

OSI SYSTEMS INC

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): **DECEMBER 31, 2017**

OSI SYSTEMS, INC.

(EXACT NAME OF REGISTRANT SPECIFIED IN CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION
OF INCORPORATION)

000-23125
(COMMISSION
FILE NUMBER)

330238801
(IRS EMPLOYER
IDENTIFICATION NO.)

**12525 CHADRON AVENUE
HAWTHORNE, CA 90250**
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

(310) 978-0516
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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 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 31, 2017, OSI Systems, Inc. (the “Company”) and Deepak Chopra, the Company’s Chief Executive Officer, entered into a second amendment (the “Amendment”) to Mr. Chopra’s Employment Agreement entered into as of January 1, 2012 (as previously amended as of July 1, 2015, the “Employment Agreement”). The Amendment extends the term of the Employment Agreement for five years such that it shall now expire on January 1, 2024, unless earlier terminated in accordance with its terms. The Amendment also simplifies the stay bonus provision and provides that, in the event of Mr. Chopra’s continued employment until January 1, 2024, Mr. Chopra shall be entitled to a bonus fixed at \$13.5 million payable on or within 45 days after January 1, 2024; provided that in the event of Mr. Chopra’s death or disability after January 1, 2019, such amount shall be paid within 45 days of such event. The Amendment also provides for an increase in the death benefit under applicable term life insurance from \$10 million to \$20 million and clarifies that, in determining the amount of any Severance Payment or Alternative Payment (each as defined in the Employment Agreement), such amount shall be reduced by the present value of any amount paid or payable in accordance with the preceding sentence.

On December 31, 2017, the Company and Mr. Chopra also entered into an Amended and Restated Retirement Benefit Award Agreement (the “Amended Award Agreement”) pursuant to the Company’s Nonqualified Defined Benefit Plan (the “Plan”). Under the prior Retirement Benefit Award Agreement, the Retirement Benefit (as defined in the Plan) payments were to commence on January 1, 2019. The Amended Award Agreement defers the first five years of payments until January 1, 2024. The total amount of Mr. Chopra’s Retirement Benefit remains the same.

The foregoing descriptions of the Amendment and the Amended Award Agreement are qualified in their entirety by reference to the provisions of the Amendment and the Amended Award Agreement, each of which is filed as an exhibit to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Second Amendment to Employment Agreement effective as of December 31, 2017 by and between OSI Systems, Inc. and Deepak Chopra
- 10.2 Amended and Restated Retirement Benefit Award Agreement effective as of December 31, 2017 by and between OSI Systems, Inc. and Deepak Chopra

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Second Amendment to Employment Agreement effective as of December 31, 2017 by and between OSI Systems, Inc. and Deepak Chopra</u>
10.2	<u>Amended and Restated Retirement Benefit Award Agreement effective as of December 31, 2017 by and between OSI Systems, Inc. and Deepak Chopra</u>

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: January 5, 2018

OSI SYSTEMS, INC.

By: _____ / S/ Alan Edrick
Alan Edrick
Executive Vice President and Chief Financial Officer

**SECOND AMENDMENT TO
EMPLOYMENT AGREEMENT**

This Second Amendment (“Amendment”) to that certain EMPLOYMENT AGREEMENT (the “Agreement”) entered into as of January 1, 2012 by and between OSI Systems, Inc., a Delaware corporation (the “Company”), and Deepak Chopra (“Executive”), as previously amended effective July 1, 2015, is hereby made effective December 31, 2017.

In consideration of the mutual promises contained herein, the parties agree as follows:

1. Section 2 of the Agreement is hereby amended and restated in its entirety to provide as follows:

2. **Term.** This term of the Agreement is hereby extended and shall end on January 1, 2024 (the new “Scheduled Retirement Date”), unless sooner terminated pursuant to Section 4 of the Agreement (“Term”). If the Executive continues employment after the Scheduled Retirement Date, such employment shall no longer be subject to the terms of this Agreement but shall continue on an “at-will” basis and/or subject to such terms and conditions as the parties may mutually agree at such time. For purposes of this Agreement, the “Completion Date” shall be defined as the Executive’s actual final date of employment and shall coincide with the Executive’s “Separation from Service” as such term is defined in Section 8.12.

2. Section 3.3 shall be amended to increase the minimum term life insurance coverage payable to the Executive’s designated beneficiary from Ten Million Dollars to Twenty Million Dollars.

3. Section 4.4.1 is hereby amended to add the following additional sentence to the end of that paragraph:

Notwithstanding the foregoing, amounts awarded, accrued, paid or payable under Section 4.4.5 shall not be taken into account or included in calculating the amount of the Severance Payment under this Section 4.4.1 and the Severance Payment payable hereunder shall be reduced by the present value of any and all amounts paid or payable under Section 4.4.5.

4. Section 4.2.2 is hereby amended to add the following sentence to the end of that paragraph:

Notwithstanding the foregoing, amounts awarded, accrued, paid or payable under Section 4.4.5 shall not be taken into account or included in calculating the amount of the Alternative Payment under this Section 4.4.1 and the Alternative Payment payable hereunder shall be reduced by the present value of any and all amounts paid or payable under Section 4.4.5.

5. Section 4.4.5 of the Agreement is hereby amended to provide that the Stay Bonus shall be fixed at thirteen million, five hundred thousand dollars (\$13,500,000) and shall be paid in the form of a single lump sum cash payment, less appropriate deductions and withholding, on or within 45 days after January 1, 2024, in compliance with all requirements of Code Section 409A, without regard to whether the Executive's employment continues beyond the Scheduled Retirement Date; provided, however, in the event of Executive's death or disability (as defined in Code Section 409A) after January 1, 2019, the Stay Bonus shall be paid within forty-five (45) days of such event. The Executive's attribution period for the services performed under this Section is considered to be the date of this Amendment through the new Scheduled Retirement Date and does not consider prior services performed by the Executive.

6. For avoidance of doubt, notwithstanding anything to the contrary contained in the Agreement, any amounts payable to Executive after January 1, 2019 as a Severance Payment or an Alternative Payment shall be reduced by the then present value of the Stay Bonus.

7. All other terms of the Agreement, as previously amended, shall remain unchanged and the Agreement, as further amended hereby, is ratified and confirmed in all respects.

Signature Page To Follow

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be effective as of December 31, 2017.

EXECUTIVE

/s/ Deepak Chopra
Deepak Chopra

OSI SYSTEMS, INC.

/s/ Alan Edrick
By: Alan Edrick
Title: EVP & CFO

Signature Page to Second Amendment to
Employment Agreement

OSI SYSTEMS, INC
NONQUALIFIED DEFINED BENEFIT PLAN

Amended and Restated Retirement Benefit Award Agreement

THIS AMENDED AND RESTATED AWARD AGREEMENT (“Award Agreement”) is made effective as of December 31, 2017, (the “Effective Date”) by and between OSI Systems, Inc. (the “Company”), and Deepak Chopra (the “Eligible Employee”).

WHEREAS, the Company has adopted the OSI Systems, Inc. Nonqualified Defined Benefit Plan, effective May 9, 2008, and previously amended January 1, 2012 (the “Plan”) and designated the Eligible Employee as a participant in the Plan;

WHEREAS, the Company now desires to change the Eligible Employee’s Retirement Benefit to delay commencement by five (5) years consistent with the requirements of Section 409A of the Internal Revenue Code (the “Code”);

NOW, THEREFORE, the parties hereto agree as follows:

1. Participant. The Eligible Employee shall continue as a Participant in the Plan.
2. Incorporation of Plan. The Plan, a copy of which has been reviewed by the Eligible Employee and his/her advisors prior to execution of this Award Agreement is made a part hereof as though set forth in full herein. Terms and phrases used herein shall have the same definitions or usage as in the Plan. The parties shall be bound by, and have the benefit of, each and every provision of the Plan.
3. Retirement Benefit. Notwithstanding the terms of the Plan and the prior Retirement Benefit Award Agreement, commencement of the Eligible Employee’s Retirement Benefit shall be delayed by five (5) years in accordance with the change requirements under Code Section 409A. The first five (5) years of Retirement Benefit payments shall be paid in a single lump sum on January 1, 2024 and the remaining years of payment shall continue to be paid according to the prior schedule under the prior Retirement Benefit Award Agreement. For avoidance of doubt, the Eligible Employee shall be entitled to total Retirement Benefit benefits under the Plan equal to Ten Million Dollars (\$10,000,000), as adjusted below for CPI increases. Five Million Two Hundred and Fifty Thousand Dollars (\$5,250,000) as adjusted below, shall be paid on January 1, 2024, and the balance of the Retirement Benefit payments shall be payable in quarterly installments of Two Hundred and Fifty Thousand Dollars (\$250,000), as adjusted below, on the first day of each calendar quarter commencing after January 2024 over the same period such amounts would otherwise have been paid under the prior Retirement Benefit Award Agreement.

Commencing January 1, 2020, each outstanding benefit payment shall be adjusted upward for any calendar year in which the California CPI index for the greater Los Angeles area shall exceed two percent (2%) as follows: the benefit payment made in any calendar year

OSI Systems, Inc. NDBP Amended Retirement Benefit Award Agreement

commencing after 2019 shall be increased by the amount by which the CPI index for the prior calendar year exceed two percent (2%). Thus, for example, if the CPI index for 2019 is 3%, commencing January 1, 2020, the amount of each benefit payment payable shall thereafter be increased by 1% and, if in 2020, the CPI index is 2.5%, then, commencing January 1, 2021, the amount of each outstanding benefit payment shall thereafter be increased by an additional .5%.

4. Vesting. The Eligible Employee shall continue to be fully vested under all circumstances in both the prior and the new benefits on the Effective Date hereof.

5. Death Benefit. Notwithstanding Section 3 above and Section 5.1(b) or any other provisions of the Plan to the contrary, effective as of December 31, 2018, if the Eligible Employee's death occurs prior to complete payment of benefits under the Plan, the Executive's designated beneficiary shall receive the present value of the remaining Retirement Benefits payable in a single lump sum. Such amount shall be paid within sixty (60) days following the Eligible Employee's death, provided that, in the event of the Executive's death prior to December 31, 2018, the Retirement Benefits shall be paid in the same time and form it would have been paid prior to this Amendment

6. Disability Benefit. Notwithstanding Section 3 above and Section 5.1(a) and any other provisions of the Plan to the contrary, effective December 31, 2018, if the Eligible Employee becomes Disabled, as such term is defined under Code Section 409A, prior to complete payment of benefits under the Plan, the Eligible Employee shall be entitled to receive the present value of the remaining Retirement Benefits, payable in the form of a single lump sum. Such amount shall be paid within sixty (60) days following the Eligible Employee's Disability, provided that, in the event of the Executive's Disability prior to December 31, 2018, the Retirement Benefits shall be paid in the same time and form it would have been paid prior to this Amendment.

7. Change in Control. Notwithstanding the forgoing, as provided in Section 5.2(c) of the Plan, in the event of the Eligible Employee's Separation from Service pursuant to or for any reason within twenty-four (24) months following a Change in Control, the Eligible Employee shall receive (a) the net present value of the old portion of the Retirement Benefit (installments in years 3-8) payable in the form of a single lump sum within ninety (90) days following Separation from Service, subject to Section 8 below, and (b) the net present value of the new portion of the Retirement Benefit (installments in years 1, 2, 9 and 10) payable in the form of a single lump sum ninety (90) days following the first anniversary of the Eligible Employee's Separation from Service, subject to Section 8 below. In the event a Change in Control occurs after the Eligible Employee's Separation from Service during the payout of benefits to the Eligible Employee or his Beneficiary, the present value of all remaining payments shall be paid in the form of a single lump sum within ninety (90) days following the Change in Control.

8. Code Section 409A Compliance. All payments provided hereunder shall be paid in accordance with the requirements of Code Section 409A and the terms of the Plan and this Award Agreement shall be interpreted accordingly. Notwithstanding any provision to the contrary in the Plan or this Award Agreement, in the event that the Eligible Employee is a "key employee" (as defined in Code Section 416(i) (without regard to paragraph (5) thereof)) of the

OSI Systems, Inc. NDBP Amended Retirement Benefit Award Agreement

Company (or any successor or other entity treated as the same employer under Code Section 409A) any stock in which is publicly traded on an established securities market, to the extent required under Code Section 409A to avoid excise taxes, the commencement of benefits payable on Separation from Service shall be delayed until the earlier of (i) the day after the end of the sixth (6th) complete calendar month following the Separation from Service, or (ii) the Eligible Employee's death.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Award Agreement to be effective as of December 31, 2017.

OSI Systems, Inc.

/s/ Alan Edrick

By Alan Edrick

Title EVP & CFO

/s/ Deepak Chopra

Deepak Chopra

Signature Page to Amended and Restated
Award Agreement
