

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## Apollo Endosurgery, Inc.

**Form: 8-K**

**Date Filed: 2020-03-05**

Corporate Issuer CIK: 1251769

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**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 28, 2020**

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**Apollo Endosurgery, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of incorporation)

**001-35706**  
(Commission File Number)

**16-1630142**  
(IRS Employer Identification No.)

**1120 S. Capital of Texas Highway  
Building 1, Suite #300  
Austin, Texas 78746**  
(Address of principal executive offices) (Zip Code)  
**(512) 279-5100**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations 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))

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001 par value per share	APEN	The Nasdaq Global Market

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.  
Securities registered pursuant to Section 12(b) of the Act:

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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.**

On February 28, 2020, upon the recommendation of the Compensation Committee of the Board of Directors (the "Board") of Apollo Endosurgery, Inc. (the "Company"), the Board approved the Company's 2020 performance bonus plan (the "2020 Bonus Plan") for eligible employees, including the Company's executive officers. The 2020 Bonus Plan allows eligible employees to earn a proportion of their target bonus based on the Company's achievement of corporate performance goals and the remainder of their target bonus based on their individual performance assessment, except for our Chief Executive Officer Todd Newton, whose performance bonus will be based solely on the achievement of corporate goals. The corporate performance goals consist of revenue, gross margin and operating expense targets, and the individual performance goals consist of specific objectives and goals tailored to each plan participant. The Board may change the corporate performance goals, or use its judgment when evaluating the Company's results against these goals, and may elect to increase or decrease the amounts payable under the 2020 Bonus Plan at its sole discretion. The following table sets forth the base salary and target bonuses for 2020 for each of the Company's executive officers, including its named executive officers, as set forth in our [definitive proxy statement on Schedule 14A for our Annual Meeting of Stockholders held on June 6, 2019](#).

<b>Name and Principal Position</b>	<b>Total 2020 Target Performance Bonus as a Percentage of Base Salary</b>	<b>2020 Base Salary</b>
Todd Newton <i>Chief Executive Officer</i>	60%	\$424,360
Stefanie Cavanaugh <i>Chief Financial Officer</i>	40%	304,094
Christopher J. Gostout, M.D. <i>Chief Medical Officer</i>	35%	239,233
Bret Schwartzhoff <i>Vice President, North America Sales and Global Marketing</i>	45%	306,167
John Molesphini <i>Executive Vice President, Operations</i>	40%	297,475

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description of Document</b>
10.1	<a href="#">2020 Bonus Plan</a>

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**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 hereunto duly authorized.

**APOLLO ENDOSURGERY, INC.**

Dated: March 5, 2020

By: /s/ Todd Newton

Name: Todd Newton

Title: Chief Executive Officer

## **APOLLO ENDOSURGERY 2020 CORPORATE BONUS PLAN**

### **PURPOSE OF THE PLAN**

The Apollo Endosurgery Bonus Plan (the "Plan") is designed to reward eligible employees for their contributions toward the successful accomplishment of specific financial and strategic business objectives, and individual performance.

### **PERFORMANCE**

Bonus amounts are determined based on both corporate performance and individual performance in relation to pre-established objectives.

#### ***Corporate Performance***

Corporate performance will be measured based on financial objectives approved by the board of directors.

#### ***Individual Performance***

Individual performance will be measured based on the achievement of objectives and goals prepared by each participant and his or her manager and documented on an Individual Performance Plan. Objectives and goals are established at the beginning of each Plan Year, but may be modified throughout the Plan Year as necessary or appropriate, with management approval. Objectives and goals will be expressed as specific, quantifiable measures of performance in relation to key operating decisions for the participant's department. While individual performance is normally based on the manager's rating, the individual manager rating may be subject to executive override.

### **BONUS POOL CALCULATION AND ALLOCATIONS**

The Plan will have two separately funded pools – a Corporate pool (the "Corporate Component") and Individual pool (the "Individual Component").

The bonus pools will have the following levels of achievement defined below:

- *Individual Threshold* – is solely determined at the discretion of the Board upon their end of year review of the overall Company's financial condition and operating performance.
- *Corporate Component Threshold* – minimum Company financial performance required before any corporate component pool will be funded.
- *Target* – financial performance required before the corporate component is eligible to be funded at 100%.

The key financial or operational targets of the Company form the corporate component, which is reviewed and set annually. Exceptions to this and modifications to this Bonus Plan can be made at any time at the board's sole discretion.

At Target, corporate performance component of the bonus is anticipated to fund at 100% and individual's manager rating (subject to adjustment) will determine the individual performance component. The two together form the individual's final bonus amount.

A multiplier will be applied for performance between the Corporate Threshold and Target to determine the percentage of the bonus pool that will be funded, as well as performance that is above Target. The minimum funding for The Corporate Component bonus pool is 40% and there is no pre-established maximum funding limit for over achieving target.

#### **Corporate Component for 2020**

Three performance metrics for the corporate component for 2020 are as follows:

- **50% weighting.** Target achievement of **2020 Endo product revenues**
- **30% weighting.** Target achievement of **2020 Endo gross margin**
- **20% weighting.** Target achievement of **2020 operating expenses**

### **BONUS POOL ADJUSTMENTS AND DIFFERENTIATION BY DEPARTMENT**

The bonus pool may be allocated to the business units/function level by the Company's Chief Executive Officer based on such matters as he may determine to be appropriate, including but not limited to operating income results vs. budget, performance in relation to pre-established objectives and other financial results. For example, a business unit or department that exceeds its goals may receive a greater share of the total bonus pool than a business unit that under performs.

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At the end of the Plan Year, the Company's Chief Executive Officer may recommend adjustments to the bonus pool to the board of directors after consideration of key operating results. When calculating corporate performance for purposes of this Plan, the board of directors has the discretion to consider such matters as it determines to be appropriate, including any or all of the following:

- Extraordinary financial or corporate transactions that may occur during the plan year
- Effects of accounting changes
- Expenses for productivity initiatives
- Other non-operating items
- Integration activities or expense
- Performance in relation to pre-established objectives
- Any other items of significant income or expense which are determined to be appropriate adjustments

**Individual Bonus Calculation**

Target bonus awards will be expressed as a percentage of the employee's eligible earnings for the Plan Year. Eligible earnings are defined as regular earnings paid during the year, holiday, vacation, and personal leave time. The target percentages will vary by position level. A participant's actual bonus award may vary above or below the targeted level based on corporate performance, the overall performance of his or her business unit relative to the overall performance of the Company, and the participant's performance in relation to his or her pre-determined individual objectives.

Position Level	Corporate Component Percentage	Individual Component Percentage
CEO	100%	Board Discretion
C-Level and VPs	80%	20%
Directors, GMs, and Sr. Managers,	50%	50%
Managers and Professional Level (Exempt)	25%	75%
Hourly	0%	100%