

# SAFEGUARD SCIENTIFICS INC

## FORM 8-K (Current report filing)

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Address	435 DEVON PARK DR BLDG 800 WAYNE, PA 19087
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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 9, 2005

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**Safeguard Scientifics, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Pennsylvania**

(State or Other Jurisdiction of Incorporation)

**1-5620**

(Commission File Number)

**23-1609753**

(IRS Employer Identification No.)

**800 The Safeguard Building  
435 Devon Park Drive  
Wayne, PA**

(Address of Principal Executive Offices)

**19087**

(Zip Code)

**610-293-0600**

(Registrant's Telephone Number, Including Area Code)

**Not applicable**

(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 ( *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 9, 2005, several subsidiaries and affiliated limited partnerships of Safeguard Scientifics, Inc. (hereinafter referred to collectively as "Safeguard") entered into a Purchase and Sale Agreement ("Agreement") with HarbourVest VII Venture Ltd. and Dover Street VI L.P. ("Buyers"), pursuant to which, on December 13, 2005, Buyers purchased substantially all of Safeguard's economic interests in eight TL Ventures and EnerTech Capital Partners private equity funds. The Buyers also assumed approximately \$9 million of Safeguard's remaining unfunded capital commitments to these funds. Safeguard retained certain limited rights and obligations related primarily to its former role as a general partner of some of the funds. The aggregate purchase price was approximately \$24 million in cash. Safeguard expects to report a gain on the sale.

Robert E. Keith, Jr., Chairman of Safeguard's Board of Directors, is the president and chief executive officer of TL Ventures, the management company for the TL funds, and the chairman of the management companies for the EnerTech funds. Mr. Keith also is a partner of the general partners of the funds. The funds did not receive any of the proceeds received by Safeguard, other than reimbursement of customary transaction expenses.

Reference is made to the press release issued by Safeguard on December 13, 2005, a copy of which is attached as Exhibit 99.1.

### **ITEM 8.01 . Other Events**

On December 13, 2005, Safeguard also announced that Safeguard's Board of Directors authorized the use of up to \$20 million of the proceeds from the sale of Safeguard's interests in the funds described in Item 1.01 to repurchase a portion of the Safeguard's 2.625% Convertible Senior Debentures due 2024. The timing of the repurchases will depend on market conditions and may be made from time to time in the open market or in privately negotiated transactions. Reference is made to the press release attached hereto as Exhibit 99.1.

### **ITEM 9.01. Financial Statements and Exhibits**

(c) Exhibits

99.1 Press Release dated December 13, 2005

### 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.

Safeguard Scientifics, Inc.

Dated: December 13, 2005

By: STEVEN J. FEDER  
Steven J. Feder  
Senior Vice President and General Counsel

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99.1 Press Release dated December 13, 2005





**CONTACT:**

Janine Dusossoit  
Vice President, Corporate Communications  
Safeguard Scientifics, Inc.  
610-975-4952

**FOR IMMEDIATE RELEASE**

**SAFEGUARD SCIENTIFICS SELLS PRIVATE EQUITY  
FUND INTERESTS FOR \$24 MILLION;  
BOARD AUTHORIZES CONVERTIBLE DEBT REPURCHASE**

**Wayne, PA, December 13, 2005** — Safeguard Scientifics, Inc. (NYSE: SFE) announced today that it had sold most of its interests in eight private equity funds for approximately \$24 million in cash. The buyer also assumed approximately \$9 million of Safeguard’s remaining unfunded capital commitments to these private equity funds. Safeguard will report a gain on the sale.

“Safeguard has a long history of working well with private equity funds,” said Peter J. Boni, President and Chief Executive Officer of Safeguard Scientifics, Inc. “This group of funds has performed well, and Safeguard determined that it was a good time to realize an attractive return on its investment.”

The company also announced that its board of directors has authorized the use of up to \$20 million of the proceeds to repurchase a portion of Safeguard’s outstanding 2.625% Convertible Senior Debentures due in 2024. The timing of the repurchases will depend on market conditions and may be made selectively in the open market or in privately negotiated transactions.

“Our board believes Safeguard can repurchase our debt securities opportunistically at attractive prices,” said Mr. Boni. “Based on the current market price of the debentures, we believe this repurchase program is a prudent use of our cash.” He added that Safeguard has a strong balance sheet enabling the company to continue meeting the needs of its existing partner companies as well as to acquire additional companies.

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**About Safeguard**

Safeguard Scientifics, Inc. (NYSE: SFE) advances the value of revenue-stage information technology and life sciences companies. Safeguard provides growth capital as well as a range of strategic, operating and management resources to help its partner companies build value in their businesses. The company participates in expansion financings, management buyouts, recapitalizations, industry consolidations and early-stage financings. For more information about Safeguard, visit [www.safeguard.com](http://www.safeguard.com).

*The statements contained in this news release that are not historical facts are forward looking statements which involve certain risks and uncertainties including, but not limited to, the ability of the company to repurchase its convertible securities, the timing of those purchases, and other uncertainties as described in the company's filings with the Securities and Exchange Commission. The company does not assume any obligation to update any forward looking statements or other information contained in this news release.*