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DATA SYSTEMS & SOFTWARE INC

Form 8-K

December 09, 2002

UNITED STATES
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) December 5, 2002

DATA SYSTEMS & SOFTWARE INC.
(Exact name of Registrant as Specified in its Charter)

Delaware 0-19771 22-2786081

(State or Other Jurisdiction (Commission file Number) (IRS Employer
of Incorporation) Identification No.)

200 Route 17, Mahwah, New Jersey 07430

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (201) 529-2026

Item 5. Other Events and Regulation FD Disclosure.

On December 5, 2002, our subsidiary, Comverge Technologies, Inc., closed a three-year \$2 million secured revolving line of credit from Laurus Master Fund, Ltd. The available line of credit will be based on Comverge's accounts receivables and inventory, and will be secured by all of the assets of Comverge and by the accounts receivables of our subsidiary, Databit, Inc. We have guaranteed the repayment of any advances and payment of fees under the line of credit.

In addition, Laurus may convert up to an aggregate of \$600,000 of the line of credit into shares of our common stock at a fixed conversion price of \$1.50. We also issued a five-year warrant, exercisable in three tranches at exercise prices ranging from \$2.00 to \$3.34 per share. Under the terms of the agreements, Laurus cannot to sell any DSSI shares issuable upon conversion of the line of credit or upon exercise of the warrants before June 5, 2003.

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We have agreed to file with the Securities and Exchange Commission, and have declared effective by April 4, 2002, a registration statement registering the resale of the shares of our common stock issuable upon conversion of the line of credit and exercise of the warrant.

Comverge intends to use the proceeds from the line of credit for general corporate purposes.

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

(c) Exhibits

Exhibit 10.1 - Purchase and Security Agreement, dated as of December 4, 2002, by and between Comverge Technologies, Inc. ("Comverge") and Laurus Master Fund, Ltd. ("Laurus").

Exhibit 10.2 - Convertible Note, dated December 4, 2002, by and among Comverge, Laurus and, as to Articles III and V only, Data Systems & Software Inc. ("DSSI").

Exhibit 10.3 - Common Stock Purchase Warrant, dated December 5, 2002, issued by DSSI to Laurus.

Exhibit 10.4 - Registration Rights Agreement, dated as of December 4, 2002, by and between DSSI and Laurus.

Exhibit 10.5 - Guaranty, dated December 4, 2002, made by DSSI in favor of Laurus.

SIGNATURES

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

DATA SYSTEMS & SOFTWARE INC.

Date: December 9, 2002

BY: s/Sheldon Krause

Sheldon Krause
Secretary