

SUNTRON CORP
Form 8-K
June 14, 2006

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
Date of report (Date of earliest event reported) June 8, 2006
SUNTRON CORPORATION**

(Exact Name of Registrant as Specified in Charter)

DELAWARE

0-49651

86-1038668

(State or Other Jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

**2401 WEST GRANDVIEW ROAD, PHOENIX,
ARIZONA**

85023

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code **(602) 789-6600**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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SIGNATURE

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Item 2.05 Costs Associated with Exit or Disposal Activities.

On June 8, 2006, Suntron Corporation (the Company) notified the employees at its Northeast contract manufacturing business unit located in Lawrence, Massachusetts (the NEO), that we have decided to transfer this business to other Suntron sites. We expect the relocation of NEO will be substantially completed in October 2006. NEO utilizes approximately 70% of the Company's 73,000 square foot facility in Lawrence. Two other business units within the facility will be unaffected by this restructuring. One business unit provides design and engineering services while the other unit provides open systems integration and deployment services.

In July 2006, we intend to list the facility with a commercial real estate firm in an attempt to locate a suitable sublease tenant upon completion of the relocation of NEO. If we locate a subtenant that requires the entire building, we intend to relocate the other business units to a new facility in the local area. The monthly rent payment (including executory costs) for the entire facility amounts to approximately \$54,000. Since we expect to continue to utilize the facility, it is not appropriate under generally accepted accounting principles to record a lease exit charge for the portion of the building that will be vacant.

In connection with our relocation of NEO, we expect to incur retention costs in the aggregate amount of up to approximately \$0.3 million that will be paid in cash by the fourth quarter of 2006. We expect to incur severance costs of up to approximately \$0.3 million in June 2006 in connection with future cash payments to approximately 60 employees whose jobs will be phased out through October 2006. In addition, we expect to incur an aggregate of up to approximately \$0.6 million through October 2006 for expenses of moving inventory and equipment, employee relocation, recruiting and training, and costs associated with transitioning customer deliveries in a manner designed to avoid disruptions in customer orders. These costs will be paid in cash and charged to expense in the period in which they are incurred.

The Company will amend this report if it determines that estimates for these restructuring charges will vary materially from the estimates provided in this Report.

Item 9.01. Financial Statements and Exhibits

- (a) *Financial Statements of Business Acquired.*
Not applicable.
 - (b) *Pro Forma Financial Information.*
Not applicable.
 - (c) *Exhibits.*
Not applicable.
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SIGNATURE

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.

SUNTRON CORPORATION

Date: June 14, 2006

By: /s/ Thomas B. Sabol
Thomas B. Sabol
Chief Financial Officer