Payor shall be reorganized, consolidated or merged with another corporation, or if all or substantially all of the assets of the Payor shall be sold or exchanged, the Payee shall, at the time of issuance of the stock under such a corporate event, be entitled to receive upon the conversion of this Note, the same number and kind of shares of stock or the same amount of property, cash or securities as he would have been entitled to receive upon the happening of any such corporate event as if he had been, immediately prior to such event, the holder of the number of shares receivable on conversion of this Note.

3. The term "Default" as used herein shall mean the failure of Payor to pay the principal or interest on this Note when due or the failure of Payor to perform any other obligation (including the obligations under Paragraphs 2(a) or (b) when required, or the security agreement securing this Note) or if an Event of Default exists under the Payor's Loan and Security Agreement with Ableco Finance LLC and such indebtedness is accelerated.

4. Payor agrees to pay all costs and expenses of collection, including reasonable attorney's fees, in the event of acceleration of this Note by Payee or holder following Default.

5. Presentation for payment, notice of dishonor, protest and notice of protest are hereby waived.

6. This Note shall be governed by the laws of the State of Connecticut. The Payor of this Note hereby submits to the exclusive jurisdiction of the courts of general jurisdiction of the State of Connecticut, and hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement of this Note, that it is not subject thereto or that such action, suit or proceeding may not be brought or it is not maintainable in such courts, or that this Note may not be enforced in or by such courts, or that the suit, action or proceeding is brought in an inconvenient forum, or that the venue of the suit, action or proceeding is improper. Service of process with respect thereto may be made upon Payor by mailing a copy thereof by registered or certified mail, postage prepaid, to such party at its address as provided above.

GENERAL DATACOMM INDUSTRIES, INC.

By: /s/ WILLIAM G. HENRY

William G. Henry
Title: Vice President, Finance
and Administration

SECOND AMENDMENT
TO LOAN AGREEMENT

SECOND AMENDMENT, dated as of March 1, 2004 (the "Amendment"), to the Loan Agreement referred to below, by and among (i) GENERAL DATACOMM INDUSTRIES, INC., a Delaware corporation, GENERAL DATACOMM, INC., a Delaware corporation ("GDC"), DATACOMM LEASING CORPORATION, a Delaware corporation, GDC HOLDING COMPANY, LLC, a Delaware limited liability company, GDC NAUGATUCK, INC., a Delaware corporation, GDC FEDERAL SYSTEMS, INC., a Delaware corporation, GDC REALTY, INC., a Texas corporation (each, a "Borrower" and collectively, the "Borrowers"), (ii) the lenders party thereto from time to time (the "Lenders"), and (iii) ABLECO FINANCE LLC, as agent for the Lenders (in such capacity, the "Agent").

WHEREAS, the Borrowers are obligated to repay certain indebtedness owing to the Agent and the Lenders under that certain Loan and Security Agreement dated as of August 20, 2002 (as amended, supplemented and otherwise modified from time to time, the "Loan Agreement");

WHEREAS, GDC has requested that the Lenders permit (i) GDC's incurrence of additional loans to be made by Howard S. Modlin and John L. Segall in an aggregate principal amount of \$250,000 (the "Affiliate Loans") for the payment of and to replace \$250,000 of the Indebtedness owed the Lender and (ii) the grant by the Borrowers of Liens on their assets to secure the repayment of the Affiliate Loans, all in accordance with the promissory notes and the security agreement attached hereto as Exhibit A;

WHEREAS, the Lenders are willing to consent to the transactions described in the immediately preceding paragraph, subject to (i) the execution and delivery of this Amendment by the Borrowers, and (ii) the other terms and conditions set forth in this Amendment;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto hereby agree as follows:

1.1 Definitions in Amendment. Any capitalized term used herein and not defined shall have the meaning assigned to it in the Loan Agreement.

1.2 Affiliate Loans. Section 1.1 of the Loan Agreement is hereby amended by replacing the definition of the term "Affiliate Loans" to read in its entirety as follows:

"Affiliate Loans" means the loans made by Howard S. Modlin and John L. Segall to the Parent, on or about December 30, 2003, in an aggregate principal amount of \$600,000, which loans are evidenced by promissory notes issued by the Parent and dated on or about December 30, 2003" and the loans made by Howard S. Modlin and John L. Segall to the Parent on or about March 1, 2004 in an aggregate principal amount

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of \$250,000 which loans are evidenced by Promissory Notes issued by the Parent and dated on or about March 1, 2004."

1.3 Indebtedness; Amendments. (a) Section 7.1(g) of the Loan Agreement is hereby amended in its entirety to read as follows:

"(g) the Affiliate Loans, provided that (i) the aggregate principal amount of the Affiliate Loans shall not exceed \$850,000 and (ii) the Borrowers shall not pay any principal of, interest on or any other amount in respect of such Affiliate Loans if an Event of Default exists or would arise after giving effect to any such payment."

2. Conditions. The effectiveness of this Amendment is subject to the fulfillment, in a manner satisfactory to the Agent, of each of the following conditions precedent (the date such conditions are fulfilled or waived by the Lender is hereinafter referred to as the "Amendment Effective Date"):

(a) Representations and Warranties; No Event of Default. The representations and warranties contained herein, in Section 5 of the Loan Agreement and in each other Loan Document and certificate or other writing delivered to the Agent or any Lender pursuant hereto on or prior to the Amendment Effective Date shall be correct on and as of the Amendment Effective Date as though made on and as of such date, except to the extent that such representations and warranties (or any schedules related thereto) expressly relate solely to an earlier date (in which case such representations and warranties shall be true and correct on and as of such date); and no Default or Event of Default shall have occurred and be continuing on the Amendment Effective Date or would result from this Amendment becoming effective in accordance with its terms.

(b) Delivery of Documents. The Lender shall have received on or before the Amendment Effective Date the following, each in form and substance satisfactory to the Agent and, unless indicated otherwise, dated the Amendment Effective Date:

(i) counterparts of this Amendment duly executed by the Borrowers and the Lenders; and

(ii) such other agreements, instruments, approvals, opinions and other documents as the Agent may reasonably request.

(c) Proceedings. All proceedings in connection with the transactions contemplated by this Amendment, and all documents incidental thereto, shall be satisfactory to the Agent and its special counsel, and the Agent and such special counsel shall have received all such information and such counterpart originals or certified copies of documents, and such other agreements, instruments, approvals, opinions and other documents, as the Agent or such special counsel may reasonably request.

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3. Representations and Warranties. Each Borrower hereby represents and warrants to the Agent and the Lenders as follows:

(a) Representations and Warranties; No Event of Default. The representations and warranties herein, in Section 5 of the Loan Agreement and in each other Loan Document and certificate or other writing delivered to the Agent or any Lender pursuant hereto on or prior to the Amendment Effective Date are correct on and as of the Amendment Effective Date as though made on and as of such date, except to the extent that such representations and warranties (or any schedules related thereto) expressly relate solely to an earlier date (in which case such representations and warranties are true and correct on and as of such date); and no Default or Event of Default has occurred and is continuing on the Effective Date or would result from this Amendment becoming effective in accordance with its terms.

(b) Organization, Good Standing, Etc. Such Borrower (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of its organization, (ii) has all requisite power and authority to execute, deliver and perform this Amendment and the other Loan Documents to which it is a party being executed in connection with this Amendment, and to perform the Loan Agreement, as amended hereby, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary except where the failure to be so qualified reasonably could not be expected to have a Material Adverse Change.

(c) Authorization, Etc. The execution, delivery and performance by such Borrower of this Amendment and each other Loan Document to which it is a party being executed in connection with this Amendment, and the performance by such Borrower of the Loan Agreement, as amended hereby, (i) have been duly authorized by all necessary action, (ii) do not and will not contravene such Borrower's charter or by-laws, any applicable law or any contractual restriction binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties.

4. Miscellaneous.

(a) Continued Effectiveness of the Loan Agreement. Except as otherwise expressly provided herein, the Loan Agreement and the other Loan Documents are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, except that on and after the Amendment Effective Date (i) all references in the Loan Agreement to "this Agreement", "hereto", "hereof", "hereunder" or words of like import referring to the Loan Agreement shall mean the Loan Agreement as amended by this Amendment, and (ii) all references in the other Loan Documents to which any Borrower is a party to the "Loan Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Loan Agreement shall mean the Loan Agreement as amended by this Amendment. Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as an amendment of any right, power or remedy of the Lender under the Loan Agreement or any other Loan Document, nor constitute an amendment of any provision of the Loan Agreement or any other Loan Document.

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(b) Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

(c) Headings. Section headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(d) Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

(e) Costs and Expenses. The Borrowers jointly and severally agree to pay on demand all fees, costs and expenses of the Agent and each Lender in connection with the preparation, execution and delivery of this Amendment and the other related agreements, instruments and documents.

(f) Amendment as Loan Document. Each Borrower hereby acknowledges and agrees that this Amendment constitutes a "Loan Document" under the Loan Agreement. Accordingly, it shall be an Event of Default under the Loan Agreement if (i) any representation or warranty made by a Borrower under or in connection with this Amendment shall have been untrue, false or misleading in any material respect when made, or (ii) a Borrower shall fail to perform or observe any term, covenant or agreement contained in this Amendment.

(g) Waiver of Jury Trial. EACH BORROWER, THE AGENT AND THE LENDER EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE ACTIONS OF THE AGENT OR ANY LENDER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

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IN WITNESS WHEREOF, the parties hereto have caused this
Amendment to be executed and delivered as of the date first above written.

Borrowers:

GENERAL DATACOMM INDUSTRIES, INC.,
a Delaware corporation

By -----

Title: -----

GENERAL DATACOMM, INC.,
a Delaware corporation

By -----

Title: -----

DATACOMM LEASING CORPORATION,
a Delaware corporation

By -----

Title: -----

GDC HOLDING COMPANY, LLC,
a Delaware limited liability company

By -----

Title: -----

GDC FEDERAL SYSTEMS, INC.,
a Delaware corporation

By -----

Title: -----

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GDC NAUGATUCK, INC.,
a Delaware corporation

By _____

Title: _____

GDC REALTY, INC.,
a Texas corporation

By _____

Title: _____

Agent and Lender:

ABLECO FINANCE LLC,
a Delaware limited liability
company, on behalf of itself and its
affiliated assigns

By _____

Title: _____