

# PENDRELL CORP

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

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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):

April 11, 2017

Pendrell Corporation

(Exact name of registrant as specified in its charter)

Washington

001-33008

98-0221142

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

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

2300 Carillon Point, Kirkland, Washington

98033

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(425) 278-7100

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

On April 11, 2017, the Compensation Committee of the Board of Directors of Pendrell Corporation (the "Company") adopted the 2017 Incentive Plan (the "2017 Plan"), in which the Company's executive officers are eligible to participate. The 2017 Plan is an incentive award plan designed to enhance shareholder value by promoting a strong connection between employee contributions and the Company's financial performance, encourage and support achievement of the business objectives of the Company, and promote retention of Company employees. The 2017 Plan provides for cash and/or stock incentive awards, calculated as a percentage of base salary, based upon the achievement of specified Company financial targets and individual performance objectives.

The performance bonus target for Steve Ednie, our Chief Financial Officer, under the 2017 Plan is 53.5% of base salary, with the expectation that the maximum bonus amount will be 71.7% of base salary if Company financial results substantially exceed target levels and individual performance substantially exceeds expectations. The performance bonus target for Tim Dozois, our Corporate Counsel and Corporate Secretary, under the 2017 Plan is 36.5% of base salary, with the expectation that the maximum bonus amount will be 48.9% of base salary if Company financial results substantially exceed target levels and individual performance substantially exceeds expectations. Mr. Ednie and Mr. Dozois's actual incentive awards will be derived from three components: (i) achievement of overall Company revenue and expense budget projections, which drives 48% of the incentive award calculation, (ii) achievement of profit and loss objectives for the officer's cost center(s), which drives 12% of the incentive award calculation, and (iii) individual performance, which drives the remaining 40% of the incentive award calculation. The Compensation Committee retains the discretion to adjust the incentive award calculation.

**Item 9.01 Financial Statements and Exhibits.**

10.1 Pendrell Corporation 2017 Incentive Plan

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**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.

Pendrell Corporation

*April 14, 2017*

By: */s/ Timothy M. Dozois*

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*Name: Timothy M. Dozois*

*Title: Corporate Counsel and Corporate Secretary*

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Pendrell Corporation 2017 Incentive Plan

Pendrell Corporation  
2017 Incentive Plan

**I. INTRODUCTION**

- a. **Objective:** The objective of this 2017 Incentive Plan (the “2017 Plan”) is to (i) enhance shareholder value by promoting a strong connection between employee contributions and financial performance of Pendrell Corporation and its subsidiaries (collectively, the “Company”); (ii) encourage and support achievement of the business objectives of the Company; and (iii) promote retention of employees of the Company.
- b. **Participants:** This plan applies to all Company employees who have discretionary performance bonus target percentages in their employment letters (the “Participants”).
- c. **Effective Date:** This 2017 Plan is effective for 2017, beginning January 1, 2017 and automatically expiring on December 31, 2017.
- d. **Discretionary Plan:** All benefits under this 2017 Plan are benefits provided at the discretion of the Company. Participation in this 2017 Plan does not convey any entitlement to participate in this or future plans or to the same or similar incentive awards. The Company’s chief executive officer (the “CEO”) and the Compensation Committee (the “Compensation Committee”) of Pendrell Corporation’s Board of Directors (the “Board”) have the discretion to award more or less than the amounts calculated pursuant to this 2017 Plan (including to award zero percent), subject to applicable legal restrictions.
- e. **Changes in the Plan:** The Company reserves the right to modify this 2017 Plan, in total or in part, at any time. Any such modification must be approved by the Compensation Committee.
- f. **Interpretations:** The Compensation Committee retains discretion to construe and interpret this 2017 Plan and any awards granted under it. Such interpretations shall be final, conclusive and binding on all persons, and shall be given the maximum deference permitted by law.
- g. **Entire Agreement:** This 2017 Plan is the entire agreement between the Company and the employee regarding the subject matter of this 2017 Plan and supersedes all prior incentive plans, or any written or verbal representations regarding the subject matter of this 2017 Plan.

**II. ELIGIBILITY AND INCENTIVE PLAN ELEMENTS**

- a. **Eligibility:** Participants are eligible for an incentive award under this 2017 Plan if they meet all the following requirements: (i) have a performance bonus target percentage stated in their employment letter; (ii) are not on a performance improvement plan at the time of the Compensation Committee’s approval of incentive awards; and (iii) are employed by the Company on the day incentive awards are paid or issued, with the expectation that payment or issuance will occur no later than March 15, 2017. Any exception to the foregoing must be approved by the CEO for Participants other than Named Executive Officers, and by the Compensation Committee for Named Executive Officers.
- b. **Base Salaries:** A Participant’s annualized base salary in effect at the end of 2017 represents the basis for the calculation of the Participant’s incentive award, unless the Participant reduces his or her work schedule during 2017, in which case the basis for the calculation of the Participant’s incentive award shall be the actual base salary paid for work performed in 2017. Nothing in this 2017 Plan, or arising as a result of a Participant’s participation in this 2017 Plan, shall prevent the Company from changing a Participant’s annual base salary at any time based on such factors as the Company in its sole discretion determines appropriate.
- c. **Performance Bonus Target Percentages:** A Participant’s performance bonus target percentage is the percentage set forth in the Participant’s employment letter, as may be updated from time to time.
- d. **Company Performance Factor:** The Company’s performance will be reflected as a percentage determined by the Company’s achievement of budgeted revenue and expense targets for 2017, per the budget approved by the Board. The manner by which the Company performance factor is calculated is described in the attached Exhibit A.
- e. **Individual Performance Factor:** A Participant’s individual performance factor will be reflected as a percentage determined by reference to achievement of individual objectives. If the Participant’s manager determines that the Participant exceeded expectations, the CEO shall set the Participant’s individual performance factor at no less than 75% and no greater than 125%. If the Participant’s manager determines that the Participant met expectations, the CEO shall set the Participant’s individual performance factor at no less than 50% and no greater than 75%. If the Participant’s manager determines that the Participant failed to meet expectations, the individual performance factor will be 0%. Notwithstanding the forgoing, the CEO retains discretion to designate an individual performance factor that is greater or less than the individual performance factor derived from the forgoing calculation.
- f. **Weighted Performance Factor:** A Participant’s role in the Company will determine the extent to which Company performance and individual performance factor into the Participant’s incentive award. Roles are defined as Function Leader and Key Contributor. Specifically, a Participant’s weighted performance factor is the sum of (a) the Company performance factor multiplied by the percentage by which Company performance impacts the Participant’s incentive award, plus (b) the Participant’s individual performance factor multiplied by the percentage by which individual performance affects the Participant’s incentive award. This weighting of Company performance and individual performance by employee category is as follows:

<b>Position</b>	<b>Company Performance</b>	<b>Individual Performance</b>
Function Leader	60%	40%
Key Contributor	50%	50%

g. Proration: A Participant's weighted performance factor will be pro-rated for the number of calendar days during 2017 that the Participant is eligible for an incentive award. For example, the proration factor for a Participant who has been eligible for an incentive award under the 2017 Plan the entire year will be 1.00. For a Participant who has been eligible for an incentive award under the 2017 Plan for 6 months, the factor will be 0.50. Participants in the following situations will have a proration factor of less than 1.00: (i) Participants who have been in the 2017 Plan less than 12 months (such as new hires); (ii) Participants who have been on a leave of absence of any length during 2017; and (iii) Participants who were subject to a performance improvement plan for part of 2017.

h. Incentive Award Calculation: The incentive award for each Participant other than the CEO shall be determined by multiplying the Participant's base salary by the Participant's performance bonus target percentage, then multiplying by the Participant's weighted performance factor, and then pro-rated (if applicable) pursuant to paragraph (g) above.

i. Form of Award: The Company may pay an incentive award solely in cash, or may pay up to fifty percent (50%) of an incentive award in Pendrell Corporation's Class A common stock ("Stock"). If the Company elects to pay a portion of an incentive award in Stock, the Stock will be issued pursuant to the Pendrell Corporation 2012 Equity Incentive Plan, and shall be valued at its closing price on the date on which the Compensation Committee approves incentive awards. The Company shall, as required by law, withhold tax on the Stock award by: (i) withholding a portion of the cash incentive award in an amount equal to the required withholding; (ii) allowing the Participant to tender a cash payment for the required withholding; or (iii) allowing the Participant to relinquish Stock from the incentive award with a value of the required withholding.

### III. MISCELLANEOUS

a. Procedure: A copy of this 2017 Plan will be made available to each Participant. All incentive awards will be made after all required or elected withholdings have been deducted.

b. Governing Law: This 2017 Plan is governed by the laws of the State of Washington.

c. Dispute Resolution: Any dispute concerning this 2017 Plan or any awards made or entitlements claimed under this 2017 Plan will be resolved in binding arbitration in a proceeding in Kirkland, WA administered by and under the rules and regulations of National Rules for the Resolution of Employment Disputes of the American Arbitration Association. All participants in any such dispute or claim will treat the arbitration process and the activities that occur in the proceedings as confidential.

### EXHIBIT A

#### Pendrell 2017 Company Performance Factors

The Company performance factor is the sum of the three (3) percentages as described below; provided.

1) Meet or exceed 2017 Budget for revenue— Weight 50% (40% for Function Leaders)

<b>% of Annual Revenue</b>	<b>Achievement %</b>
100% or less of target	50% achievement (minimum)
101-125%	75% achievement
126-175%	100% achievement
176%-250%	125% achievement
251% or greater	150% achievement

2) Meet or exceed 2017 Budget for non-variable cash expenses <sup>1</sup> – Weight 50% (40% for Function Leaders)

<b>Variance to Expense Budget</b>	<b>Achievement %</b>
>50% over expense budget	0% achievement (minimum)
26%-50% over expense budget	25% achievement
0-25% over expense budget	75% achievement
0-25% under expense budget	100% achievement
>25% under expense budget	125% achievement

3) For Function Leaders: achieve Team Objectives and favorable variance from their cost center P&L – Weight 20%

**% of Team Objectives**

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Achieved some portion of Team Objectives, including unfavorable P&L variance

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Achieved all Team Objectives, including favorable P&L variance

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**Achievement %**

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25% achievement

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150% achievement

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<sup>1</sup> Extraordinary expenses associated with unbudgeted initiatives may be excluded.