

# ADAMAS PHARMACEUTICALS INC

## **FORM 8-K** (Current report filing)

Filed 04/05/17 for the Period Ending 03/30/17

|             |  |
|-------------|--|
| Address     | 1900 POWELL ST., SUITE 750<br>EMERYVILLE, CA 94608 |
| Telephone   | 510-450-3554                                       |
| CIK         | 0001328143   |
| Symbol      | ADMS   |
| SIC Code    | 2834 - Pharmaceutical Preparations                 |
| Industry    | Biotechnology & Medical Research                   |
| Sector      | Healthcare   |
| Fiscal Year | 12/31  |

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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): March 30, 2017**

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**Adamas Pharmaceuticals, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction  
of incorporation)

**001-36399**

(Commission File Number)

**42-1560076**

(IRS Employer Identification No.)

**1900 Powell Street, Suite 750**

**Emeryville, CA**

(Address of principal executive offices)

**94608**

(Zip Code)

Registrant's telephone number, including area code: **(510) 450-3500**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations 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))

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

**Compensation Matters**

On March 30, 2017, the Compensation Committee of the Board of Directors of Adamas Pharmaceuticals, Inc. (the “Company”) took the following compensation actions with respect to the Company’s Chief Executive Officer (“CEO”); Chief Financial Officer (“CFO”); Chief Business Officer, General Counsel, Chief Compliance Officer & Corporate Secretary (“CBO”); and Chief Medical Officer (“CMO”); (collectively, the “Officers”).

*2017 Executive Cash Bonus Award Program*

Approved our 2017 Executive Cash Bonus Award Program (the “Bonus Plan”). The Bonus Plan provides guidelines for cash bonuses to our executive officers, which cash bonuses for each Officer generally will be based on: (1) the target bonuses for the Officer; and (2) the achievement of corporate and individual goals established by the Compensation Committee. Individual performance may result in a performance modifier being applied to the target bonus, resulting in the guidelines for percent of target bonus to be paid of between 0% and 150%, depending on individual performance. Actual bonuses paid are at the sole discretion of the Compensation Committee, and may vary from the guidelines set forth in the Bonus Plan. No cash bonus award is considered earned under the Bonus Plan until the time that such award is approved by the Compensation Committee.

In connection with the establishment of the Bonus Plan, the Compensation Committee set the target percentages for assessing annual bonuses for 2017, expressed as a percentage of the applicable Officer’s annual base salary. The target percentages of the Officers are as follows:

| <b>Executive Officer</b> | <b>Title</b>  | <b>2017 Target Bonus Award %</b> |
|--------------------------|---|----------------------------------|
| Gregory T. Went, Ph.D.   | President and Chief Executive Officer   | 55%                              |
| William J. Dawson        | Chief Financial Officer   | 35%                              |
| Jennifer J. Rhodes       | Chief Business Officer, General Counsel, Chief Compliance Officer & Corporate Secretary | 40%                              |
| Rajiv Patni              | Chief Medical Officer   | 40%                              |

The foregoing is a summary of the material terms of the Bonus Plan and is qualified in its entirety by reference to the copy of the Bonus Plan filed as Exhibit 10.1 to this Current Report on Form 8-K.

**Amended and Restated Severance Plan**

On March 30, 2017, the Compensation Committee of the Board of Directors of the Company amended and restated the Company’s Executive Severance Plan (the “Severance Plan”), for employees of the Company at the level of Vice President (“VP”) or above.

Subject to, and pursuant to, the terms of the Severance Plan, in the event of a termination of employment not in connection with a change in control, the Company will pay: a cash severance in the form of base salary continuation for 12 months to the CEO, CFO, CBO, CMO, and Chief Commercial Officer (“CCO”); and a cash severance in the form of base salary continuation for 9 months to all other VP’s and above. In addition, the participant will be reimbursed for health care premiums during the period for which they receive continued salary.

In the event of a termination of employment in connection with a change in control, the Company will pay a lump sum cash severance of: 1.5 times annual salary plus annual target bonus, in addition to a pro-rated target bonus, to the CEO; and 1.0 times annual salary plus annual target bonus, in addition to a pro-rated target bonus, to all other VP’s and above. In addition, the participant will be reimbursed for health care premiums for 12 months (18 months in the case of the CEO), and receive full accelerated vesting of outstanding equity awards and the extension to one year of the post-termination exercise period for stock options.

The foregoing is a summary of the material terms of the Severance Plan and is qualified in its entirety by reference to the copy of the Severance Plan, which will be filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ending March 31, 2017.

**Item 9.01 Financial Statements and Exhibits.**

| <b>Exhibit<br/>Number</b> | <b>Exhibit Description</b>               |
|---------------------------|--|
| 10.1                      | 2017 Executive Cash Bonus Award 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.

**Adamas Pharmaceuticals, Inc.**

Dated: April 5, 2017

By: /s/ Jennifer Rhodes

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Jennifer Rhodes

Chief Business Officer, General Counsel, & Compliance Officer

## EXHIBIT INDEX

| Exhibit<br>Number    | Exhibit Description                      |
|----------------------|--|
| <a href="#">10.1</a> | 2017 Executive Cash Bonus Award Program. |



## 2017 Executive Cash Bonus Award Program

### General

At Adamas Pharmaceuticals, our compensation practices are designed to:

- Attract and retain top talent
- Link compensation to organizational, project/team/department and individual performance
- Align employees with stockholders
- Ensure internal fairness and support our core values and culture

This 2017 Cash Bonus Award Program, or “Bonus Program,” is a discretionary element of our compensation system that links compensation to the achievement of corporate goals, individual and project/team accomplishments, competencies, and how we live our values. Together these elements are key to our company’s success and strong culture.

Each year, our Board of Directors will establish the corporate goals. Each participant will have manager<sup>1</sup>-approved project goals, individual goals, and/or non-project/individual goals. At the conclusion of each year, the Board of Directors in its sole discretion will determine whether and to what extent our corporate goals have been achieved, whether there will be cash bonus awards paid out, and the bonus pool amount that will be available to pay bonuses to participants in this Bonus Program.

Performance for individuals will be assessed in the performance management process and will be a combination of goal achievement and overall performance. Any awards are subject to standard deductions and withholdings.

### Effective Date

This Bonus Program covers the period of January 1, 2017, to December 31, 2017. It contains the entire understanding between the employee and the Company on this subject, and supersedes all prior bonus compensation programs of the Company and all other previous oral or written statements to the employee regarding a potential cash bonus award. The Company reserves the right to modify any of the provisions of this Bonus Program at any time. This Bonus Program may be modified only in writing signed by a Company officer.

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<sup>1</sup> In the case of executive officers, references to “manager” in this Bonus Program shall mean the Compensation Committee or the Board upon recommendation of the Compensation Committee.

**Eligibility**

All regular employees whose employment commenced prior to October 1 of 2017, and work at least 20 hours per week are eligible for participation in the Bonus Program pursuant to its terms. Awards will be pro-rated for employees with a start date after January 1, 2017. Temporary and part-time employees who work less than 20 hours per week and consultants are not eligible to participate.

**Bonus Process**

Each year, our Board of Directors (the “Board”) will approve the corporate goals for the entire Company. Each year, each participant also will receive written objectives, including project goals, individual goals, and/or non-project/individual goals, from their manager. It is the responsibility of both the participant and his or her supervisor to ensure such written objectives are set.

After the conclusion of each calendar year, the Board will determine whether and to what extent our corporate goals have been achieved, whether there will be cash bonus awards paid out, and the pool that is available for potential distribution to employees under this Bonus Program.

After the conclusion of each calendar year, performance for individuals will be assessed in the performance management process and will be a combination of goal achievement and overall performance. Managers then will determine the amount of bonus awards, if any, for each of their direct reports who are participants in this Bonus Program and these payouts will be approved by the Board (or as delegated to the Compensation Committee).

No cash bonus award is considered earned under this Bonus Program until the time that such award is approved by the Board (or as delegated to the Compensation Committee). Further it is a precondition to earning any bonus under this Bonus Program that the participant has fully complied with all anti-trust laws, the Company’s ethical standards, and any other applicable Company policies; accordingly, if a participant is found to have violated any of these items, any cash bonus award previously paid hereunder is subject to recoupment by the Company.

**Threshold and Maximum Payouts**

The Company must achieve 70% of corporate goals, as determined by the Board in their sole discretion, in order for any bonus pool to be created and approved by the Board. The maximum payout will vary year-to-year but will be determined by the Board based on the Company’s goals and escalators in the case of accomplishment of stretch goals.

Target bonus percentages are based on job position in the context of the employment marketplace. (See table below). The target award serves as a standardized reference point for the maximum percentage of base pay an employee potentially could receive as a bonus payment if: (1) the Board decides to create a bonus pool for the Company’s employees for that year; (2) the Board determines that 100% of corporate goals are met by the Company; and, (3) individual performance for the employee as determined by their manager is 100%. It is understood that

Company management will take the pool of money available for all cash bonus payouts for that year and apply performance-based discretion in allocating the cash bonus awards among participants, and that no participants are guaranteed to receive their target bonus even if the Company meets all of its goals and the participant's performance is rated at 100% in the review process.

| Salary Band    | Target Award % of Base Pay |
|----------------|----------------------------|
| CEO            | 55%                        |
| CMO/CBO-GC/CCO | 40%                        |
| CFO            | 35%                        |
| SVP            | 30%                        |

### Performance Modifier Guidelines

The target bonus is intended to be first modified by corporate performance based on corporate goal achievement as determined by the Board, then by individual performance using the ranges below. The performance rating will be assessed as a combination of goal achievement and overall performance. The Company shall decide each participant's performance rating in its sole discretion.

| Performance Rating         | Individual Performance Modifier Guidelines |
|----------------------------|--|
| Exceeds Expectations       | 110% - 150%                                |
| Meets Expectations         | 70% - 110%                                 |
| Almost Meets Expectations  | 0 - 50%                                    |
| Does Not Meet Expectations | 0  |

### Timing of Awards

As described above, awards are determined each year based on corporate performance as determined by the Board and individual performance as assessed by managers in our performance management process. Awards, if any, will typically be determined and paid by the end of March of the year following the end of the calendar year, subject to the discretion of the Board as noted above. Any awards are subject to standard deductions and withholdings.

No bonus amounts are guaranteed and all bonuses must be earned in accordance with the terms of this Bonus Program. Whether and how much of a cash bonus award has been earned, is in the sole discretion of the Company.

### Bonus Awards upon Termination of Employment

In the event that a Bonus Program participant's employment has been terminated (either by the Company or by the employee) for any reason prior to the date any bonus is earned (or as stated above until such time that the award is approved by the Board), the participant will not be entitled to any cash bonus award.

### **Bonus Award Disputes**

The Company's Chief Financial Officer, Chief Business Officer/General Counsel and SVP of Human Resources will review and decide on any disputes arising under this Bonus Program. Any employee with an issue related to this Bonus Program shall provide a written request for review to the SVP, Human Resources within 15 days of the cash bonus award payout that is in dispute. All decisions made by the CFO, Chief Business Officer/General Counsel and SVP, HR are final and binding.

### **Legal and Ethical Standards**

No employee shall attempt to earn a cash bonus award by engaging in any conduct which violates laws or regulations, the Company's policies or procedures including healthcare compliance policies & procedures, or the Company's ethical standards.

An employee shall not pay, offer to pay, assign or give any part of his or her cash bonus award, compensation or anything else of value to any agent, customer, supplier or representative of any customer or supplier, or to any other person, as an inducement or reward for direct or indirect assistance in earning a cash bonus.

Any infraction of this policy or of recognized ethical standards, will subject the employee to disciplinary action up to and including termination of employment and revocation of any cash bonus award under this Bonus Program to which the employee otherwise would be entitled.

Nothing in this Bonus Program is intended to alter the at-will nature of the employee's employment, that is, the employee's right or the Company's right to terminate the employee's employment at will, at any time with or without cause, and with or without advance notice.