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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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**FORM 8-K**

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CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): October 22, 2013

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**Communications Systems, Inc.**

(Exact name of Registrant as Specified in its Charter)

**Minnesota**

(State Or Other Jurisdiction Of Incorporation)

**001-31588**

(Commission File Number)

**41-0957999**

(I.R.S. Employer Identification No.)

**10900 Red Circle Drive**

**Minnetonka, MN**

(Address Of Principal Executive Offices)

**55343**

(Zip Code)

**(952) 996-1674**

Registrant's Telephone Number, Including Area Code

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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
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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## **Item 2.02 Results of Operations and Financial Condition**

As noted in Item 8.01 below, in a shareholder letter dated October 23, 2013, Communications Systems, Inc. (the “Company”) described recent Company developments. That shareholder letter included information regarding the Company's results of operations and financial condition.

## **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

### **Election of Richard A. Primuth as Director**

The Company's Board of Directors has elected Richard A. Primuth as a director effective October 22, 2013 and named Mr. Primuth to the Audit Committee, Compensation Committee, and Governance and Nominating Committee.

For the past 40 years, Mr. Primuth, aged 67, has served as an Attorney with the Minneapolis law firm of Lindquist and Vennum LLP, with a practice focused on representing public and private corporations. Mr. Primuth was a partner of Lindquist and Vennum, the Company's primary law firm, until December 31, 2010 and became of counsel to that law firm on January 1, 2011. Effective concurrent with his election as a member of the Board, Mr. Primuth will no longer perform any legal services for the Company. For his service as a director, Mr. Primuth will be compensated in the same manner as other non-employee directors.

The Board of Directors believes that Mr. Primuth's significant experience in corporate governance, public offerings and other financings, capital markets, financial reporting, mergers and acquisitions, representation of publicly held companies, venture-capital financing, spin-offs, complex contract negotiations and other business law areas, as well as his significant understanding of the Company, its history, markets and products, make him a significant resource as a Company director. The Board has determined that Mr. Primuth is independent under NASDAQ rules.

### **Separation Arrangement with William C. Schultz**

As previously disclosed, on September 3, 2013, the Company's Chief Executive Officer William C. Schultz resigned as an officer and director of the Company. The Company and Mr. Schultz have entered into a separation agreement under which the Company has agreed to continue Mr. Schultz' base salary through August 31, 2014, subject to reduction if he is employed in any capacity on or after March 4, 2014. In addition, the Company agreed to pay Mr. Schultz bonus payments, if and when any are made under the Company's 2013 bonus plan and agreed to extend certain of his stock options through August 31, 2016. The Company also agreed he would be entitled to any other earned compensation on a pro-rata basis. In connection with the execution of the separation agreement, the Company is taking a charge of approximately \$329,600 in the quarter ended September 30, 2013.

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## Item 8.01 Other Events

The Company is issuing a shareholder letter dated October 23, 2013, commenting on:

- The Company's progress subsequent to the Company's September 3, 2013 management reorganization;
- Developments at the Company's three operating business units;
- The Company's anticipated third quarter results; and
- The Board's belief that the Company's solid cash position and working capital position will support continued payment of the current \$0.16 per share quarterly dividend for the foreseeable future.

A copy of the shareholder letter is filed as Exhibit 99.1 to this Form 8-K.

## Item 9.01 Financial Statement and Exhibits.

Exhibit 99.1 Communications Systems, Inc. Shareholder Letter dated October 23, 2013.

### 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, thereunto duly authorized.

COMMUNICATIONS SYSTEMS, INC.

By: /s/ Curtis A. Sampson  
Chairman and Interim Chief Executive Officer

Date: October 23, 2013

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**Communications Systems, Inc. ("CSI") Announces Further Details of its Recent Reorganization, Positive Developments at its Business Units, Anticipated Third Quarter Results and Dividend Policy**



Ed  
Freeman,  
Curt  
Sampson,  
Roger  
Lacey

Prevailing business conditions within CSI, particularly its Transition Networks ("TN") business unit, led the Board in July to charter a small team of Board members, led by Roger H. Lacey and consisting of Gerald D. Pint and Randall D. Sampson, and reporting to Chairman Curtis A. Sampson, to review the current business portfolio and management systems. "Project Ascot" resulted in a detailed business analysis supplemented by extensive interviewing with over 100 present and former employees. From the findings a corporate management plan was developed which addressed both strategic and tactical direction changes charting a new course for CSI and its business units. The plan was launched September 3, 2013 with significant positive changes that have been wholeheartedly endorsed by the employees. The effort is continuing to provide valuable information which will improve the operating results.

The corporation has been restructured from a corporate managed "top down" business structure to a more flexible "bottom up" organization. This flexible structure is more relevant for the entrepreneurial requirements of the individual businesses in the CSI portfolio. Four parent company positions, including three executive positions, have been eliminated. The three business unit leaders, Bruce C. Blackwood of Suttle, Scott G. Otis of TN and Scott M. Fluegge of JDL, have been named President and General Manager of their respective business units. Suttle and TN now have full operating capabilities as stand-alone business units, while the corporate accounting group facilitates some of JDL's activities.

The CSI parent company functions have been reduced significantly, and are now focused on core functions benefiting the entire enterprise, primarily accounting and finance functions. Parent company personnel costs are now mainly limited to the Chief Financial Officer Edwin C. Freeman, Corporate Controller, internal auditor, benefits administration, and shareholder relations.

Chairman Curtis Sampson reported, "The Board created the "Office of the Chair" to manage CSI following adoption of the September 3, 2013 restructuring plan. Composed of Vice Chairman Roger Lacey, CFO Ed Freeman, and myself, the "Office" has enthusiastically carried out the first phase of the plan and looks forward to continuing to implement actions which will enhance shareholder value."



The Project Ascot study group primarily addressed TN, which had experienced a steady decline in recent years due to a maturing of its legacy products, reduced sales in the federal markets, increased price competition and the delay in launching a new line of products mainly focused on the telecom market mobile backhaul opportunity. The TN business unit recovery is led by President & General Manager Scott Otis, who was hired on September 4 following 27 years in the telecom industry. Vice Chairman Roger Lacey commented, "Pursuant to the plan, Mr. Otis has been assured he has the resources to hire new personnel, to make changes in TN's extensive talent pool, and has the support to target the telecom industry worldwide. We are confident that the operation is stabilizing and is forecasting a slow but deliberate recovery through 2014. TN has a positive future with many legacy high gross margin products, new high technology telecom products, and a reorganized staff to move the company forward."

**SUTTLE** The Suttle product lines have been extensively strengthened over the past three years, and the company has experienced substantial growth with 10 consecutive quarter revenue increases as compared to the prior year. President & General Manager Bruce Blackwood commented, "The plan has provided support for Suttle's strategic initiatives consisting of adding experienced customer facing personnel and support systems, and investment in new capabilities. The new products feature 'breakthrough' fiber management products for 'fiber to the home', the new products of the G.hn technology, and other new products, most developed in close partnership with the large Tier 1 telcos."

**JDL Technologies** JDL is experiencing record sales and a very profitable 2013 with the two major Florida school systems. In addition, Scott Fluegge, President & General Manager commented, "JDL's strategic direction of diversifying beyond its two large Florida school systems is gaining traction and will provide considerable revenue increases in that sector of our business in the future."



#### **Positive Business Outlook\***

With respect to 3<sup>rd</sup> quarter and year-to-date results which will be released November 7, CFO Ed Freeman reported, "CSI's gross revenues for the quarter and year-to-date were substantially above last year. Operating income would also be substantially above last year, however, a reappraisal of the TN assets will lead to a write-off of TN's goodwill resulting in a loss for the 3<sup>rd</sup> quarter and year-to-date." Nonetheless, the strong cash flow, cash and working capital will support continued payment of the current dividend of \$.16 per share when declared by the Board.

Chairman Curtis A. Sampson expressed satisfaction with the recent management and organization changes and thanked the Board and the task force for their support. "The company is well set to take advantage of telecom opportunities for the forthcoming years." Mr. Sampson also announced his intention to meet with key shareholders over the next several weeks in a shareholder roadshow after release of 3<sup>rd</sup> quarter results.

/s/ Curtis A. Sampson  
Curtis A. Sampson, Chairman

/s/Roger H. Lacey  
Roger H. Lacey, Vice Chairman

/s/Edwin C. Freeman  
Edwin C. Freeman, CFO

October 23, 2013

#### **Forward-Looking Statements**

\*For the forward-looking statements in this shareholder letter, Communications Systems, Inc. claims the protection of the safe harbor in the federal securities laws. The sections entitled "Risk Factors" in the Company's SEC filings on Form 10-K and Form 10-Q disclose risks associated with the Company's business and operations and these forward-looking statements.

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