FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1999-03-26**
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FILER

CONOLOG CORP

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SOMERVILLE NJ 08876-3588

Business Address
5 COLUMBIA RD
SOMERVILLE NJ 08876
9087228081

As filed with the Securities and Exchange Commission on March 26, 1999
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Conolog Corporation
(Name of issuer in its charter)

Delaware	3679	52-0853566
(State or other juris-diction of organization)	(Primary Standard Industrial Classification Code No.)	(I.R.S. Employer Identification No.)

5 Columbia Road
Somerville, NJ 08876
(908) 722-8081
(Address and telephone number of principal executive offices)

Robert S. Benou, President
Conolog Corporation
5 Columbia Road
Somerville, NJ 08876
(908) 722-8081
(Name, address and telephone number of agent for service)

Copies to:

Arnold N. Bressler, Esq.
Milberg Weiss Bershad Hynes & Lerach LLP
One Pennsylvania Plaza
New York, NY 10119
(212) 594-5300
(212) 868-1229 (Fax)

Approximate date of proposed sale to the public: As soon as reasonably practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis, pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Security(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
<S>	<C>	<C>	<C>	<C>
Common Stock, $1.00 par value per share, issuable upon conversion of Convertible Debentures	2,000,000	$1.625	$3,250,000	$ 903.50
Common Stock, $1.00 par value per share, issuable under Consulting Agreement	1,057,143	$1.625	$1,717,857	$ 477.56
Total Registration and Fee	3,057,143	$1.625	$4,967,857	$1,381.06

</TABLE>

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(1) Estimated solely for purposes of calculating registration fee pursuant to Rule 457 under the Securities Act of 1933. The proposed maximum offering price was

calculated based upon the average of the high and low price of the Company's Common Stock on the Nasdaq SmallCap Market for March 22, 1999.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

We will amend and complete the information in this prospectus. Although we are permitted by US federal securities laws to offer these securities using this

prospectus, these securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION - March 26, 1999

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Prospectus

March , 1999

Conolog Corporation

3,057,143 Shares of Common Stock

The Company:

- Conolog Corporation is an engineering company with two lines of business. We provide short- and long-term engineering and technical staff, through our Atlas Design subsidiary. We also design and manufacture small electronic components for military and commercial applications.

- Conolog Corporation
  5 Columbia Road Somerville,
  NJ 08876
  (800) 526-3984

- Conolog common stock is listed on the Nasdaq SmallCap symbol CNLG.

The Offering:

- This is an offering of shares of common stock of Conolog Corporation.

- Holders of convertible debentures of Conolog are offering these shares, which they will own upon conversion of their notes. Shares issued to a consultant pursuant to a Consulting Agreement are also being offered. Conolog will not receive any proceeds from the shares sold by the selling stockholders.

- On _____, 1999, the last reported sale price for the Common Stock on the Nasdaq SmallCap Market was $_____ per share.

Investing in the common stock involves certain risks. See "Risk Factors" beginning on page 8.

Neither the SEC nor any state securities commission has determined whether this prospectus is truthful or complete. Nor have they made, nor will they make, any determination as to whether anyone should buy these securities. Any representation to the contrary is a criminal offense.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO REPRESENT ANYTHING NOT CONTAINED IN THIS PROSPECTUS. YOU MUST NOT RELY ON ANY UNAUTHORIZED INFORMATION OR REPRESENTATIONS. THIS PROSPECTUS IS AN OFFER TO SELL ONLY THE SHARES OFFERED HEREBY, BUT ONLY UNDER CIRCUMSTANCES AND IN JURISDICTIONS WHERE IT IS LAWFUL TO DO SO. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS CURRENT ONLY AS OF ITS DATE.

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PROSPECTUS SUMMARY

This prospectus contains forward-looking statements based on our current expectations, assumptions, estimates and projections about Conolog and our industry. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including all the risks discussed in "Risk Factors" and elsewhere in this prospectus. Conolog undertakes no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

THIS SUMMARY HIGHLIGHTS SOME INFORMATION FROM THIS PROSPECTUS. YOU SHOULD ALSO READ THE MORE DETAILED INFORMATION AND CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES TO THOSE STATEMENTS APPEARING IN OTHER PARTS OF THIS PROSPECTUS OR INCORPORATED BY REFERENCE.

CONOLOG CORPORATION

We are an engineering company with two lines of business. Our non-manufacturing business recruits and places professionals, primarily in the engineering fields, for a variety of businesses. Our manufacturing business designs and manufactures small electronic and electromagnetic components. Our products are used in radio and other transmissions, telephones and telephone exchanges, air and traffic control, automatic transmission of data for by electric utilities in monitoring power transmission lines for faults and/or failures.

OUR HISTORY

We were originally incorporated in Delaware in 1968 as DSI Systems, Inc. We changed our name to Conolog Corporation in 1971. Our principal executive offices are located at 5 Columbia Road, Somerville, New Jersey 08876. Our telephone number is (908) 722-8081.

THE OFFERING

Common Stock offered by the selling stockholders 3,057,143

Common Stock to be outstanding after the offering .....7,314,916 shares

Use of proceeds ..... We will not receive any of the proceeds of the sale from the shares sold by the selling stockholders

Nasdaq SmallCap Market Symbol .....CNLG

The 7,314,916 shares of common stock to be outstanding after this offering assumes the conversion in full of the $2 million principal amount of the convertible debentures that may be issued to a selling stockholder. Also includes the issuance of 1,057,143 shares under a consulting agreement with another selling stockholder.

In addition, the shares to be outstanding after this offering includes 8,776 shares held in the Company's treasury and excludes:

- 105,000 shares of common stock issuable upon exercise of options outstanding under the Company's 1995 and 1996 Stock Option Plans at a weighted average exercise price of $0.6875 per share;
- 5,135,750 shares of common stock issuable upon exercise of outstanding warrants at a weighted average exercise price of $6.00 per share.

SUMMARY FINANCIAL DATA

Set forth below is our summary financial data for the years ended July 31, 1998, 1997, 1996, 1995 and 1994, which are derived from our audited consolidated financial statements. Also set forth below is the summary financial data for the six months ended January 31, 1999 and 1998, which are derived from our unaudited financial statements. The unaudited financial statements include all adjustments consisting of normal recurring accruals, which Conolog considers necessary for a fair presentation of the financial position and results of operations for these periods.

<TABLE>
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(in thousands, except per share amounts)

	Year Ended July 31,				
	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Operations Summary:					
Net sales and other income	$ 746	$ 1,123	$ 1,924	$ 2,091	$ 2,045
Net income (loss) from continuing operations	(1,765)	(3,810)	292	(537)	(1,183)
Income (loss) from continuing operations per primary share	(.54)	(2.41)	0.28	(0.12)	(0.27)
Income (loss) from continuing operations after giving retroactive effect to a 1-for-100 reverse stock	--	--	--	(12.36)	(27.22)

split on August 16, 1995

Balance Sheet Summary:

Total assets	4,819	4,340	3,928	3,882	3,739
Long-term debt and capitalized lease obligations	--	--	5	34	3,830

</TABLE>

(in thousands, except per share amounts)
FOR THE SIX MONTHS ENDED
JANUARY 31
(unaudited)

	1999	1998
Operations Summary:		
Net sales and other income	$ 354	$909
Net (loss) from continuing operations before extraordinary item	(641)	(194)
Extraordinary item-- Gain on sale of building net of taxes	411	0
Net (loss)	(230)	(194)
Income (loss) per primary share	(.05)	(.06)

Balance Sheet Summary:

	January 31, 1999 (unaudited)
Cash	$969
Total Current Assets	4,683
Total Assets	4,934
Total Current Liabilities	185
Total Stockholders' Equity	4,749

RISK FACTORS

We have a history of operating losses and we may not become profitable.

Our continued existence is dependent upon us successfully expanding our business and attaining profitable operations. We reported losses of $508,698 for the quarter ended January 31, 1999, and losses of $1,765,390 and $3,810,736 for the years ended July 31, 1998 and 1997, respectively. The loss for the quarter

ended January 31, 1999 was attributable to the issuance of bonus shares to officers, key employees of the Company and consultants and an increase in selling, general and administrative expenses. We may not become profitable.

We only began our placement services business in September 1998, so your basis for evaluating us is limited.

We only entered the placement services business in September 1998 when we acquired the operating assets of Atlas Design. None of our officers have any prior experience in that business. We cannot assure you that we will be successful in operating that business.

Our placement services business is a substantial burden on our limited cash.

On January 31, 1999, we had approximately $969,000 in cash. We pay the personnel we place through our Atlas Design subsidiary on a weekly basis. However, our customers are invoiced when we pay the employees and typically take 30 days or more to pay their bills. As our placement services business expands, this has created a cash flow problem for us. We may not have sufficient financing capital to allow us to support the placement services business.

We have many competitors and we may not be able to compete effectively against them.

The placement services industry is intensely competitive and highly fragmented, with few barriers to entry by potential competitors at the local level. We compete for both clients and qualified personnel with other firms offering such placement services. The majority of our competitors are significantly larger than we are and have greater marketing and financial resources than we do. Many clients use more than one placement services company and it is common for a client to use several placement services companies at the same time. We also face the risk that our clients may decide to provide similar services internally or use independent contractors.

The market for our manufactured products is also very competitive. We are an insignificant factor in the industry. There are several companies which manufacture products of the type we produce, most of which are substantially larger and have substantially greater name recognition, financial resources and personnel. Competition is expected to continue and intensify.

Our success depends on keeping up with rapid technological changes.

The market for our manufactured products is characterized by rapid technological changes and advances. Our failure to introduce new products in a timely or cost effective manner or our failure to improve our existing products or remain price competitive, would materially adversely affect our operating results.

We are dependent on a few large customers.

Our new placement services business currently has fewer than 20 customers. Most of the sales of our manufactured products are also to a few major customers. Our dependence on major customers subjects us to significant financial risks in the operation of our business if a major customer were to terminate, for any reason, its business relationship with us.

An economic downturn in the New York City area would adversely affect us.

A majority of our revenues derived from placement services are generated within the New York City metropolitan area. An economic downturn in that area could have a material adverse effect on our results of operations or financial

condition. During such downturns, the use of temporary and contract employees usually is curtailed, the recruitment of permanent employees is reduced and we may face increased competitive pricing pressures. As economic activity increases, temporary and contract employees often are added to the workforce before permanent employees are hired. During periods of increased economic activity and generally higher levels of employment, the competition among placement services firms for qualified personnel becomes even greater. During these periods we may not be able to recruit the personnel necessary to fill our clients' needs.

We may not be able to attract the qualified personnel we need to succeed.

Because of the technical nature of our business, we are dependent upon our ability to attract and retain technologically qualified personnel. Competition for individuals with proven professional or technical skills is intense, and demand for such individuals is expected to remain very strong for the foreseeable future. We may not be successful in attracting qualified personnel.

We may make acquisitions that are not successful.

We are seeking to expand into new markets and may do so by acquiring businesses, which may or may not be related to our existing businesses. Our strategy of making acquisitions is subject to the following risks:

- We may not be able to identify suitable acquisition candidates.
- If the purchase price includes cash, we may need to use all or a portion of our available cash.

- Even if we do identify such suitable candidates, we may not be able to make such acquisitions on commercially reasonable terms.
- We may not be able to consummate any acquisition or successfully integrate the acquired services, products and personnel of any acquisition into our operations.
- Acquisitions may cause a disruption in our ongoing business, distract our management and drain our other resources.
- We may not be able to retain key employees of the acquired companies or maintain good relations with its customers or suppliers.
- We may be required to incur additional debt.
- We may be required to issue equity securities, which may be dilutive to existing shareholders, to pay for acquisitions.
- We may have to incur significant accounting charges, such as for goodwill, which may adversely affect our results of operations.

Our minimal staff may have difficulty managing our operations.

We only employ about 20 people on a full time basis. Approximately half of our full time employees are involved in production. Our success is dependent upon the services of our current management, particularly Robert S. Benou, our President. Mr. Benou has entered into an employment agreement with us pursuant to which he will be employed through May 31, 2002. However, if the employment of Mr. Benou terminates, or he is unable to perform his duties, we may be materially and adversely affected.

We are dependent on component manufacturers to provide us with the parts we

need.

We are dependent on outside suppliers for all of the subcomponent parts and raw materials we need to manufacture our products. A shortage, delay in delivery, or lack of availability of a part could lead to manufacturing delays, which could reduce sales. We also purchase some custom parts, primarily printed circuit boards. The failure of a supplier of one of these customized components could cause a lengthy delay in production, resulting in a loss of revenues.

Year 2000 problems may disrupt our business.

The Year 2000 issue is a result of computer programs being written using two digits rather than four to define the applicable year. In other words, date sensitive software may recognize the date using "00" as the year 1900 rather than the year 2000. This could result in systems failures or miscalculations causing disruptions of normal business activities.

We have contracted with a Year 2000 solution provider to review our mainframe computer system for Year 2000 compliance and to upgrade the computer system to be Year 2000 compliant. We anticipate that the upgrade will be completed by fiscal year end July 31, 1999 and estimate the cost of our Year 2000 compliance program will be $5,000. However, we cannot assure you that such review and upgrade can be completed on schedule or within estimated costs or will successfully address our Year 2000 compliance issues.

We are also in the process of contacting all of our major suppliers to request representations that their systems are or will be Year 2000 compliant. We are in the process of determining the impact, if any, that third parties who are not Year 2000 compliant may have on our operations.

If our present efforts to address Year 2000 compliance issues are not successful, or if suppliers and other third parties do not successfully address such issues, our business, financial condition and results of operations could be materially and adversely affected.

Investigations involving one of our market makers, Fairchild Capital, Inc., could adversely affect our stock price.

Fairchild Capital, Inc., formerly named VTR Capital, Inc., has underwritten offerings for us in the past and currently makes a market in our securities. We have been advised by Fairchild that the Securities and Exchange Commission (SEC) has issued an order directing a private investigation by the staff of the SEC. An unfavorable resolution of the SEC investigation concerning the sales and trading activities and practices of Fairchild could have the effect of limiting Fairchild's ability to make a market in our securities in which case the market for and liquidity of our securities may be adversely affected. The SEC order empowers the SEC staff to investigate whether, from June 1995 to the present, Fairchild and certain other persons and/or entities may have engaged in fraudulent acts or practices in connection with the purchase or sale of securities of certain companies in violation of securities law. These acts or practices include whether Fairchild and certain other brokers or dealers effected transactions or induced transactions by making untrue statements of material fact and whether Fairchild and certain others have engaged in manipulative, deceptive or other fraudulent devices. As of March 1, 1999, we understand that the SEC investigation is ongoing. We cannot predict whether this investigation will result in any type of enforcement action against Fairchild.

We may not be able to remain on Nasdaq, which may make it more difficult to dispose of our stock.

Our common stock and class A warrants are currently listed on the Nasdaq

SmallCap Market. For continued listing on Nasdaq, a company, among other things, must have $2,000,000 in net tangible assets, 500,000 shares in the public float, $1,000,000 in market value of public float and a minimum bid price of $1.00 per share. If we are unable to satisfy the requirements for continued quotation on Nasdaq, trading, if any, in our common stock would be conducted in the over-the-counter market in what are commonly referred to as the "pink sheets" or on the NASD OTC Electronic Bulletin Board. As a result, you may find it

more difficult to dispose of, or to obtain accurate quotations as to the price of, our common stock. These rules may materially adversely affect the liquidity of the market for our common stock.

If we are delisted from the Nasdaq SmallCap market, you may find it more difficult to trade our common stock due to "penny stock" rules.

In the event that our shares are delisted, we anticipate that they will continue to be traded on the Electronic Bulletin Board. In that event, trading in our shares would be covered by "penny stock" rules promulgated for non-Nasdaq and non-exchange listed securities. Under these rules, any broker/dealer who recommends our shares to persons other than prior customers and investors meeting certain financial requirements, must, prior to sale, make a special written suitability determination for the purchaser and receive the purchaser's written agreement to a transaction. Securities are exempt from these rules if the market price is at least $5.00 per share.

The SEC has adopted regulations that generally define a penny stock to be an equity security that has a market price of less than $5.00 per share, subject to certain exceptions. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market.

If our shares become subject to the regulations on penny stocks, the price and ability to sell our shares would be severely affected because the shares could only be sold in compliance with the penny stock rules. We cannot be sure that our securities will not be subject to the penny stock regulations or other regulations that would negatively affect the market for our securities.

The issuance and sale of a significant number of authorized and unissued shares in the public market may adversely affect prevailing market prices of our common stock.

We are authorized to issue 20,000,000 shares of our common stock, of which:

5,314,916 shares of common stock are issued and outstanding (including treasury stock).

5,240,750 shares of common stock are reserved for issuance upon the exercise of warrants and options to purchase common stock.

155,239 has been reserved for conversion of all of our outstanding preferred stock.

2,000,000 shares of common stock are reserved for issuance upon the conversion of the convertible debentures.

In addition, we are authorized to issue 2,000,000 shares of Preferred Stock, of which 156,197 are outstanding.

The market price of our common stock could decline as a result of sales by our existing stockholders of a large number of shares of common stock in the market after this offering, or the perception that these sales may occur. These sales also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

RECENT DEVELOPMENTS

In November 1998, we issued 468,000 shares as a bonus to our officers and key employees. We also issued options to purchase 105,000 shares to officers and key employees at an exercise price of $.6875 per share, the fair market value on the date of grant.

See "Selling Stockholders and Plan of Distribution" for description of the Option Agreement between Clog LLC and Conolog, dated as of December 22, 1998 and the Consulting Agreement between Nybor Group Inc. and Conolog dated as of December 22, 1998.

In December 1998, Conolog was named in two related litigations pending, one in the United States District Court for the Southern District of New York and the other in Superior Court of New Jersey. The first of the pending litigations was commenced in 1993. The litigations relate to a dispute concerning real property acquired in 1984. While the property is near real property formerly owned by Conolog, Conolog was not a party to that transaction. The claim made against Conolog alleges that Conolog contributed to environmental contamination of the property acquired in 1984. The litigation is in its early stages, insofar as Conolog is concerned. However, Conolog believes that it has no liability and intends to vigorously defend itself.

In December 1998, Conolog issued 235,000 shares in the aggregate to three consultants for the performance of various services. Conolog will register the resale of such shares with the SEC.

In February 1999, Conolog reported completing tests of its first production units for non GE frequencies. The successful completion of Conolog's new advanced PTR1500 tone protection testing, for the standard frequencies, permitted Conolog to introduce the first production units to U.S. and Canadian west coast utilities, ahead of schedule. The Company intends to later introduce the PTR1500 to other utilities across the U.S. and Canada.

In February 1999, Conolog agreed, in principle, to acquire another placement services business for a total purchase price of $1,625,000, of which $700,000 is payable at the closing and the balance is payable over 2 1/2 years. The transaction is subject to a number of conditions, including completion of due diligence review and the execution of a definitive agreement, which have not yet been satisfied.

DISCLOSURE OF SEC POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Article Eighth of Conolog's Certificate of Incorporation provides that the Company shall, to the full extent permitted by Section 145 of the Delaware General Corporation Law, as amended from time to time, indemnify all persons whom it may indemnify pursuant thereto.

Section 145 of the General Corporation Law of the State of Delaware authorizes a corporation to provide indemnification to a director, officer, employee or agent of the corporation, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding, if such party acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful as determined in accordance with the statute, and except that with respect to any action which results in a judgment against the person and in favor of the corporation the corporation may not indemnify unless a court determines that the person is fairly and reasonably entitled to the indemnification.

Section 145 further provides that indemnification shall be provided if the party in question is successful on the merits.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the Securities Act) may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, Conolog has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by Conolog of expenses incurred or paid by a director, officer or controlling person in connection with the securities being registered) Conolog will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SELLING STOCKHOLDERS AND PLAN OF DISTRIBUTION

The Registration Statement of which this prospectus is a part relates to the offer and sale of (i) 2,000,000 shares of common stock by Clog LLC and (ii) 1,057,143 shares of common stock by Nybor Group Inc. Nybor and Clog together are referred to as the selling stockholders.

Conolog and Clog entered into an Option Agreement, dated as of December 22, 1998. Under the Option Agreement, Conolog granted an option to Clog to purchase convertible debentures having an aggregate principal amount of up to $2,000,000. Clog has exercised its option to purchase a convertible note in the principal amount of $200,000. Clog's option may be exercised at any time prior to October 31, 1999.

Each convertible debenture is convertible into common stock of Conolog at a conversion rate of $1.00 per share. If Clog were to exercise its option for all $2,000,000 of convertible debentures, it would have the right to convert those notes into 2,000,000 shares of common stock, which would represent approximately 27.3% of the outstanding common stock of Conolog. The Option Agreement provides that the voting power of any common stock owned by Clog may be exercised by Conolog's President.

Each convertible debenture bears interest at the rate of 8% per annum and is due 12 months from the date such note is issued, subject to acceleration under certain circumstances. At maturity, except with respect to the initial $200,000 loaned, Conolog will have the option to pay each debenture, together with all accrued interest thereon, by issuing shares of a new Series C preferred stock having a value of $5.00 per share for purposes of such repayment.

The Series C preferred will be non-voting and carry a cumulative dividend

of 8% per annum, which may be payable by the issuance of shares of common stock valued at $5.00 per share. The Series C preferred will be convertible into common stock at the rate of one share of common stock for each share of Series C preferred and have a liquidating preference of $5.00 per share. The Series C preferred may be redeemed by Conolog at any time by paying $5.00 in cash therefor.

The Agreement also provides that, for the one-year period commencing on the issuance of any shares of Series C preferred (the "Registration Period") Clog may elect to include its Series C preferred in any post-effective amendment to the Registration Statement or any new registration statement under the Securities Act of 1933, as amended. In addition, the Agreement also provides that, during the Registration Period, Clog may give notice to the Company to the effect that it desires to register its shares under the Act for public distribution, in which case the Company will file a post-effective amendment to a then current registration statement or a new registration statement.

Conolog and Nybor have entered into a Consulting Agreement, dated as of December 22, 1998. Under the Consulting Agreement, Nybor agrees to provide the services of its President to Conolog for management and financial consulting services through October 31, 1999. As compensation, Nybor received 1,057,143 shares of common stock. The Consulting Agreement provides that the voting power of any common stock owned by Nybor may be exercised by Conolog's President.

The securities offered hereby may be sold from time to time directly by the selling stockholders. Alternatively, the selling stockholders may from time to time offer such securities through underwriters, brokers, dealers or agents. The distribution of securities by the selling stockholders may be effected in one or more transactions that may take place on the over-the-counter market, including ordinary broker's transactions, privately-negotiated transactions or through sales to one or more broker-dealer for resale of such securities as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the selling stockholders in connection with such sales of securities. The selling stockholders and intermediaries through whom such securities are sold may be deemed "underwriters" within the meaning of the Act with respect to the securities offered, and any profits realized or commissions received may be deemed underwriting compensation.

At the time a particular offer of securities is made by or on behalf of the selling stockholders, to the extent required, a prospectus will be distributed which will set forth the number of securities being offered and the terms of the offering, including the name or

names of any underwriters, dealers or agents, if any, the purchase price paid by any underwriter for securities purchased from the selling stockholders and any discounts, commissions or concessions allowed or reallowed or paid to dealers, and the proposed selling price to the public.

Under the Exchange Act, and regulations thereto, any person engaged in a distribution of the securities of the Company offered by the selling stockholders may not simultaneously engage in market-making activities with respect to such securities of the Company during the applicable "cooling off" period (nine days) prior to the commencement of such distribution. In addition, and without limiting the foregoing, the selling stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, Regulation M, in connection with transactions in such securities, which provisions may limit the timing of purchase and sales of such securities by the selling stockholders.

VALIDITY OF COMMON STOCK

The validity of the shares of common stock offered hereby will be passed upon for the Company by Milberg Weiss Bershad Hynes & Lerach LLP.

EXPERTS

The financial statements of Conolog for each of the three years in the period ended July 31, 1998, incorporated by reference in this prospectus, have been audited and reported upon by Rosenberg Rich Baker Berman & Company, independent accountants. Such financial statements have been incorporated by reference in this prospectus in reliance upon the report of Rosenberg Rich Baker Berman & Company, incorporated by reference herein, and upon the authority of such firm as experts in accounting and auditing. To the extent that Rosenberg Rich Baker Berman & Company audits and reports on the financial statements of Conolog issued at future dates and consents to the use of their report thereon, such financial statements also will be incorporated by reference in this prospectus in reliance upon their report and said authority.

AVAILABLE INFORMATION

Conolog is subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, files reports, proxy statements and other information with the SEC. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers, such as Conolog, that file electronically with the SEC. The address of the site is http://www.sec.gov

Conolog has filed with the SEC a Registration Statement on Form S-3 under the Securities Act. This prospectus does not contain all of the information, exhibits and

undertakings set forth in the Registration Statement, certain portions of which are omitted as permitted by the Rules and Regulations of the SEC. Copies of the Registration Statement and the exhibits are on file with the SEC and may be obtained, upon payment of the fee prescribed by the SEC, or may be examined, without charge, at the offices of the SEC set forth above. For further information, reference is made to the Registration Statement and its exhibits.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by Conolog with the SEC (File No. 0-8174) are incorporated by reference in this prospectus:

(1) Annual Report on Form 10-K for the year ended July 31, 1998.

(2) Quarterly Report on Form 10-Q for the quarter ended October 31, 1998.

(3) Quarterly Report on Form 10-Q for the quarter ended January 31, 1999.

(4) Proxy Statement for the Annual Meeting of Stockholders, held on August 11, 1998.

(5) Report on Form 8-K, filed October 8, 1998.

(6) All other reports filed by Conolog pursuant to Sections 13 or 15(d) of the Exchange Act since July 31, 1998.

(7) The description of Conolog's common stock contained in its Registration Statement on Form S-1 (No. 333-35489), including any amendments or reports filed for the purpose of updating such description.

All documents filed by Conolog pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering hereunder shall be deemed to be incorporated by reference in this prospectus and to be a part hereof from the date of filing of such documents. Any statement contained herein or in a document all or any portion of which is incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded to constitute a part of this prospectus.

Conolog will provide, without charge, to each person (including any beneficial owner) to whom this prospectus is delivered, upon written or oral request, a copy of any or all of the foregoing documents (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into the information that this prospectus incorporates).

Requests should be directed to Conolog Corporation, 5 Columbia Road, Somerville, New Jersey 08876, telephone (908) 722-8081.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The estimated expenses in connection with this offering are as follows:

SEC filing fee	$ 2,124.13
Nasdaq filing fee	$17,500
NASD filing fee	$ -0-
Printing and engraving*	$ 5,000
Transfer Agent Fees*	$ -0-
Legal fees and expenses*	$30,000
Accounting fees and expenses*	$20,000
Blue Sky fees and expenses*	$
Miscellaneous expenses*	$18,000
Total	$92,624.13

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* Indicates expenses that have been estimated for the purpose of filing.

Item 15. Indemnification of Officers and Directors

The Company's Certificate of Incorporation requires Conolog to indemnify its officers, directors and employees to the fullest extent permitted by law, including full or partial indemnification for any judgment, settlement or related expense. In addition, advances of expenses to officers and directors are permitted upon an undertaking by the person to be indemnified to repay all such expenses if he or she is ultimately found not to be entitled to indemnification. The indemnification provision in Conolog's Certificate of Incorporation applies

to all actions and proceedings including those brought by or in the right of Conolog. Directors and officers remain liable for acts and omissions not in good faith or which involve intentional misconduct and transactions from which such officer or director derives improper personal benefit.

Item 16. Exhibits

Exhibit Number	Description
4*	Specimen certificate for shares of common stock

5	Opinion of Milberg Weiss Bershad Hynes & Lerach LLP
23(a)	Consent of Rosenberg Rich Baker Berman & Company
(b)	Consent of Milberg Weiss Bershad Hynes & Lerach LLP, contained in its opinion under Exhibit 5
99(a)	Option Agreement between Clog LLC and Conolog, dated as of December 22, 1998
(b)	Form of Convertible Debenture to be issued upon exercise of options under the Option Agreement between Clog LLC and Conolog, dated as of December 22, 1998
(c)	Consulting Agreement between Nybor Group Inc. and Conolog dated as of December 22, 1998

* Incorporated by reference to Conolog's Registration Statement on Form S-1 (File No. 33- 92424) filed with the Commission on May 17, 1995.

Item 17. Undertakings

The undersigned Registrant hereby undertakes:

(1) For purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe

that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Somerville, State of New Jersey, on this 26th day of March, 1999.

CONOLOG CORPORATION

By /s/ Robert S. Benou

Robert S. Benou
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Date: March 26, 1999

/s/ Robert S. Benou

Robert S. Benou
President, Chief Executive Officer and Director

Date: March 26, 1999

/s/ Arpad J. Havasy

Arpad J. Havasy
Executive Vice President, Secretary, Treasurer and Director

Date: March 26, 1999

/s/ Marc R. Benou

Marc R. Benou
Vice President, Assistant Secretary and Director

Date: March 26, 1999

/s/ Louis S. Massad

Louis S. Massad
Director

Date: March 26, 1999

/s/ Edward J. Rielly

Edward J. Rielly
Director

Exhibit Index

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* Incorporated by reference to Conolog's Registration Statement on Form S-1 (File No. 33- 92424) filed with the Commission on May 17, 1995.

Exhibit 5

MILBERG WEISS BERSHAD HYNES & LERACH LLP

March 26, 1999

Conolog Corporation
5 Columbia Road
Somerville, New Jersey 08876

Re: Conolog Corporation
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel for Conolog Corporation, a Delaware corporation ("Conolog"), in connection with the preparation and filing by Conolog of a registration statement (the "Registration Statement") on Form S-3, under the Securities Act of 1933, relating to the sale of (i) 2,000,000 shares of Conolog's Common Stock, par value $1.00 per share (the "Common Stock") by Clog LLC and (ii) 1,057,143 shares of Conolog's common stock by Nybor Group Inc.

We have examined the Certificate of Incorporation and the By-Laws of Conolog, the minutes of the various meetings and consents of the Board of Directors of Conolog, forms of certificates evidencing the Common Stock, originals or copies of such records of Conolog, agreements, certificates of public officials, certificates of officers and representatives of Conolog and others, and such other documents, certificates, records, authorizations, proceedings, statutes and judicial decisions as we have deemed necessary to form the basis of the opinion expressed below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to originals of all documents submitted to us as copies thereof.

As to various questions of fact material to this opinion, we have relied upon statements and certificates of officers and representatives of Conolog and others.

Based on the foregoing, we are of the opinion that the 3,057,143 shares of Common Stock will, upon sale thereof in the manner contemplated by the Registration Statement, be legally issued, fully paid and nonassessable.

We hereby consent to be named in the Registration Statement and the

prospectus as attorneys who have passed upon legal matters in connection with the offering of the securities offered thereby under the caption "Legal Matters."

We further consent to your filing a copy of this opinion as an Exhibit to the Registration Statement.

Very truly yours,

/S/MILBERG WEISS BERSHAD
HYNES & LERACH LLP

Exhibit 23.2

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the use of our report (and to all references to our firm) included in or made part of this registration statement.

ROSENBERG RICH BAKER
BERMAN & COMPANY

Maplewood, New Jersey
March 26, 1999

Exhibit 99(a)

OPTION AGREEMENT

OPTION AGREEMENT between CONOLOG CORPORATION, a Delaware corporation, having an address at 5 Columbia Road, Somerville, New Jersey, 08876 (the "Company"), and Clog LLC, a New York limited liability company, having an address at 64 Shelter Lane, Roslyn, New York 11577 (the "Optionee"), dated as of the 22nd day of December, 1998.

WHEREAS, the Company desires to grant the Optionee the irrevocable right and option to purchase the Company's convertible debentures, and the Optionee is willing to accept such irrevocable right and option, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, it is hereby agreed as follows: 1. Grant of Option. The Company hereby grants the irrevocable right and option (the "Option") to purchase the Company's convertible debentures in the form and having the terms and conditions set forth in Exhibit A attached hereto (the "Convertible Debentures"), from time to time as hereinafter provided, in the principal amount of up to $2,000,000, the face amount of each such Convertible Debenture being equal to the purchase price paid by the Optionee for such Convertible Debenture hereunder. Notwithstanding the foregoing, with respect to the initial $200,000 principal amount of Convertible Debentures, (i) the provisions of Sections 1 and 3 of the Form of Convertible Debenture attached hereto as an exhibit shall not be included therein and (ii) the issuance or sale by the Company of

any shares of Common Stock, or any securities exchangeable for or convertible into shares of Common Stock, or any option, right or warrant to acquire shares of Common Stock or such exchangeable or convertible securities at a price (or effective exchange or conversion price) less than fair market value (as defined in Section 2.4(c) of the form Convertible Debenture) shall constitute an Event of Default unless used to repay such $200,000 Convertible Debenture including accrued interest in full.

2. Term of Option; Exercise.

(a) The Option shall terminate on October 26, 1999. The Option shall be exercisable in whole or in part, as deter mined by the Optionee, provided, however, that no exercise shall be permitted for less than $100,000 at any one time.

(b) The Option is exercisable in full as of the date hereof. The Option shall be exercised by written notice to the Secretary or Treasurer of the Company at its then principal office. The notice shall specify the principal amount of the Convertible Debenture as to which the Option is being exercised

and shall be accompanied by payment in full of the purchase price for such Convertible Debenture. The option price shall be payable in United States dollars, and may be paid by bank or certified check drawn on a United States bank or by wire transfer of immediately available funds to an account specified by the Company. Each Convertible Debenture will be executed and delivered by the Company to the Optionee concurrently with the funding of the exercise of the Option. Alternatively, if the

Optionee notifies the Company that it desires to simultaneously convert the Convertible Debenture into Common Shares of the Company, the Company instead will deliver to the Optionee the shares of Common Stock concurrently with the funding of the exercise of the Option.

3. Registration of Shares Being Acquired.

(a) On or before March 26, 1999, the Company will use its best efforts to file a registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") covering the 2,000,000 shares of common stock into which the Convertible Debentures are convertible (collectively, the "Conversion Shares"). The Company will use its best efforts to have the Registration Statement declared effective as soon as possible after the filing thereof, and to keep the Registration Statement current and effective for a period of one year or until such earlier date as all of the Conversion Shares registered pursuant to the Registration Statement shall have been sold or otherwise transferred.

(b) The Company shall supply prospectuses and such other documents as the Optionee may request in order to facilitate the public sale or other disposition of the Conversion Shares, use its best efforts to register and qualify any of the Conversion Shares for sale in such states as the Optionee designates provided that the Company shall not be required to qualify as a foreign corporation or a dealer in securities or execute a general consent to service of process in any

jurisdiction in any action and do any and all other acts and things which may be reasonably necessary or desirable to enable the Optionee to consummate the public sale or other disposition of the Conversion Shares. The Optionee will pay its own legal fees and expenses and any underwriting discounts and commissions on the Conversion Shares sold by the Optionee but shall not be responsible for any other expenses of such registration.

(c) The Company will notify the Optionee immediately, and confirm the notice in writing: (i) when the Registration Statement or any post-effective amendment thereto becomes effective and (ii) of the receipt of any comments or

communications from the Commission regarding the Registration Statement (and shall furnish copies of same to the Optionee) or of the receipt of any stop order or of the initiation, or to the best of the Company's knowledge, the threatening, of any proceedings for that purpose.

(d) If at any time when a prospectus relating to the Conversion Shares is required to be delivered under the Securities Act of 1933, as amended (the "Act"), any event shall have occurred as a result of which, in the reasonable opinion of counsel for the Company or counsel for the Optionee, the Registration Statement as then amended or supplemented, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if, in the reasonable opinion

of either such counsel, it is necessary at any time to amend the Prospectus to comply with the Act, the Company will notify the Optionee promptly and prepare and file with the Commission an appropriate amendment or supplement in accordance with Section 10 of the Act and will furnish the Optionee copies thereof.

4. Indemnification.

(a) Whenever pursuant to this Agreement or the Convertible Debentures a registration statement is filed under the Act, amended or supplemented, the Company will indemnify and hold harmless the Optionee (hereinafter called the "Distributing Holder"), and each person, if any, who controls (within the meaning of the Act) the Distributing Holder, and each underwriter (within the meaning of the Act) of such securities and each person, if any, who controls (within the meaning of the Act) any such underwriter, against any and all losses, claims, damages, expenses or liabilities, joint or several, to which the Distributing Holder, any such controlling person or any such underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages, expenses or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any such registration statement or any preliminary prospectus or final prospectus constituting a part thereof or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or

necessary to make the statements therein not misleading or arise out of or are based upon any violation or alleged violation by the Company of the Act, the Securities and Exchange Act of 1934, as amended, any other applicable securities law, or any rule or regulation thereunder relating to the offer or sale of the Conversion Shares; and will reimburse the Distributing Holder and each such

controlling person and underwriter for any legal or other expenses reasonably incurred by the Distributing Holder or such controlling person or underwriter in connection with investigating or defending any such loss, claim, damage, expense, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, expense or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement in reliance upon and in conformity with written information furnished by such Distributing Holder, for use in the preparation thereof.

(b) The Distributing Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who have signed said registration statement and such amendments and supplements thereto, each person, if any, who controls the Company (within the meaning of the Act) against any losses, claims, damages, expenses, or liabilities, joint and several, to which the Company or any such director, officer, or controlling

person may become subject, under the Act or otherwise, insofar as such losses, claims, damages, expenses, or liabilities arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement in reliance upon and in conformity with written information furnished by such Distributing Holder for use in the preparation thereof; and will reimburse the Company or any such director, officer, or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, expense, liability, or action.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party, give the indemnifying party notice of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party under this

Section except to the extent that the indemnifying party is actually prejudiced in its ability to defend such action.

(d) In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, provided, however, that any indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment thereof at the indemnifying party's expense has been specifically authorized by the indemnifying party in writing, (ii) such indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party and in the reasonable judgment of such counsel it is advisable for such indemnified party to employ separate counsel or (iii) the indemnifying party has failed to assume the defense of such

action and employ counsel reasonably satisfactory to the indemnified party, in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (plus separate local counsel, if retained by the indemnified party) at any time for all such indemnified parties.

(e) No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement is for money damages only and includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

5. Shares to be Fully Paid; Reservation of Shares; Etc. The Company covenants and agrees that the Conversion Shares, Preferred Stock and all shares of common stock which may be issued pursuant to the terms of the Preferred Stock will, upon

issuance, be duly and validly issued, fully paid and nonassessable. The Company further covenants and agrees that so long as any Convertible Debentures are outstanding, the Company will at all times have authorized and reserved a sufficient number of shares of its Common Stock to provide for the conversion of the Convertible Debentures and the Preferred Stock and that it will have authorized and reserved a sufficient number of shares of Common Stock for issuance upon conversion of the Convertible Debentures and the Preferred Stock. The Company agrees to use its best efforts to cause all Conversion Shares to be listed on Nasdaq and each securities exchange, if any, on which similar securities issued by the Company are then listed. 6. Representations and Warranties of the Optionee. The Optionee hereby represents and warrants to the Company as follows:

(a) The Optionee has the full right, power and authority to enter into this Agreement and to carry out and consummate the transactions contemplated herein. This Agreement constitutes the legal, valid and binding obligation of the Optionee.

(b) No authorization or approval of, or filing with, or compliance with any applicable order, judgment, decree, statute, rule or regulation of, any court or governmental authority, or approval, consent, release or action of any third party, is required in connection with the execution and delivery by the Optionee of, or the performance or satisfaction of any

agreement of the Optionee contained in or contemplated by, this Agreement.

(c) The Optionee acknowledges that it and each of its shareholders has received and reviewed all publicly filed documents concerning the Company and has had an opportunity to meet with and ask questions of the management of the Company.

(d) The Optionee and each of its shareholders is an accredited investor within the meaning of Rule 501 of the Commission under the Securities Act, has the financial ability to bear the economic risk of its or his investment, can afford to sustain a complete loss of such investment and has adequate means of providing for its or his current needs and personal contingencies, and has no need for liquidity in its or his investment in the Company; and the amount invested in the Company by the Optionee does not constitute a substantial portion of its or his net worth.

(e) The Optionee is acquiring the Convertible Debentures for investment and not with a view to the sale or distribution thereof, for its own account and not on behalf of others and has not granted any other person any right or option or any participation or beneficial interest in any of the securities. The

Optionee acknowledges its understanding that the Conversion Shares constitute restricted securities within the meaning of Rule 144 of the Commission under the Act, and that none of such securities may be sold except pursuant to an effective registration statement under the Act or in a trans-

action exempt from registration under the Act, and acknowledges that it understands the meaning and effect of such restriction. The Optionee has sufficient knowledge and experience in financial and business matters so that it is capable of evaluating the risks and merits of the purchase of the Conversion Shares. The Optionee is aware that no Federal or state regulatory agency or authority has passed upon the sale of the Conversion Shares or any of the terms of the Preferred Stock or the terms of the sale or the accuracy or adequacy of any material provided to the Optionee and that the price of the Conversion Shares was negotiated between the Optionee and the Company and does not necessarily bear any relationship to the underlying assets or value of the Company and that the terms of the Preferred Stock was negotiated between the Optionee and the Company and does not necessarily bear any relationship to the underlying assets or value of the Company. THE OPTIONEE UNDERSTANDS THAT AN INVESTMENT IN THE SHARES BEING PURCHASED BY IT INVOLVES A HIGH DEGREE OF RISK.

(f) THE OPTIONEE UNDERSTANDS THAT IN CONNECTION WITH ITS EVALUATION OF THE COMPANY, THE OPTIONEE HAS BEEN OR MAY HAVE BEEN PROVIDED WITH ACCESS TO CERTAIN INFORMATION CONCERNING THE COMPANY WHICH HAS NOT BEEN PUBLICLY DISCLOSED. THE OPTIONEE FURTHER UNDERSTANDS THAT ANY TRADING BY IT IN SECURITIES OF THE COMPANY USING NON-PUBLIC INFORMATION COULD CONSTITUTE A VIOLATION OF FEDERAL AND STATE SECURITIES LAWS AND/OR OTHER LAWS AND MAY SUBJECT IT TO CRIMINAL AND/OR CIVIL PENALTIES AND LIABILITY. In

view of the foregoing, the Optionee agrees not to (i) purchase or sell, including a short sale, any of the Company's securities or rights to purchase or sell such securities as long as the Optionee is in possession of material non-public information or (ii) disclose any non-public information to any other person.

(g) There is no finder's fee or brokerage commission payable with respect to the purchase by the Optionee of the Convertible Debentures or the consummation of the transactions contemplated by this Agreement and the Optionee agrees to indemnify and hold harmless the Company from and against any and all cost, damage, liability or expense (including fees and expenses of counsel) arising out of or relating to claims for such fees or commissions, except to the extent that any such fees or commissions have been directly incurred by the Company.

7. Representations and Warranties of the Company. The Company hereby

represents and warrants to the Optionee as follows:

(a) The Company has the full right, power and authority to enter into this Agreement and to carry out and consummate the transactions contemplated herein. This Agreement constitutes the legal, valid and binding obligation of the Company.

(b) No authorization or approval of, or filing with, or compliance with any applicable order, judgment, decree, statute, rule or regulation of, any court or governmental authority, or approval, consent, release or action of any third

party, is required in connection with the execution and delivery by the Company of, or the performance or satisfaction of any agreement of the Company contained in or contemplated by, this Agreement.

(c) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power, legal right and authority to conduct its business and own, lease and operate its properties as and in the places where such business is now conducted and such properties are now owned, leased or operated.

(d) The Company is not in violation of, breach of or default under, and no event (including, without limitation, execution of and consummation of the transactions provided for in this Agreement) has occurred which with the passage of time or notice from or action by any party thereto or otherwise could result in a violation of or default under its certificate of incorporation or by-laws, any indenture, mortgage, security, loan, lease or other material agreement to which the Company is a party or by which it is bound or result in the creation, imposition or acceleration of any material lien of any nature in favor of any other person.

(e) No representation, warranty or statement, written or oral, made by the Company in this Agreement or in any schedule, exhibit, certificate or other document furnished or to be furnished to the Optionee, including any and all documents filed with the Securities and Exchange Commission within the past

12 months, pursuant hereto or otherwise, in connection with the transactions contemplated hereby, has contained, contains or will contain at the closing date any untrue statement of a material fact or has omitted, omits or will omit at the closing date a material fact required to be stated therein or necessary to make the statements contained therein not misleading. Without limiting the generality of the foregoing, the Company is current in all filings required under the Exchange Act.

(f) There is no finder's fee or brokerage commission payable with respect to the sale by the Company of the Convertible Debentures or the consummation of the transactions contemplated by this Agreement and the Company agrees to indemnify and hold harmless the Optionee from and against any and all cost, damage, liability or expense (including fees and expenses of counsel) arising out of or relating to claims for such fees or commissions, except to the extent that any such fees or commissions have been directly incurred by the Optionee.

(g) The Company meets the requirements for the use of Form S-3 for registration of the sale by the Optionee of the Conversion Shares and the Company shall file all reports required to be filed with the SEC in a timely manner so as to maintain such eligibility for the use of Form S-3. All financial statements required to be included in, or incorporated by reference into, the Form S-3 have been previously filed by the Company with the SEC.

8. Agreement of the Optionee Concerning Voting. While the Optionee holds any Conversion Shares, it agrees to vote such shares as recommended by the President of the Company. In furtherance of the foregoing, the Optionee is delivering to the Company an Irrevocable Proxy in substantially the form of Exhibit B attached hereto.

9. Further Assurances. From and after the date of this Agreement and the date of Closing, each party hereto shall from time to time, at the request of the other party and without further consideration, do, execute and deliver, or cause to be done, executed and delivered, all such further acts, things and instruments as may be reasonably requested or required more effectively to evidence and give effect to the transactions provided for in this Agreement.

10. Notices. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered against receipt or if mailed by first class registered or certified mail return receipt requested, addressed to the parties at their respective addresses set forth on the first page of this Agreement, with copies to their respective counsel, Milberg Weiss Bershad Hynes & Lerach LLP, Att: Arnold N. Bressler, Esq., One Pennsylvania Plaza, New York, New York 10119, in the case of the Company, and Certilman Balin Adler & Hyman, LLP, Att: Fred S. Skolnik, Esq., 90 Merrick Avenue, East Meadow,

New York 11554, in the case of the Optionee, or to such other person or address as may be designated by like notice hereunder.

11. Parties in Interest. This Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by, the parties hereto and their

respective legal representatives, successors and assigns, but no other person shall acquire or have any rights under this Agreement.

12. Entire Agreement; Modification; Waiver. This Agreement (as below defined) contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations and understandings, if any, and there are no agreements, representations or warranties other than those set forth, provided for or referred to herein. All exhibits and schedules to this Agreement are expressly made a part of this Agreement as fully as though completely set forth herein, and all references to this Agreement herein, in any of such writings or elsewhere shall be deemed to refer to and include all such writings. Neither this Agreement nor any provisions hereof may be modified, amended, waived, discharged or terminated, in whole or in part, except in writing signed by the party to be charged. Any party may extend the time for or waive performance of any obligation of any other party or waive any inaccuracies in the representations or warranties of any other party or compliance by any other party with any of the provisions of this Agreement. No waiver of any such provisions or of any breach of or default under this Agreement shall be deemed or shall constitute a waiver of any other provisions,

breach or default, nor shall any such waiver constitute a continuing waiver.

13. Interpretation.

(a) This Agreement shall be governed and construed and enforced in accordance with the laws of the State of New York applicable to contracts made and to be performed exclusively in that State without giving effect to the principles of conflict of laws.

(b) All pronouns and words used in this Agreement shall be read in the appropriate number and gender, the masculine, feminine and neuter shall be interpreted interchangeably and the singular shall include the plural and vice versa, as the circumstances may require. 14. Headings; Counterparts. The article and section headings in this Agreement are for reference purposes only and shall not define, limit or affect the meaning or interpretation of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

CONOLOG CORPORATION

By_____
Robert S. Benou, President

Clog LLC

By_____
Warren Schreiber, President

Exhibit 99(b)

THIS CONVERTIBLE DEBENTURE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, ASSIGNED OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION THEREUNDER EXCEPT IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION PROVISIONS OF THE SECURITIES ACT OF 1933, AS AMENDED.

$

CONOLOG CORPORATION

CONVERTIBLE DEBENTURE DUE _____ [One Year After Issuance]

FOR VALUE RECEIVED, the undersigned, CONOLOG CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (the "Payor"), with its principal business address at 5 Columbia Road, Somerville, New Jersey 08876, hereby promises to pay to the order of (the "Payee"), with its principal business address at , the principal amount of Dollars ($) on [one year after issuance] (the "Maturity Date"), plus interest at the rate of 8% per annum on the unpaid principal balance, such interest to be paid on the Maturity Date, together with the repayment of the principal balance and with all charges, amounts, sums and interest which have accrued and have not been paid. All payments to be made pursuant to this Debenture shall be made in such coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts. All such payments shall be made by electronic funds wire transfer in accordance with the wire transfer instructions submitted by Payee as the first payment method option; however, Payor may designate that payments may be made by bank or certified check, at the offices of the Payee set forth above or such other place as the Payee shall designate in writing to the Payor.

1. Repayment Option; The Preferred Stock. At maturity, the Company will have the option to repay the Debenture, together with all accrued interest thereon, by issuing a new Series C Preferred Stock (the "Preferred Stock"). For purposes of such repayment, the shares of Preferred Stock shall be valued at $5.00 per share. As more particularly described in Exhibit A hereto, the Preferred Stock will be non-voting and will carry a cumulative dividend of 8% per annum, which may be payable by the issuance of shares of common stock valued at $5.00 per share. The Preferred Stock will be convertible into common stock at the rate of one share of common stock for each share of Preferred Stock. The Preferred Stock will carry a liquidating preference of $5.00 per share.

2. Conversion.

2.1 Right to Convert. The Payee shall have the right, one or more times at its option, at any time and from time to time, to convert the principal amount of this Debenture, or any portion of such principal which is at least One Hundred Thousand Dollars ($100,000), into that number of fully-paid and nonassessable shares of Common Stock of the Payor, obtained by dividing the principal amount of the Debenture or portion thereof surrendered for conversion by the conversion price of $1.00 per share.

2.2 Exercise of Conversion Privilege; Issuance of Common Stock on Conversion; No Adjustment for Interest or Dividends. In order to exercise the conversion privilege, the Payee shall surrender this Debenture to the Payor and shall give written notice of conversion in the form provided herein to the Payor that the Payee elects to convert this Debenture or the portion thereof specified in said notice.

As promptly as practicable (but not more than two days) after the surrender of this Debenture and the receipt of such notice as aforesaid, the Payor shall issue and shall deliver to the Payee or designee, by overnight mail or by hand, a certificate or certificates for the number of full shares issuable upon the conversion of such Debenture or portion thereof in accordance with the provisions of this Debenture and a check or cash in respect of any fractional interest in respect of a share of Common Stock arising upon such conversion as provided in Section 2.3 of this Debenture. In each case this Debenture shall be surrendered for partial conversion, the Payor shall also promptly execute and deliver to the Payee a new Debenture or Debentures in an aggregate principal amount equal to the unconverted portions of the surrendered Debenture. In the event the registration statement referred to in Section 4 hereof shall have theretofore been declared effective by the Securities and Exchange Commission (the "SEC"), all certificates representing shares of Common Stock issued upon conversion of this Debenture shall be free of any restrictive legend thereon.

Each conversion shall be deemed to have been effected on the date on which this Debenture shall have been surrendered and such notice shall have been received by the Payor, as aforesaid, and the Payee shall be deemed to have become on said date the holder of record of the shares issuable upon such

conversion; provided, however, that any such surrender on any date when the stock transfer books of the Payor shall be closed shall constitute the Payee as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open.

No adjustment of the number of shares to be issued upon conversion shall be made for interest accrued on this Debenture prior to the date it is surrendered or for dividends on any shares issued upon the conversion of this Debenture prior to the date it is surrendered. Upon conversion of this Debenture, the Payor's obligation with respect to accrued interest shall be

discharged in full.

2.3 Cash Payments in Lieu of Fractional Shares. No fractional shares of Common Stock or scrip representing fractional shares shall be issued upon conversion of Debentures. If any fractional shares of stock would be issuable upon the conversion of this Debenture, the Payor shall make a payout therefor in cash at the current market value thereof. The current market value of a share of Common Stock shall be the closing price of the day (which is not a legal holiday) immediately preceding the day on which this Debenture (or specified portions thereof) is deemed to have been converted and such closing price shall be determined as provided in subsection (c) of Section 2.4.

2.4 Adjustment of Conversion Price. The conversion price shall be adjusted from time to time as follows:

(a) Dividends. In case the Payor shall on any one or more occasions after the date of this Debenture (i) pay a dividend or make a distribution in shares of its capital stock (whether shares of Common Stock or of capital stock of any other class), (ii) subdivide its outstanding Common Stock, or (iii) combine its outstanding Common Stock into a smaller number of shares, the conversion price in effect immediately prior thereto shall be adjusted so that the holder of any Debenture thereafter surrendered for conversion shall be entitled to receive the number of shares of capital stock of the Payor which he would have owned or have been entitled to receive after the happening of any of the events described above had this Debenture been converted immediately prior to the happening of such event. An adjustment made pursuant to this subsection (a) shall become effective immediately after the record date.

(b) Other Distributions. The purpose of this subsection is to provide a means to reduce the Payee's conversion price in the event the assets of the Payor

are materially diluted through distributions to the Common Stockholders and/or any other security holder of Payor. In case the Payor shall distribute to all holders of its Common Stock evidence of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings of the Payor) or subscription rights or warrants, then in each such case the conversion price shall be adjusted so that the same shall equal the price determined by multiplying the conversion price in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the current market price per share (as defined in subsection (c) of this Section 2.4) of the Common Stock on the record date as set forth below less the then fair market value (as determined in good faith by the Board of Directors) of the portion of the assets or evidences of indebtedness so distributed applicable or of such rights or warrants to one (1) share of Common Stock, and the denominator shall be the current

market price per share (as defined in subsection (c) below) of the Common Stock. Such adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive such distribution.

(c) Conversion Price Adjustment. For the purpose of any computation under this Section 2.4, the current market price per share of Common Stock at any date shall be deemed to be the average of the daily closing prices for the thirty consecutive trading days commencing thirty-five trading days before the day in question. The closing price for each day shall be (i) the last sale price of the Common Stock on Nasdaq or, if no sale occurred on such date, the closing bid price of the Common Stock on Nasdaq on such date or (ii) if the Common Stock shall be listed or admitted for trading on the New York or American Stock Exchange or any successor exchange, the last sale price, or if no sale occurred on such date, the closing bid price of the Common Stock on such exchange, or (iii) if the Common Stock shall not be included on Nasdaq or listed on any such exchange, the closing bid quotation for Common Stock as reported by the National Quotation Bureau Incorporated if at least two securities dealers have inserted both bid and asked quotations for Common Stock on at least five of the ten preceding days. If none of the conditions set forth above is met, the closing price of Common Stock on any day or the average of such closing prices for any period shall be the fair market value of Common Stock as determined by a member firm of the New York Stock Exchange, Inc. selected by

the Board of Directors, provided such firm shall be reasonably acceptable to Payee.

(d) No Nominal Adjustments. No adjustment in the conversion price shall be required unless such adjustment would require an increase or decrease of at least two percent (2%) in such price; provided, however, that any adjustments which by reason of this subsection (d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section shall be made to the nearest cent or to the nearest one-hundredth (1/100th) of a share, as the case may be.

(e) Conversion Price Adjustment Notice. Whenever the conversion price is adjusted, as herein provided, the Payor shall prepare a notice of such adjustment of the conversion price setting forth the adjusted conversion price and the date on which such adjustment becomes effective and shall mail such notice of such adjustment of the conversion price to the Payee promptly.

2.5 Effect of Reclassification, Consolidation, Merger or Sale. If any of the following events occur, namely (i) any reclassification or change of

outstanding shares of Common Stock issuable upon conversion of this Debenture (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), (ii) any consolidation or merger to which the Payor is a party other than a consolidation or merger in which the Payor is the continuing corporation and which does not result in any reclassification of, or change (other than a change in par value, or from par value to no par value, or from no par value to par value or as a result of a subdivision or combination) in, outstanding shares of Common Stock, or (iii) any sale or conveyance of the properties and assets of the Payor as, or substantially as, an entirety to any other corporation; then this Debenture shall be convertible into the kind and amount of shares of stock and other securities or property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock issuable upon conversion of this Debenture immediately prior to such reclassification, change, consolidation, merger, sale or conveyance. The above provisions of this Section shall similarly apply to successive reclassifications, consolidations, mergers and sales.

2.6 Reservation of Shares; Shares to be Fully Paid. As of the date hereof, the Payor has reserved, free from preemptive rights, out of its authorized but unissued shares, or out of

shares held in its treasury, sufficient shares to provide for the conversion of this Debenture. Before taking any action which would cause an adjustment reducing the conversion price below the then par value, if any, of the shares of Common Stock issuable upon conversion of this Debenture, the Payor shall promptly take all corporate action which may be necessary in order that the Payor may validly and legally issue shares of such Common Stock at such adjusted conversion price. The Payor covenants that all shares of Common Stock which may be issued upon conversion of Debentures will upon issue be fully paid and nonassessable.

2.7 Notice to Payee Prior to Certain Actions. In case:

(a) the Payor shall declare a dividend (or any other distribution) on its Common Stock (other than in cash out of retained earnings); or

(b) the Payor shall authorize the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants; or

(c) of any reclassification of the Common Stock of the Payor (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value) or, of any consolidation or merger to which the Payor is a party and for which approval of any shareholders of the Payor is required, or of the sale or transfer of all or substantially all of the

assets of the Payor; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Payor;

the Payor shall give notice to the Payee in accordance with this Debenture, as promptly as possible but in any event at least thirty days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassifi-

cation, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

3. Preferred Stock Registration Rights.

3.1 Piggyback Registration Rights. During the period commencing on the issuance of any shares of Preferred Stock to the Payee and ending on the second anniversary thereof (the "Registration Period"), the Payor shall advise the Payee by written notice at least 30 days prior to the filing of any new registration statement or post-effective amendment thereto under the Securities Act of 1933, as amended (the "Act") covering any securities of the Payor, for its own account or for the account of others (other than a registration statement on Form S-4 or S-8 or any successor forms thereto), and will include in any such post-effective amendment or registration statement, such information as may be required to permit a public offering of the shares of Preferred Stock and all or any of the common stock then issuable under the terms of the then outstanding shares of Preferred Stock (the "Registrable Securities"). The Payor shall supply prospectuses and such other documents as the Payee may request in order to facilitate the public sale or other disposition of the Registrable Securities, use its best efforts to register and qualify any of the Registrable Securities for sale in such states as the Payee designates provided that the Payor shall not be required to qualify as a foreign corporation or a dealer in securities or execute a general consent to service of process in any jurisdiction in any action and do any and all other acts and things which may be reasonably necessary or desirable to enable the Payee to consummate the public sale or other disposition of the Registrable Securities. The Payor shall use its best efforts to cause the managing underwriter or underwriters of a proposed

underwritten offering to permit the Registrable Securities requested to be included in the registration to include such securities in such underwritten offering on the same terms and conditions as any similar securities of the Payor included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such offering advises the Payee that the total amount of securities which it intends to include in such offering is such as to materially and adversely affect the success of such offering, then the amount of securities to be offered for the account of the Payee shall be eliminated, reduced, or limited to the extent necessary to reduce the total amount of securities to be included in such offering to the amount, if any, recommended by such managing underwriter or underwriters. The Payee will pay its own legal fees and expenses and any underwriting discounts and commissions on the securities sold by the Payee but shall not be responsible for any other expenses of such registration.

3.2 Demand Registration Rights. If the Payee shall give notice to the Payor at any time during the Registration

Period to the effect that the Payee desires to register under the Act its shares of Preferred Stock or any of the common stock then issuable under the terms of the then outstanding shares of Preferred Stock under such circumstances that a public distribution (within the meaning of the Act) of any such securities will be involved, then the Payor will promptly, but no later than 60 days after receipt of such notice, file a post-effective amendment to a then current Registration Statement or a new registration statement pursuant to the Act, to the end that such shares of Preferred Stock and such shares of common stock may be publicly sold under the Act as promptly as practicable thereafter and the Payor will use its best efforts to cause such registration to become and remain effective for a period of 120 days (including the taking of such steps as are reasonably necessary to obtain the removal of any stop order); provided that the Payee shall furnish the Payor with appropriate information in connection therewith as the Company may reasonably request in writing. The Payee may, at its option, request the filing of a post-effective amendment to a then current Registration Statement or a new registration statement under the Act with respect to the Registrable Securities on only two occasions during the Registration Period. All costs and expenses of such post-effective amendment or new registration statement shall be borne by the Payor, except that the Payee shall bear the fees of its own counsel and any underwriting discounts or commissions applicable to any of the securities sold by it.

The Payor shall be entitled to postpone the filing of any registration statement pursuant to this subsection (b) otherwise required to be prepared and filed by it if (i) the Payor is engaged in a material acquisition, reorganization, or divestiture, (ii) the Payor is currently engaged in a selftender or exchange offer and the filing of a registration statement would cause a violation of Regulation M or any other Rule under the Securities Exchange Act of 1934, (iii) the Payor is engaged in an underwritten offering and the managing underwriter has advised the Payor in writing that such a

registration statement would have a material adverse effect on the consummation of such offering or (iv) the Payor is subject to an underwriter's lockup as a result of an underwritten public offering and such underwriter has refused in writing, the Payor's request to waive such lock-up. In the event of such postponement, the Payor shall be required to file the registration statement pursuant to this subsection (b), within 60 days of the consummation of the event requiring such postponement.

The Payor will use its best efforts to maintain such registration statement or post-effective amendment current under the Act for a period of at least six months (and for up to an additional three months if requested by the Payee) from the effective date thereof. The Payor shall supply prospectuses, and such other documents as the Payee may reasonably request in order

to facilitate the public sale or other disposition of the Registrable Securities, use its best efforts to register and qualify any of the Registrable Securities for sale in such states as such holder designates, provided that the Payor shall not be required to qualify as a foreign corporation or a dealer in securities or execute a general consent to service of process in any jurisdiction in any action.

4. Acceleration. In the event that (i) the Payor shall default in the due and punctual payment of any installment of interest on this Debenture when and as the same shall become due and payable or (ii) the Payor shall commence a voluntary case concerning itself under any title of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or (iii) in the event of the appointment of a custodian (as defined in the Bankruptcy Code) for all or substantially all of the property of the Payor; or (iv) in the event the Payor shall commence any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction, whether now or hereafter in effect, relating to the Payor or in the event of the commencement against the Payor of any such proceeding which remains undismissed for a period of 30 days; or (v) if the Payor is adjudicated insolvent or bankrupt; or (vi) if any order of relief or other order approving any such case or proceeding is entered; or (vii) if the Payor shall allow any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 30 days; or (viii) if the Payor shall make a general assignment for the benefit of creditors; or (ix) if the Payor shall take action for the purpose of effecting any of the foregoing; (x) there shall be a breach of any representation, warranty or covenant under the Option Agreement dated as of December 22, 1998, between the Payor and the Payee (the "Option Agreement"); or (xi) the registration statement covering the Conversion Shares (as defined in and contemplated by the Option Agreement shall not have been declared effective by the SEC by August __, 1999 (the foregoing being hereinafter collectively referred to as "Events of Default") then, in any such Event of Default and at any time thereafter while such Event of Default is

continuing, the Payee may, in addition to any other rights and remedies the Payee may have hereunder or otherwise, declare this Debenture to be due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

5. Waivers.

5.1 In General. No forbearance, indulgence, delay or failure to exercise any right or remedy with respect to this Debenture shall operate as a waiver nor as an acquiescence in any default. No single or partial exercise of any right or remedy

shall preclude any other or further exercise thereof or any exercise of any other right or remedy.

5.2 Presentment, Etc.; Jury Trial Waived. The Payor hereby waives presentment, demand, notice of dishonor, protest and notice of protest. The Payor hereby waives all rights to a trial by jury in any litigation arising out of or in connection with this Debenture.

5.3 Modifications. This Debenture may not be modified or discharged orally, but only in writing duly executed by the Payee and the Payor.

6. Successors and Assigns. All the covenants, stipulations, promises and agreements in this Debenture made by the Payor shall bind its successors and assigns, whether so expressed or not.

7. Miscellaneous.

7.1 Headings. The headings of the various paragraphs of this Debenture are for convenience of reference only and shall in no way modify any of the terms or provisions of this Debenture.

7.2 Governing Law. This Debenture and the obligations of the Payor and the rights of the Payee shall be governed by and construed in accordance with the laws of the State of New York applicable to instruments made and to be performed entirely within such State.

7.3 Collection Costs. The Payor shall pay all costs and expenses incurred by the Payee to enforce its rights under this Debenture, including reasonable counsel fees and other reasonable out-of-pocket expenses.

IN WITNESS WHEREOF, CONOLOG CORPORATION has caused this Debenture to be signed in its corporate name by a duly authorized officer and to be dated as of the day and year written below.

Dated: , 1999

CONOLOG CORPORATION

By_____
(Title)

FORM OF CONVERSION NOTICE

TO: CONOLOG CORPORATION

The undersigned owner of this Convertible Debenture hereby irrevocably exercises the option to convert this Debenture, or portion hereof (which is at least $100,000) below designated, into shares of Common Stock of Conolog Corporation in accordance with the terms of this Debenture and directs that the shares issuable and deliverable upon the conversion, together with any check in payment for fractional shares and any Debentures representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof or its designee as indicated below.

Dated:

[ ]

By_____
(Title)

Address:_____

_____

Taxpayer Identification

No.:_____

_____

Amount to be
Converted:_____

Exhibit 99(c)

CONSULTING AGREEMENT

AGREEMENT made as of the 22nd day of December, 1998 between CONOLOG CORPORATION (the "Company"), a Delaware Corporation having an office at 5 Columbia Road, Somerville, New Jersey 08876 and NYBOR GROUP INC., having an address at 64 Shelter Lane, Roslyn, New York 11577 ("Consultant").

W I T N E S S E T H:

WHEREAS, the Company desires to secure the consulting services of Consultant and Consultant desires to provide such services to the Company, on the terms and conditions hereinafter set forth:

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

1. Term and Performance. During the term of this Agreement, Consultant hereby agrees that it will provide to the Company the services of its President, Warren Schreiber ("Schreiber") and that Schreiber will render to the Company such consulting services as the Board of Directors or the President of the Company shall reasonably request. The services provided by Consultant (the "Consulting Services") shall consist of management and financial consulting services.

2. Compensation and Related Matters. As sole compensation for the performance of the Consulting Services, the Company hereby grants to Consultant a stock bonus consisting of 1,057,143 shares of common stock of the Company, par value $1.00 (the "Securities" or the "Shares").

3. Confidential Information. Consultant shall not, at any time during or following termination or expiration of the term of this Agreement, directly or indirectly, disclose, publish or divulge to any person (except in the regular course of Company's business), or appropriate, use or cause, permit or induce any person to appropriate or use, any proprietary, secret or confidential information of Company including, without limitation, knowledge or information relating to its business, condition (financial or otherwise), operations or prospects, all of which Consultant agrees are and will be of great value to Company and shall at all times be kept confidential. Without limiting the generality of the foregoing, Consultant shall not during the term of this Agreement or at any time thereafter, directly or indirectly, use any such confidential information in connection with the purchase or sale of any securities of the Company. Upon termination or expiration of this Agreement, Consultant shall promptly deliver or return to Company all materials of a proprietary, secret or confidential nature relating to Company together with any

other property of Company which may have theretofore been delivered to or may then be in possession of Consultant. The provisions of this Paragraph shall survive the expiration or the termination of this Agreement for any reason.

4. Termination. This Agreement shall terminate on October 31, 1999.

5. Consultant's Representations. Consultant represents and warrants to and agrees with the Company that:

(a) neither the execution nor performance by Consultant of this Agreement is prohibited by or constitutes or will constitute, directly or indirectly, a breach or violation of, or will be adversely affected by, any law, rule or regulation of any governmental entity, any order or decree of any court or administrative body, any written or other agreement to which Consultant is or has been a party or by which it is bound.

(b) The Securities are being acquired and will be acquired for the account of Consultant, for investment only and not with a view to the distribution thereof within the meaning of the Federal Securities Act of 1933, as amended (hereinafter, together with the rules and regulations thereunder, collectively referred to as the "Act") and Consultant does not intend to divide his participation with others or transfer or otherwise dispose of all or any Securities except as hereinafter permitted. As herein used the terms "transfer" and "dispose" mean and include, without limitation, any sale, offer for sale, assignment, gift, pledge or other disposition or attempted disposition.

(c) Consultant shall not directly or indirectly distribute or participate in any distribution or public offering of any Securities in violation of any applicable provisions of the Act or any applicable state "blue sky" or securities laws. Without limiting the generality of the foregoing, Consultant

shall not at any time transfer or dispose of any Securities except pursuant to either: (i) a registration statement under the Act which registration statement has become effective as to Securities being sold or (ii) a specific exemption from registration under the Act but only after Consultant has first obtained either a "no action" letter from the Securities and Exchange Commission following full and adequate disclosure of all facts relating to such proposed transfer or a favorable opinion from, or acceptable to, counsel to the Company that the proposed disposition complies with and is not in violation of the Act or any applicable state "blue sky" or securities laws.

(d) Consultant understands that, in the opinion of the Securities and Exchange Commission (the "SEC"), the Securities must be held by him for an indefinite period unless subsequently registered under the Act or unless an

exemption from registration thereunder is available; that, under Rule 144 under the Act, after the applicable one or two year period from the date of full payment for the Securities, certain public sales thereof (which may be limited as to the number of shares) may be made in accordance with and subject to the terms, conditions and restrictions of Rule 144, but only if certain reporting and other requirements thereunder have been complied with; and that, should Rule 144 be inapplicable, registration or the availability of an exemption under the Act will be necessary in order to permit public distributions of any Securities.

(e) Consultant understands and agrees that: (i) all certificates for Securities shall be appropriately endorsed with a legend to the effect that Securities represented thereby have not been registered under the Act and may not be disposed of in the absence of such registration or any exemption therefrom under the Act and (ii) the Company and any transfer agent for its common stock may refuse to recognize the validity of, and may refuse to record on its or such transfer agent's books or records, any transfer of any Securities in violation of the provisions of this Agreement, the Act or any applicable state "blue sky" or securities laws.

(f) Consultant agrees that it is not an employee of the Company and shall not be entitled to participate in any general pension, profit sharing, life, medical, disability and any other insurance and employee plans and programs at any time in effect for employees of the Company.

6. Registration.

(a) On or before March 26, 1999, the Company will use its best efforts to file a registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") covering the resale of the 1,057,143 Shares. The Company will use its best efforts to have the Registration Statement declared effective as soon as possible after the filing thereof, and to keep the Registration Statement current and effective for a period of one year or until such earlier date as all of the Shares registered pursuant to the

Registration Statement shall have been sold or otherwise transferred.

(b) The Company shall supply prospectuses and such other documents as the Consultant may request in order to facilitate the public sale or other disposition of the Shares, use its best efforts to register and qualify any of the Shares for sale in such states as the Consultant designates provided that the Company shall not be required to qualify as a foreign corporation or a dealer in securities or execute a general consent to service of process in any jurisdiction in any action and do any and all other acts and things which may be reasonably necessary or desirable to enable the Consultant to consummate the

public sale or other disposition of the Shares. The Consultant will pay its own legal fees and expenses and any underwriting discounts and commissions on the Shares sold by the Consultant but shall not be responsible for any other expenses of such registration.

(c) The Company will notify the Consultant immediately, and confirm the notice in writing: (i) when the Registration Statement or any post-effective amendment thereto becomes effective and (ii) of the receipt of any comments or communications from the Commission regarding the Registration Statement (and shall furnish copies of same to Consultant) or of the receipt of any stop order or of the initiation, or to the best of the Company's knowledge, the threatening, of any proceedings for that purpose.

(d) If at any time when a prospectus relating to the Shares is required to be delivered under the Securities Act of 1933, as amended (the "Act"), any event shall have occurred as a result of which, in the reasonable opinion of counsel for the Company or counsel for the Consultant, the Registration Statement as then amended or supplemented, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if, in the reasonable opinion of either such counsel, it is necessary at any time to amend the Prospectus to comply with the Act, the Company will notify the Consultant promptly and prepare and file with the Commission an appropriate amendment or supplement in accordance with Section 10 of the Act and will furnish the Consultant copies thereof.

7. Indemnification.

(a) Whenever pursuant to this Agreement a registration statement is filed under the Act, amended or supplemented, the Company will indemnify and hold harmless the Consultant (hereinafter called the "Distributing Holder"), and each person, if any, who controls (within the meaning of the Act) the Distributing Holder, and each underwriter (within the meaning of the Act) of such securities and each person, if any, who controls (within the meaning of the Act) any such underwriter, against any and all losses, claims, damages, expenses or liabilities, joint or several, to which the Distributing Holder, any such controlling

person or any such underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages, expenses or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any such registration statement or any preliminary prospectus or final prospectus constituting a part thereof or any amendment or supplement thereto, or arise out of or are based

upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or arise out of or are based upon any violation or alleged violation by the Company of the Act, the Securities Exchange Act of 1934, as amended, any other applicable securities law, or any rule or regulation thereunder relating to the offer or sale of the Shares; and will reimburse the Distributing Holder and each such controlling person and underwriter for any legal or other expenses reasonably incurred by the Distributing Holder or such controlling person or underwriter in connection with investigating or defending any such loss, claim, damage, expense, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, expense or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement in reliance upon and in conformity with written

information furnished by such Distributing Holder, for use in the preparation thereof.

(b) The Distributing Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who have signed said registration statement and such amendments and supplements thereto, each person, if any, who controls the Company (within the meaning of the Act) against any losses, claims, damages, expenses, or liabilities, joint and several, to which the Company or any such director, officer, or controlling person may become subject, under the Act or otherwise, insofar as such losses, claims, damages, expenses, or liabilities arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement in reliance upon and in conformity with written information furnished by such Distributing Holder for use in the preparation thereof; and will reimburse the Company or any such director, officer, or controlling person for any legal or other expenses reasonably incurred by them in

connection with investigating or defending any such loss, claim, damage, expense, liability, or action.

(c) Promptly after receipt by an indemnified party under this Section of

notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party, give the indemnifying party notice of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party under this Section except to the extent that the indemnifying party is actually prejudiced in its ability to defend such action.

(d) In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, provided, however, that any indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of

such indemnified party unless (i) the employment thereof at the indemnifying party's expense has been specifically authorized by the indemnifying party in writing, (ii) such indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party and in the reasonable judgment of such counsel it is advisable for such indemnified party to employ separate counsel or (iii) the indemnifying party has failed to assume the defense of such action and employ counsel reasonably satisfactory to the indemnified party, in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (plus separate local counsel, if retained by the indemnified party) at any time for all such indemnified parties.

(e) No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any

indemnified party is a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement is for money damages only and includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

8. Agreement of the Consultant Concerning Voting. While the Consultant holds any Shares, it agrees to vote such shares as recommended by the President of the Company. In furtherance of the foregoing, the Consultant is delivering to the Company an Irrevocable Proxy in substantially the form of Exhibit B attached hereto.

9. Miscellaneous.

(a) Notices. Except as otherwise provided herein, all notices under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered against receipt or if mailed by first class registered or certified mail, return receipt requested, addressed to the Company or to Consultant at their respective addresses set forth on the first page of this Agreement, or to such other person or address as may be designated by like notice hereunder. Any such notice shall be deemed to have been given on the day delivered, if personally delivered, or on the second day after the date of mailing if mailed.

(b) Parties in Interest. This Agreement shall be binding upon and inure to the benefit of an be enforceable by the parties hereto and their respective heirs, legal representatives,

successors and, in the case of the Company, assigns, but no other person shall acquire or have any rights under or by virtue of this Agreement, and the obligations of Consultant under this Agreement may not be assigned or delegated.

(c) Governing Law; Severability. This Agreement shall be governed by and construed and enforced in accordance with the laws and decisions of the State of New York applicable to contracts made and to be performed therein without giving effect to the principles of conflict of laws.

(d) Entire Agreement; Modification; Waiver; Interpretation. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior negotiations and oral understandings, if any. Neither this Agreement nor any of its provisions may be modified, amended, waived, discharged or terminated, in whole or in part, except in writing signed by the party to be charged. No waiver of any such provision or any breach of or default under this Agreement shall be deemed or shall constitute a waiver of any other provision, breach or default. All pronouns and words used in this Agreement shall be read in the appropriate number and gender, the masculine, feminine and neuter shall be interpreted interchangeably and the

singular shall include the plural and vice versa, as the circumstances may require.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

CONOLOG CORPORATION

By /s/_____
Robert S. Benou, President

NYBOR GROUP INC.

By /s/_____
Warren Schreiber, President