

DIGI INTERNATIONAL INC
Form 8-K
June 15, 2018

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

June 11, 2018

Date of report (date of earliest event reported)

Digi International Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-34033
(Commission file number)

41-1532464
(I.R.S. Employer Identification No.)

11001 Bren Road East, Minnetonka, Minnesota

55343

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(Address of principal executive offices)

(Zip Code)

(952) 912-3444

(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))

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.**

The Board of Directors of Digi International, Inc. has appointed Gokul V. Hemmady to serve as Senior Vice President, Chief Financial Officer and Treasurer effective June 18, 2018. Mr. Hemmady, age 57, most recently served as an independent consultant in the technology and telecom industries based in Los Angeles, California. From 2007 to October 2015, he served as Chief Financial Officer, Chief Operating Officer and President of Nextel Brazil at NII Holdings, Inc., where he was instrumental in growing a wireless telecommunications business focused on Latin American markets. From 1997 to 2007, he served as Chief Financial Officer, Controller and Treasurer of ADC Telecommunications, a global telecommunications equipment manufacturer.

Michael C. Goergen, our current Senior Vice President, Chief Financial Officer and Treasurer, will cease to serve in those positions upon the commencement of Mr. Hemmady's employment and, as previously announced, he is expected to terminate his employment with us on June 30, 2018.

In connection with Mr. Hemmady's appointment, our Board of Directors approved compensatory arrangements to be effective upon commencement of his employment with Digi. Mr. Hemmady will receive an initial annual base salary equal to \$325,000 and an annual cash incentive target of \$195,000. Participation in the annual cash incentive program for fiscal 2018 will be on terms substantially similar to those described for our other executive officers in the definitive proxy statement for our most recent annual meeting of stockholders, and any resulting payments will be pro-rated based on the duration of his service in the applicable performance period.

The Board also has indicated that, following the commencement of Mr. Hemmady's employment with us, it will consider the approval of (i) an initial grant of options to purchase up to 150,000 shares of Digi common stock at an exercise price equal to the closing market price of our common stock on the grant date, and (ii) an initial grant of restricted stock units representing a right to acquire 50,000 shares of Digi common stock. The options would expire after seven years from the grant date and will vest 25% after one year and in 36 equal proportions each month thereafter for three years, resulting in a total vesting period of four years. The restricted stock units would vest 25% on each of the first, second, third and fourth anniversaries of the grant date.

If Mr. Hemmady's employment is terminated within one year following a change in control by Digi without cause or by Mr. Hemmady for good reason, then the unvested portion, if any, of the above-described stock options or restricted stock units would vest. In addition, if Digi terminates Mr. Hemmady's employment for reasons other than cause (as defined in his Offer Letter) and he agrees to execute a release of claims, then he will be entitled to receive (i) twelve months of base salary in effect at the time of termination, payable in a lump sum, and (ii) a pro-rata bonus based on the number of months worked in the fiscal year prior to termination and Digi's actual performance.

Mr. Hemmady will also be eligible to participate in other compensation and benefit programs generally available to our executive officers.

The foregoing description of the terms of Mr. Hemmady's employment does not purport to be complete and is qualified by the text of Mr. Hemmady's Offer Letter, which is set forth in Exhibit 10.1 to this report and is incorporated herein by reference.

Item 7.01

Regulation FD Disclosure.

The text of Digi's press release announcing Mr. Hemmady's appointment is set forth in Exhibit 99.1 to this report and is incorporated by reference into this Item 7.01.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are provided herewith:

| No. | Exhibit | Manner of Filing |
|------|---|--------------------------|
| 10.1 | <u>Offer Letter with Gokul V. Hemmady dated June 11, 2018</u> | Filed Electronically |
| 99.1 | <u>Press Release dated June 14, 2018</u> | Furnished Electronically |

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized.

Date: June 15, 2018

DIGI INTERNATIONAL INC.

By: /s/ David H. Sampsell
David H. Sampsell
Vice President, General Counsel & Corporate Secretary