

RACKABLE SYSTEMS, INC.

FORM 8-K/A
(Amended Current report filing)

Filed 9/7/2006 For Period Ending 8/29/2006

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CIK	0001316625
Industry	Computer Hardware
Sector	Technology
Fiscal Year	12/31

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K/A
Amendment No. 1

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 29, 2006

RACKABLE SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-51333
(Commission File Number)

32-0047154
(I.R.S. Employer
Identification No.)

1933 Milmont Drive
Milpitas, CA 95035
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (408) 240-8300

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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EXPLANATORY NOTE

This Form 8-K/A is being filed to correct a typographical error in Item 1.01 of the Rackable Systems' Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006 (the "Original 8-K"). The typographical error appeared in the date cited in third line of the first paragraph of Item 1.01 of the Original 8-K, which is corrected by this filing to be June 8, 2007, rather than June 8, 2006 as inadvertently appeared in the Original 8-K. No other changes were made. References to the exhibits are references to the exhibits as filed with the Original 8-K.

Item 1.01. Entry into a Material Definitive Agreement.

Change in Control Plan

On August 29, 2006, the Compensation Committee of the Board of Directors of Rackable Systems, Inc., adopted a Change in Control Benefit Plan (the "Plan"). Pursuant to the terms of the Plan, if there is a change of control (as defined in the Plan) of Rackable Systems on or before June 8, 2007, such as a merger, consolidation or other acquisition of Rackable Systems, the following officers of Rackable Systems will be entitled to receive a cash payment equal to a percentage of the "premium" received in the change in control as follows:

<u>Executive Officer</u>	<u>Title</u>	<u>Percentage</u>
Thomas Barton	Chief Executive Officer	1.7%
Todd R. Ford	President	1.5%

The "premium" is calculated by subtracting the value of the company on the date of announcement (i.e. the value obtained by multiplying the fully-diluted number of shares of Rackable Systems common stock outstanding on the date of announcement by the average closing sales price of the common stock during the 10 trading days prior to the date of announcement) from the transaction value (i.e. the value obtained by multiplying the fully-diluted number of shares of Rackable Systems common stock outstanding on the date of the change in control by the value received per share of common stock in the change in control).

If the payments to be made to under the Plan would subject the recipient to an excise tax pursuant to Section 280G of the Internal Revenue Code, the payments will be reduced to the amount equal to the greatest dollar amount that would not subject the recipient to the imposition of the excise tax.

The Plan and participation notices of Messrs. Barton and Ford are filed as Exhibit 10.1 hereto, and the above description of the material terms of the Plan and participation notices of Messrs. Barton and Ford are qualified in their entirety by reference to the Plan and participation notices of Messrs. Barton and Ford as so filed.

Grant of Stock Awards

On August 21, 2006, the Compensation Committee took action to grant, effective on the dates set forth below, stock options and stock bonus awards to executive officers of Rackable Systems as described below.

September 1, 2006 Grants

On September 1, 2006, each of the following executive officers of Rackable Systems was granted (a) a nonstatutory option to acquire shares of common stock of Rackable Systems at an exercise price of \$27.36 per share, the fair market value of a share of common stock on the date of grant as determined under the terms of the Rackable Systems, Inc. 2005 Equity Incentive Plan (the "2005 Plan"), and (b) a stock bonus award of shares of common stock of Rackable Systems under the 2005 Plan, as follows:

<u>Executive Officer</u>	<u>Title</u>	<u>Option Shares</u>	<u>Bonus Shares</u>
Thomas Barton	Chief Executive Officer	175,000	32,500
Todd R. Ford	President	162,500	22,500
Madhu Ranganathan	Chief Financial Officer	30,000	10,000
Robery Weisickle	Vice President of Engineering	30,000	10,000
Thomas Gallivan	Vice President of Worldwide Sales	15,000	5,000
William Garvey	General Counsel, Vice President of Corporate Development, and Secretary	15,000	5,000

All of these stock awards vest ratably over four years – monthly with respect to stock options and quarterly with respect to stock bonuses. With respect to the grants made to each of Messrs. Barton and Ford, the vesting of such awards will accelerate in full in the event of a change in control (as defined in the 2005 Plan) that occurs on or after June 8, 2007. With respect to grants made to the other executive officers, any acceleration or other payments in the event of a change of control will be governed by the offer letter with such executive officer, provided that the events triggering such acceleration or other payments occur on or after June 8, 2007.

The grants of the stock options were made pursuant to the terms of 2005 Plan and the Company's forms of stock option grant notice and agreement, and the grants of the stock bonus awards were made pursuant to the terms of 2005 Plan and the Company's forms of stock bonus award grant notice and agreement. The forms of stock option grant notice and agreement are filed as Exhibit 10.2 hereto, and the forms of stock bonus award grant notice and agreement are filed as Exhibit 10.3 hereto.

January 2, 2007 Grants

In addition, the Compensation Committee determined that on January 2, 2007, each of Messrs. Barton and Ford shall be granted (a) a nonstatutory option to acquire shares of common stock of Rackable Systems at an exercise price equal to the closing sales price of Rackable Systems' common stock on such date under the terms of the 2005 Plan, and (b) a stock bonus award of shares of common stock of Rackable Systems under the 2005 Plan, as follows:

<u>Executive Officer</u>	<u>Title</u>	<u>Option Shares</u>	<u>Bonus Shares</u>
Thomas Barton	Chief Executive Officer	175,000	32,500
Todd R. Ford	President	162,500	22,500

All of these stock awards will vest ratably over four years – monthly with respect to stock options and quarterly with respect to stock bonuses – with accelerated vesting in the event of a change in control (as defined in the 2005 Plan) that occurs on or after June 8, 2007, and will be made pursuant to the forms of grant notices and agreements described above.

SIGNATURE

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, thereunto duly authorized.

RACKABLE SYSTEMS, INC.

Dated: September 6, 2006

By: /s/ William P. Garvey

William P. Garvey

General Counsel and Vice President, Corporate Development