

PEGASYSTEMS INC
Form 8-K
December 27, 2017

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 20, 2017

Pegasystems Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 1-11859

Massachusetts
(State or other jurisdiction of

04-2787865
(IRS Employer

incorporation)

Identification No.)

1 Rogers Street, Cambridge, Massachusetts 02142

(Address of principal executive offices, including zip code)

617-374-9600

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

(e) On December 20, 2017, the Compensation Committee of the Board of Directors of Pegasystems Inc. (the Company) approved the 2018 Section 16 Officer/FLT Member Corporate Incentive Compensation Plan (the Incentive Plan) for the executive officers of the Company (the Executive Officers).

The Incentive Plan covers the period from January 1, 2018 through December 31, 2018 (the Incentive Period). The Incentive Plan is designed to establish a pool of funds to be available for making bonus payments to the Executive Officers if the Company achieves certain performance goals (the Corporate Goals) during the Incentive Period. For purposes of the Incentive Plan, the Corporate Goals consist of financial goals weighted at 70% and strategic goals weighted at 30%. The percentage achievement of the Corporate Goals (the Funding Percentage) determines the extent to which the Incentive Plan is funded, except that if the Funding Percentage is less than 70% then the Incentive Plan will not be funded at all. If the Funding Percentage is greater than 100%, the Company may fund an enhanced incentive as determined by the Board in its discretion. Once the Funding Percentage has been determined, the actual incentive payment for each Executive Officer may be adjusted to reflect the individual s level of contribution to the Company s strategic goals.

For 2018, the Company will permit each Executive Officer to elect to receive a portion of his or her 2018 bonus equal to 50% of his or her target Incentive Plan payment in the form of restricted stock units (RSUs) instead of in cash. For this purpose, RSUs will be calculated based upon 85% of their fair market value on the grant date. If elected, the equity grant will occur during the open trading period following the public release of the Company s 2017 financial results and is subject to vest 100% on or about the Incentive Plan payout date in 2019 for all participants. Vesting is conditioned upon threshold funding of the Incentive Plan and, with respect to each Executive Officer, on his or her continued active employment with the Company. If these conditions are not met, the equity grant cannot be exercised by the Executive Officer and will expire.

The foregoing summary description of the Incentive Plan is qualified in its entirety by reference to Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

99.1 2018 Section 16 Officer/FLT Member Corporate Incentive Compensation Plan

Signature(s)

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.

Pegasystems Inc.

Date: December 27, 2017

By: /s/ Matthew J. Cushing
Matthew J. Cushing

Vice President, Chief Commercial Officer, General
Counsel and Secretary

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Proposal

For

Against

Abstain

Approval of certain amendments to the Company's 2013 LTIP, including increasing the total number of shares of our Common Stock available for issuance under the 2013 LTIP by 1.2 million shares, for a total of 1,661,130 shares, eliminating the restriction on the number of shares in the 2013 LTIP that can be issued as full value awards, and certain other technical updates and clarifications related to Section 162(m) of the Internal Revenue Code, as amended.

5,963,734

2,014,437

77,765

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

On November 29, 2018, the Compensation Committee of the Company's Board of Directors approved grants of certain equity compensation awards to its key employees, including its officers. The Compensation Committee made the grants contingent upon the approval, by the Company's shareholders, of the amendments to the 2013 LTIP that are addressed in Item 5.07 above. The table below shows the grants issued on December 1, 2018 to the current named executive officers of the Company of (i) shares of the Company's restricted stock under the Company's 2013 LTIP, as amended on November 30, 2018 (the "LTIP"), and (ii) awards of cash settled SARs under the Company's 2018 Stock Appreciation Rights Plan (the "SAR Plan").

Executive Officer	Title	Shares of Restricted Stock (#)	SARs (#)
R. Brian Hanson	President, Chief Executive Officer and Director	180,000	192,000
Steven A. Bate	Executive Vice President and Chief Financial Officer	89,430	95,435
Christopher T. Usher	Executive Vice President and Chief Operating Officer, Operations Optimization	89,430	95,435
Kenneth G. Williamson	Executive Vice President and Chief Operating Officer, E&P Technology & Services	89,430	95,435
Matthew R. Powers	Executive Vice President, General Counsel and Corporate Secretary	38,443	40,995

The shares of restricted stock awarded will vest in one-third increments each year over a three-year period, conditioned upon the recipient's continued employment during that time; however, in addition to this time-based vesting restriction, none of the awards will vest unless certain performance measures are satisfied, as follows: If the 20-day volume weighted average price (the "VWAP") per share of the Company's common stock does not meet or exceed \$17.50, none of the shares shall vest; if the VWAP meets or exceeds \$17.50 but does not meet or exceed \$22.50, 1/3 of the shares shall vest; if the VWAP meets or exceeds \$22.50 but does not meet or exceed \$27.50, 2/3 of the shares shall vest; and for full vesting, the VWAP must meet or exceed \$27.50. The performance measures are in addition to the time-based vesting restriction, and vice versa.

During the period that the restricted stock has not yet vested, holders of shares of restricted stock are entitled to the same voting rights as all other holders of common stock.

The SARs have a per SAR exercise price of \$8.85, which was the closing sales price per share of the Company's common stock on the NYSE on the last trading day prior to the date of grant, in accordance with the terms of the SAR Plan. The SARs have the same time-based and performance based vesting restrictions as the restricted stock, described above. The maximum value of each SAR is capped at \$27.50.

As previously discussed in filings with the SEC related to the Special Meeting, the awards are less dilutive to shareholders than awards under a traditional plan comprised of both restricted stock and stock options. As also discussed, the Company has no intention to award further equity from the LTIP to the persons in these positions over the next three years; giving effect to this intention, the per-year value of the awards reflected in this filing, including the SARs, is significantly below the per-year value of equity compensation recommended by consultant AON Hewitt, which the Company engaged earlier this year to perform an analysis of our compensation program.

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.

Date: December 6, 2018 ION GEOPHYSICAL CORPORATION

By: /s/ MATTHEW POWERS

Matthew Powers

Executive Vice President, General Counsel
and Corporate Secretary