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PERFORMANCE TECHNOLOGIES INC \DE\
Form 8-K
March 25, 2005

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): March 25, 2005

PERFORMANCE TECHNOLOGIES, INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

0-27460
(Commission File Number)

16-1158413
(I.R.S. Employer
Identification No.)

205 Indigo Creek Drive, Rochester, New York
(Address of principal executive offices)

14626
(Zip Code)

(585) 256-0200
(Company'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))

Item 1.01. Entry into a Material Definitive Agreement

On March 25, 2005, the Compensation Committee of the Board of Directors of Performance Technologies, Inc. (the "Company") amended terms of certain stock option award agreements by accelerating the vesting of certain employee stock

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options, with an option price greater than \$15.11 (the "Acceleration"), to March 25, 2005. The stock option agreements amended were awarded under the Company's 2001 Stock Option Plan and its 2003 Omnibus Incentive Plan. The Company's stock price closed at \$7.18 on March 24, 2005.

The table below presents information concerning the affected option awards and certain executives of the Company.

| Certain Executives of the Company | Date of Option Award | Option Price | Number of Options Accelerated |
|--------------------------------------|----------------------|--------------|-------------------------------------|
| Donald L. Turrell | April 9, 2004 | \$18.13 | 35,000 |
| Dorrance W. Lamb | April 9, 2004 | \$18.13 | 25,000 |
| William E. Mahuson | April 9, 2004 | \$18.13 | 10,000 |
| John J. Grana | April 9, 2004 | \$18.13 | 17,500 |
| John J. Peters | April 9, 2004 | \$18.13 | 17,500 |
| | | | ----- 105,000 ===== |

See Item 8.01 for additional information.

Item 8.01 Other Events

On March 25, 2005, the Compensation Committee of the Board of Directors of Performance Technologies, Inc. (the "Company") amended terms of certain stock option award agreements by accelerating the vesting of certain employee stock options, with an option price greater than \$15.11 (the "Acceleration"), to March 25, 2005. The stock option agreements amended were awarded under the Company's 2001 Stock Option Plan and its 2003 Omnibus Incentive Plan. The Company's stock price closed at \$7.18 on March 24, 2005.

The table below presents information concerning the affected option awards and option holders.

| | Date of Option Award | Option Price | Number of Options Accelerated |
|---------------------|----------------------|--------------|-------------------------------------|
| Certain executives | April 9, 2004 | \$18.13 | 105,000 |
| All other employees | April 9, 2004 | \$18.13 | 233,600 |
| All other employees | January 23, 2004 | \$15.61 | 69,685 |
| | | | ----- 408,285 ===== |

Under the original terms of the options agreements, the options described above vested in various increments over a three year period from the date of grant. The options expire five years from the date of grant.

As a result of the Acceleration, the Company expects to reduce its exposure to the effects of Statement of Financial Accounting Standards No. 123 (Revised), "Share-Based Payment". This statement requires companies to recognize stock-based compensation expense associated with a stock option award based on the fair value of the award at the grant date. This statement is effective for the Company beginning in the third quarter of 2005 and may be applied using a modified version of prospective application.

The Company currently estimates a reduction in stock-based compensation expense associated with the Acceleration of approximately \$500,000 for the last six months of 2005, and \$1,000,000 for the year ended December 31, 2006.

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.

March 25, 2005

By:/s/ Donald L. Turrell

Donald L. Turrell
President and
Chief Executive Officer

March 25, 2005

By:/s/ Dorrance W. Lamb

Dorrance W. Lamb
Chief Financial Officer and
Vice President of Finance