

THERMO FISHER SCIENTIFIC INC.

Form 8-K

February 25, 2016

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):

February 24, 2016

THERMO FISHER SCIENTIFIC INC.

(Exact name of Registrant as specified in its Charter)

Delaware

1-8002

04-2209186

(State or other jurisdiction of
incorporation or organization)

(Commission File Number)

(I.R.S. Employer Identification
Number)

81 Wyman Street

Waltham, Massachusetts

02451

(Address of principal executive offices)

(Zip Code)

(781) 622-1000

(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 (see General Instruction A.2. below):

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.

Compensatory Arrangements of Certain Officers

On February 24, 2016, the Compensation Committee of the Board of Directors (the “Compensation Committee”) of Thermo Fisher Scientific Inc. (the “Company”) took the following actions relating to executive compensation: Annual Cash Incentive Plans - Approval of Payout of Cash Bonuses for 2015. The Compensation Committee approved the payout of cash bonuses for 2015 to the Company’s executive officers including Marc N. Casper, President and Chief Executive Officer, Stephen Williamson, Senior Vice President and Chief Financial Officer, Alan J. Malus, Executive Vice President, Mark P. Stevenson, Executive Vice President, Peter M. Wilver, Executive Vice President and Chief Administrative Officer and Thomas W. Loewald, Senior Vice President and Chief Commercial Officer under the Company’s 2013 Annual Incentive Award Plan (the “162(m) Plan”), which was approved by the stockholders of the Company at its 2013 Annual Meeting of Stockholders. The Compensation Committee exercised its discretion to lower the amount of the cash bonuses payable under the 162(m) Plan based on its determinations as to the level of achievement of the applicable supplemental performance metrics and goals for 2015 under the Company’s annual cash incentive program, which operates in connection with the 162(m) Plan. The amount of cash bonuses approved by the Compensation Committee is set forth in the table below.

Annual Cash Incentive Plans - Establishment of Criteria for 2016 Bonus. The Compensation Committee established the performance goal under the 162(m) Plan for 2016 as earnings before interest, taxes and amortization, excluding the impact of (i) extraordinary items and any other unusual or non-recurring items, (ii) discontinued operations, (iii) gains or losses on the dispositions of discontinued operations, (iv) the cumulative effects of changes in accounting principles, (v) the writedown of any asset, (vi) charges for restructuring and rationalization programs, (vii) other non-cash charges or items, (viii) gains or losses related to financing activities, (ix) the effect of acquisitions, or (x) gains or losses as a result of foreign currency conversions or fluctuations in foreign currency exchange rates, and certain other unusual or nonrecurring items (“Adjusted Operating Income”); and determined the percentage of Adjusted Operating Income that each executive officer is entitled to receive as a cash bonus for 2016 under the Plan, subject to the Compensation Committee’s right to lower, but not raise, the actual cash bonus to be paid to such officer for the year. The Compensation Committee’s determination as to whether to lower the actual cash bonus to be paid is generally based on the results of its determinations under the Company’s annual cash incentive program for that year (which is described in the next paragraph).

The Compensation Committee also established a target cash bonus amount for each of such executive officers as well as supplemental performance metrics and goals for the Company under the Company’s annual cash incentive program for 2016. The target amount for each of such executive, which is a percentage of base salary (ranging from 45% to 190%), was determined by the Compensation Committee based on the salary level and position of such executive within the Company. The supplemental performance metrics and goals are based on (a) (70%) financial measures for the Company, comprised of (i) growth in revenue (adjusted for the impact of acquisitions and divestitures and for foreign currency changes) (40%), (ii) earnings (adjusted for restructuring charges and certain other items of income or expense) before interest, taxes and amortization as a percentage of revenue at varying percentages of revenue growth (15%) and (iii) earnings (adjusted for restructuring charges and certain other items of income or expense) per share (15%) and (b) (30%) non-financial measures of such executives’

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contributions to the achievement of certain business objectives of the Company. For each of the financial measures, the Company's actual performance will be measured relative to the Company's internal operating plan for 2016. After giving effect to the weighting of the supplemental performance metrics and individual performance, a range of performance for the financial and non-financial measures, corresponding to a multiplier of 0 to 2, will be applied to the target cash bonus amounts.

Additionally, the Compensation Committee established a supplemental bonus plan for 2016, which allows executives an opportunity to achieve up to an additional 20% of target bonus and would be achieved if the Company attains certain adjusted operating income dollar goals.

Base Salary - Approval of Increases. Effective March 28, 2016, the Compensation Committee increased the annual base salary of certain executives as set forth below.

Revised Target Bonus for 2016. The Compensation Committee also set the annual target cash bonus amounts, expressed as a percentage of annual base salary of such executives as set forth below.

| Name | 2015 Cash Bonus | 2016 Salary (Effective March 28, 2016) | 2016 Target Bonus (% of Base Salary) |
|--|-----------------|--|--|
| Marc N. Casper President and Chief Executive Officer | \$2,997,000 | \$1,425,000 | 190% |
| Stephen Williamson Senior Vice President and Chief Financial Officer | \$517,500 | \$603,750 | 80% |
| Alan J. Malus Executive Vice President | \$916,875 | \$733,500 | 100% |
| Mark P. Stevenson Executive Vice President | \$1,578,300* | \$860,000 | 105% |
| Peter M. Wilver Executive Vice President and Chief Administrative Officer | \$729,000 | \$550,000** | 75% |
| Thomas W. Loewald Senior Vice President and Chief Commercial Officer | \$612,000 | \$613,200 | 85% |

*Includes a bonus of \$504,000 which was awarded to Mr. Stevenson, the former chief operating officer of Life Technologies and the President of the Company's Life Sciences Solutions Group, in recognition of his extraordinary efforts with respect to the integration of Life Technologies.

**Mr. Wilver's 2016 salary became effective on January 1, 2016.

Restricted Stock Units. The Compensation Committee granted time-based restricted stock units to Messrs. Casper, Williamson, Stevenson, Wilver and Loewald, under the Company's 2013 Stock Incentive Plan. The time-based restricted stock unit grant to Mr. Casper is evidenced by the Company's standard form of Restricted Stock Unit Agreement with Marc Casper, a copy of which is on file with the SEC, and the time-based restricted stock unit grants to Messrs. Williamson, Stevenson, Wilver and Loewald are evidenced by the Company's standard form of Restricted Stock Unit Agreement (for employees other than Mr. Casper), a copy of which is on file with the SEC. These restricted stock units vest as follows: 15%, 25%, 30% and 30% vesting on the dates six months, eighteen months, thirty months and forty-two months from the date of grant, respectively, so long as the executive officer is employed by the Company on each such date (subject to certain exceptions).

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The Committee also granted performance-based restricted stock units to Messrs. Casper, Williamson, Stevenson, Wilver and Loewald, under the Company's 2013 Stock Incentive Plan. The performance-based restricted stock unit grant to Mr. Casper is evidenced by the Company's standard form of Performance Restricted Stock Unit Agreement between the Company and Marc Casper, a copy of which is filed with the SEC, and the performance-based restricted stock units to Messrs. Williamson, Stevenson, Wilver and Loewald are evidenced by the Company's standard form of Performance Restricted Stock Unit Agreement (for employees other than Mr. Casper), a copy of which is on file with the SEC. In connection with the award of performance-based restricted stock units, the Compensation Committee adopted as performance goals the measures organic revenue growth and adjusted earnings per share for 2016. For each of the performance goals, the Company's actual performance will be measured relative to the Company's internal operating plan for 2016. The vesting of the performance-based restricted stock units for Messrs. Casper, Williamson, Stevenson, Wilver and Loewald is as follows: 1/3 on the date the Compensation Committee certifies that the performance goals related to the Company's organic revenue growth and adjusted earnings per share have been achieved (the "Performance Certification Date"), 1/3 on the one-year anniversary of the Performance Certification Date, and 1/3 on the two-year anniversary of the Performance Certification Date (subject to certain exceptions).

Stock Options. The Compensation Committee also granted stock options to Messrs. Casper, Williamson, Stevenson, Wilver and Loewald, under the Company's 2013 Stock Incentive Plan. The stock option grant to Mr. Casper is evidenced by the Company's standard form of Stock Option Agreement with Marc Casper, a copy of which is on file with the SEC, and stock option grants to Messrs. Williamson, Stevenson, Wilver and Loewald are evidenced by the Company's standard form of Stock Option Agreement (for officers other than Marc Casper), a copy of which is on file with the SEC. The options (a) vest in equal annual installments over the four-year period commencing on the first anniversary of the date of grant (i.e., the first 1/4 of the stock option grant would vest on the first anniversary of the date of grant) so long as the executive officer is employed by the Company on each such date (subject to certain exceptions), (b) have an exercise price equal to the closing price of the Company's common stock on the New York Stock Exchange on the date of grant, and (c) have a term of 7 years from such date.

The restricted stock unit and stock option grants approved by the Compensation Committee for such executive officers are set forth below. As Mr. Malus will be retiring from the Company in June 2016, he did not receive an equity award.

| | Securities Underlying February 24, 2016 Performance-Based Restricted Stock Unit Grant | | | Securities Underlying February 24, 2016 Time-Based Restricted Stock Unit Grant | Securities Underlying February 24, 2016 Stock Option Grant |
|---|---|--------|---------|---|---|
| | Minimum | Target | Maximum | | |
| Marc N. Casper President and Chief Executive Officer | 0 | 31,200 | 46,800 | 31,200 | 128,100 |
| Stephen Williamson Senior Vice President and Chief Financial Officer | 0 | 5,400 | 8,100 | 5,400 | 22,550 |
| Mark P. Stevenson Executive Vice President | 0 | 11,500 | 17,250 | 11,500 | 47,650 |
| Peter M. Wilver Executive Vice President and Chief Administrative Officer | 0 | 5,400 | 8,100 | 5,400 | 22,550 |
| Thomas W. Loewald | 0 | 6,800 | 10,200 | 6,800 | 27,700 |

Senior Vice President and Chief
Commercial Officer

THERMO FISHER SCIENTIFIC INC.

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.

THERMO FISHER SCIENTIFIC INC.

Date: February 25, 2016

By: /s/ Seth H. Hoogasian
Seth H. Hoogasian
Senior Vice President, General Counsel and Secretary