

NEOMEDIA TECHNOLOGIES INC

Form 8-K

August 30, 2006

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: August 24, 2006

NeoMedia Technologies, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware (State or other jurisdiction of incorporation) **0-21743** (Commission File Number) **36-3680347** (IRS Employer Identification No.)

2401 Second Street, Suite #600, Fort Myers, Florida (Address of principal executive offices) **33901** (Zip code)

Registrant's telephone number, including area code: **(239) 337-3434**

Not Applicable

(Former Name or Former Address, If Changed Since Last Report)

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:

- 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 13c-4(c) under the Exchange Act (17 CFR 240.13c-4(c))

Item 1.01 Entry Into a Material Definitive Agreement

On August 24, 2006, NeoMedia Technologies, Inc., a Delaware corporation (the “Company”) entered into a Securities Purchase Agreement (the “SPA”) with Cornell Capital Partners, LP, a Delaware limited partnership (the “Buyer” and together with the Company, the “Parties”). Pursuant to the terms and subject to the conditions contained in the SPA, the Company will issue and sell to the Buyer, and the Buyer shall purchase from the Company, Five Million Dollars (\$5,000,000) of secured convertible debentures (the “Debentures”), which shall be convertible into shares of the Company’s common stock, par value \$0.01 (the “Common Stock”), and which was funded on August 24, 2006 for a total purchase price equal to Five Million Dollars (\$5,000,000).

Contemporaneously with the execution and delivery of the SPA and the issuance by the Company to the Buyer of the Debentures, the Parties executed and delivered (i) an Investor Registration Rights Agreement, pursuant to which the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended and the rules and regulations promulgated there under and applicable state securities laws and (ii) a Pledge and Security Agreement (the “Security Agreement”), pursuant to which the Company agreed to provide to Buyer a security interest in certain Pledged Collateral (as this term is defined in the Security Agreement) to secure the Company’s obligations under the SPA, the Transaction Documents (as such term is defined in the SPA), or any other obligations of the Company to the Buyer.

In connection with the SPA, the Company also issued to the Buyer (a) a warrant to purchase twenty-five million (25,000,000) shares of the Company’s Common Stock, exercisable for a period of five (5) years at an exercise price of Fifteen Cents (\$0.15) per share (the “A Warrant”); (b) a warrant to purchase fifty million (50,000,000) shares of the Company’s Common Stock, exercisable for a period of five (5) years at an exercise price of Twenty-Five Cents (\$0.25) per share (the “B Warrant”); (c) a warrant to purchase fifty million (50,000,000) shares of the Company’s Common Stock, exercisable for a period of five (5) years at an exercise price of Twenty Cents (\$0.20) per share (the “C Warrant”); and (d) a warrant to purchase fifty million (50,000,000) shares of the Company’s Common Stock, exercisable for a period of five (5) years at an exercise price of Five Cents (\$0.05) per share (the “D Warrant”, and together with the A Warrant, the B Warrant and the C Warrant, the “Warrants”). The Common Stock issuable under the Warrants shall have “piggy-back” and demand registration rights.

Furthermore, on August 24, 2006, the Company entered into four (4) amendment agreements to reprice certain warrants which had been previously issued by the Company to the Buyer. Pursuant to Amendment to Warrant No. CCP-002, the Parties amended a certain warrant, dated March 15, 2005, to purchase 50,000,000 shares at an exercise price of \$0.20 to modify the warrant exercise price therein to \$0.10 per share. Pursuant to Amendment to “A” Warrant No. CCP-001, the Parties amended a certain “A” warrant, dated February 17, 2006, to purchase 20,000,000 shares at an exercise price of \$0.50 to modify the warrant exercise price therein to \$0.10 per share. Pursuant to Amendment to “B” Warrant No. CCP-002, the Parties amended a certain “B” warrant, dated February 17, 2006, to purchase 25,000,000 shares at an exercise price of \$0.40 to modify the warrant exercise price therein to \$0.15 per share. Pursuant to Amendment to “C” Warrant No. CCP-003, the Parties amended a certain “C” warrant, dated February 17, 2006, to purchase 30,000,000 shares at an exercise price of \$0.35 to modify the warrant exercise price therein to \$0.10 per share.

Item 3.02 Unregistered Sales of Equity Securities

See Item 1.01 above.

Item 9.01 Financial Statements and Exhibits

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits No. Description:

Exhibit No. Item

Exhibit 10.1	Securities Purchase Agreement, dated August 24, 2006, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 10.2	Investor Registration Rights Agreement, dated August 24, 2006, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 10.3	Pledge and Security Agreement, dated August 24, 2006, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 10.4	Secured Convertible Debenture, dated August 24, 2006, issued by the Company to Cornell Capital Partners, LP	Provided herewith
Exhibit 10.5	Irrevocable Transfer Agent Instructions, dated August 24, 2006, by and among the Company, Cornell Capital Partners, LP and American Stock Transfer & Trust Co.	Provided herewith
Exhibit 10.6	A Warrant, dated August 24, 2006	Provided herewith
Exhibit 10.7	B Warrant, dated August 24, 2006	Provided herewith
Exhibit 10.8	C Warrant, dated August 24, 2006	Provided herewith
Exhibit 10.9	D Warrant, dated August 24, 2006	Provided herewith
Exhibit 10.10	Amendment to Warrant No. CCP-002, dated August 24, 2006, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 10.11	Amendment to "A" Warrant No. CCP-001, dated August 24, 2006, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 10.12	Amendment to "B" Warrant No. CCP-002, dated August 24, 2006, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 10.13	Amendment to "C" Warrant No. CCP-003, dated August 24, 2006, by and between the Company and Cornell Capital Partners, LP	Provided herewith

SIGNATURES

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

Date: August 28, 2006

NEOMEDIA TECHNOLOGIES, INC.

By: /s/ Charles T. Jensen

Name: Charles T. Jensen

Its: Chief Executive Officer and Director