

ORASURE TECHNOLOGIES INC
Form 8-K
May 20, 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): May 17, 2005

OraSure Technologies, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction

of Incorporation)

001-16537
(Commission File Number)

36-4370966
(I.R.S. Employer

Identification No.)

220 East First Street

18015-1360

Edgar Filing: ORASURE TECHNOLOGIES INC - Form 8-K

Bethlehem, Pennsylvania
(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: 610-882-1820

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 May 17, 2005, the Board of Directors (the Board) of OraSure Technologies, Inc. (the Company) adopted the 2005 Self-Funding Management Incentive Plan (the Bonus Plan). The purpose of the Bonus Plan is to reward outstanding individual performance by management with cash bonuses. All employees, except for sales employees (who are covered by a separate commission plan) at the level of director and above, will be eligible to participate in the Bonus Plan.

Pursuant to the Bonus Plan, cash bonuses may be paid out of a cash bonus pool to be funded based on the Company's achievement of certain financial objectives regarding revenues, operating income and cash flow from operations for 2005. If the Company achieves 100% of these financial targets, the bonus pool would be funded in the amount of \$1.1 million, and if the Company achieves 150% of these financial targets, the bonus pool would be funded in the amount of \$1.7 million. Notwithstanding the foregoing, the total amount paid from the pool will be determined by the Board after evaluation of the Company's achievement of the foregoing financial objectives as well as strategic objectives for 2005. The Board may, in its sole discretion, approve a total payment greater than \$1.7 million if it determines that the Company has achieved a breakthrough performance by substantially exceeding the financial objectives for 2005.

Payments from the bonus pool will depend on an employee's achievement of individual performance objectives. Bonus payments will be based on the target payouts set forth below, which are expressed as a percentage of base salary. The aggregate of all bonuses cannot exceed the funded amount of the bonus pool. Specific payments to individuals could exceed the following targets if the Company achieves more than 100% of its financial objectives or otherwise achieves a breakthrough performance as determined by the Board.

| <u>Title</u> | <u>Target Payouts</u> |
|--------------------------|-----------------------|
| Chief Executive Officer | 50% |
| Executive Vice President | 40% |
| Senior Vice President | 30% |
| Vice President | 20% |
| Director | 10% |

Performance criteria for individual employees will be derived from the Company's 2005 strategic objectives concerning financial performance, strategic planning, research and development, business development, regulatory affairs and quality control, manufacturing, engineering, information systems, sales and marketing, human resources, investor relations matters and/or other objectives approved by the Board or the Compensation Committee of the Board (the Compensation Committee). Awards are expected to reflect a weighted average measurement of an employee's achievement of his or her individual performance objectives.

Employees must be employed by the Company as of December 31, 2005 and at the time of the bonus award in order to participate in the Bonus Plan, and awards will be adjusted on a pro rata basis to the extent any employee is employed for only a portion of the year 2005. The Chief Executive Officer will recommend individual awards for all participating employees (except for

the Chief Executive Officer) for approval by the Compensation Committee based on an assessment of each individual's performance against his or her applicable performance objectives. The Compensation Committee may approve or disapprove any recommended bonus award in whole or in part in its sole discretion. The Compensation Committee shall recommend for Board approval any bonus award for the Chief Executive Officer based on an assessment of his performance against his individual performance objectives. The Board may approve or disapprove any recommended bonus award for the Chief Executive Officer in whole or in part in its sole discretion.

The Compensation Committee and the Board shall have the right in their sole discretion to reject any or all of the recommended bonus awards, even if the bonus pool has been funded and any and all applicable performance criteria have been satisfied, based on the business conditions of the Company at or immediately after the end of 2005.

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, hereunto duly authorized.

ORASURE TECHNOLOGIES, INC.

Date: May 20, 2005

By: /s/ Jack E. Jerrett

Jack E. Jerrett
Senior Vice President, General Counsel and Secretary