

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

PINNACLE SYSTEMS INC

CIK: **774695** | IRS No.: **943003809** | State of Incorpor.: **CA** | Fiscal Year End: **0630**
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 11, 1999

PINNACLE SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

California

0-24784

94-3003809

(State or other jurisdiction of
incorporation or organization)

(Commission File Number)

(IRS Employer
Identification No.)

280 North Bernardo Ave., Mountain View, California 94043

(Address of principal executive offices of Registrant, including zip code)

(650) 237-1600

(Registrant's telephone number, including area code)

Item 2. Acquisition or Disposition of Assets

On March 11, 1999, Walsh Merger Corporation ("Merger Sub"), a wholly-owned subsidiary of Bernardo Merger Corporation ("Bernardo"), in turn a wholly-owned subsidiary of Pinnacle Systems, Inc. ("Pinnacle"), merged (the "Merger") with and into Truevision, Inc. ("Truevision"), with Truevision being the surviving

corporation in the Merger. At a special meeting of stockholders held on the morning of March 11, 1999, the stockholders of Truevision approved the Merger. As a result of the Merger, Truevision has become a wholly-owned subsidiary of Bernardo and an indirect subsidiary of Pinnacle. Truevision designs, develops, manufactures, and markets professional-quality digital video products for Windows- and Macintosh-compatible computers and operating systems.

The Merger occurred pursuant to the terms of an Agreement and Plan of Reorganization dated as of December 16, 1998 (the "Merger Agreement") by and among Pinnacle, Truevision, Bernardo and Merger Sub. Pursuant to the Merger Agreement, each share of Common Stock of Truevision ("Truevision Common Stock") outstanding immediately prior to the Effective Time (as defined in the Merger Agreement) was converted into the right to receive 0.0313 (the "Exchange Ratio") shares of Pinnacle's Common Stock. In addition, all options to purchase Truevision Common Stock outstanding immediately prior to the Effective Time were assumed by Pinnacle and converted into an option to acquire 3.13% as many shares of Pinnacle Common Stock, at an exercise price per share equal to the exercise price per share of the Truevision Common Stock under such Truevision option immediately prior to the merger divided by the Exchange Ratio. Additionally, all outstanding warrants to purchase Truevision Common Stock were assumed by Pinnacle and converted into a warrant to acquire 3.13% of as many shares of Pinnacle Common Stock, at an exercise price per share equal to the exercise price per share of the Truevision Common Stock under such warrant immediately prior to the merger divided by the exchange ratio

In connection with the Merger, Pinnacle issued or reserved an aggregate of approximately 506,000 shares of Common Stock, including shares issued upon conversion of the above-described warrants and the shares issuable upon exercise of outstanding options. The Common Stock of Pinnacle issued in the Merger was registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a Registration Statement on Form S-4 (File No. 333-71959) which the Securities and Exchange Commission (the "Commission") declared effective on February 10, 1999. The Common Stock of Pinnacle issuable upon exercise of options to purchase Truevision Common Stock was registered under the Securities Act pursuant to a Registration Statement on Form S-8 which will be filed with the Commission in March 1999.

The Merger constitutes a taxable transaction for federal income tax purposes and will be accounted for as a "purchase" by Pinnacle.

The Merger is more fully described in Pinnacle's Registration Statement on Form S-4 (File No. 333-71959) (the "Registration Statement"). The Merger Agreement was included as Appendix A to the Proxy Statement/Prospectus (the "Proxy Statement/Prospectus") contained in the Registration Statement and is incorporated herein by reference as Exhibit 2.1.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Business Acquired.

(i) The audited consolidated balance sheets of Truevision, Inc. as of June 27, 1998 and June 28, 1997, the audited consolidated statements of operations, of changes in stockholders' equity and cash flows of Truevision, Inc. for the years ended June 27, 1998, June 28, 1997 and June 29, 1996, the notes related thereto, and the Report of Independent Accountants thereon are set forth at pages F-2 through F-19 of the Proxy Statement/Prospectus included in the Registration Statement. Such financial statements, notes and reports set forth at such pages are incorporated herein by reference.

(ii) The unaudited consolidated balance sheet of Truevision, Inc. as of December 26, 1998, the unaudited consolidated statements of operations, of changes in stockholders' equity and cash flows of Truevision, Inc. for the six months then ended and the notes related thereto are set forth at pages F-21 through F-25 of the Proxy Statement/Prospectus included in the Registration Statement. Such financial statements and notes set forth at such pages are incorporated herein by reference.

(b) Pro Forma Financial Information.

The following unaudited pro forma combined condensed financial statements of Pinnacle and related notes to unaudited pr forma combined condensed financial statements are incorporated herein by reference from the section captioned "Unaudited Pro Forma Financial Information and Notes thereto" on pages 72 through 77 of the Proxy Statement/Prospectus included in the Registration Statement:

(i) Unaudited pro forma combined condensed balance sheet as of December 31, 1998.

(ii) Unaudited pro forma combined condensed statements of operations for the six months ended December 31, 1998.

(c) Exhibits.

Exhibit No.	Description
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2.1	Agreement and Plan of Reorganization dated December 16, 1998, by and among Pinnacle Systems, Inc.; Truevision, Inc, Bernardo Merger Corporation and Walsh Merger Corporation (incorporated by reference to Appendix A to the Proxy Statement/Prospectus included in the Registrant's Registration Statement on Form S-4 (File No. 333-71959).
23.1	Consent of PricewaterhouseCoopers LLP.

Pursuant to Item 601(b)(2) of Regulation S-K, the schedules to the Acquisition Agreement have been omitted. The Registrant agrees to supplementally furnish such schedules upon request of the Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PINNACLE SYSTEMS, INC.

Dated: March 24, 1999

By: /S/ Mark L. Sanders

Mark L. Sanders, President and
Chief Executive Officer

Dated: March 24, 1999

By: /S/ Arthur D. Chadwick

Arthur D. Chadwick, Vice President,
Finance and Administration and
Chief Financial Officer

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Form 8-K of Pinnacle Systems, Inc., dated March 26, 1999, of our report dated August 13, 1998 relating to the consolidated financial statements of Truevision, Inc. for the years ended June 27, 1998, June 28, 1997 and June 29, 1996, which appears at page F-2 of the Proxy Statement/Prospectus included in the Pinnacle Systems, Inc. Registration Statement on Form S-4 (File No. 333-71959).

PricewaterhouseCoopers LLP
San Jose, California
March 26, 1999

PRESS RELEASE OF PINNACLE SYSTEMS, INC. DATED MARCH 11, 1999

For Immediate Release

Pinnacle Systems, Inc. Completes Acquisition of Truevision, Inc.

MOUNTAIN VIEW, Calif., 3/12/99--Pinnacle Systems, Inc. (NASDAQ: PCLE - news), today announced that the acquisition of Truevision, Inc. (NASDAQ: TRUV - news) has been consummated.

Under the terms of the merger, first announced on December 16, 1998, Truevision stockholders will receive 0.0313 of a share of Pinnacle Systems common stock for each share of Truevision common stock. Based on the shares of Truevision common stock outstanding, Pinnacle Systems expects to issue a total of approximately 413,000 shares of Pinnacle common stock in connection with the acquisition of Truevision.

"We are very excited about merging these two companies," said Mark Sanders, president and chief executive officer of Pinnacle Systems. "We believe this transaction will strengthen Pinnacle's position as the leading supplier of digital video capture and editing products. Truevision's product lines complement Pinnacle's well, and together we will serve a far wider array of customers and applications in the digital video editing market. Importantly, Truevision enjoys strategic relationships with a number of key industry partners, which is also complementary. In addition, we believe there are potential efficiencies to be gained, particularly in the areas of distribution and manufacturing."

"Most important, Truevision has invested heavily in its next generation architecture for video editing, particularly in new custom chip technology that is scaleable for high definition television (HDTV) applications. We believe that combining this technology with parallel chip developments underway at Pinnacle will afford Pinnacle competitive advantages in next-generation capture card and video editing platforms," Sanders continued.

About Pinnacle Systems: Pinnacle Systems' broadcast, desktop, and consumer products provide video professionals and consumers the sophisticated tools needed to create dazzling video programs faster and more affordably than ever before. Pinnacle Systems may be reached at (650) 526-1600 or on the World Wide Web at www.pinnaclesys.com.

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Certain of the statements in this press release, including the statements relating to Pinnacle's expectations about the synergies related to the merger are forward-looking statements that are subject to risks and uncertainties that could cause results to be materially different than expectations. Such risks and uncertainties include, but are not limited to, risks associated with Acquisition

transactions and the related integration of operations. Investors are advised to read each Company's annual and quarterly reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission for a fuller discussion of such risks and uncertainties.

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