
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) December 19, 2018

QAD Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

0-22823
(Commission File Number)

77-0105228
(IRS Employer Identification Number)

100 Innovation Place, Santa Barbara, California
(Address of principal executive offices)

93108
(Zip code)

Registrant's telephone number, including area code **(805) 566-6000**

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 or Rule 12b-2 of the Securities Exchange Act of 1934.

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.

Appointment of Chief Executive Officer

The Board of Directors (the “Board”) of QAD Inc. (the “Company”) appointed Anton Chilton as Chief Executive Officer (“CEO”) and elected him to the Board of Directors of the Company effective December 19, 2018.

Previously, on August 15, 2018, (i) Ms. Pamela Lopker, President and a member of the Board of the Company, assumed the duties of interim CEO and temporarily stepped down as Chairman of the Board, (ii) the Board established an Interim Office of the Chief Operating Officer, and (iii) the Board appointed Dr. Peter R. van Cuylenburg as temporary Chairman of the Board in connection with which Dr. van Cuylenburg assumed certain increased duties and for which he received certain additional cash compensation. On December 19, Ms. Lopker stepped down as interim CEO. On that date, the Board also terminated the Interim Office of the Chief Operating Officer and appointed Dr. van Cuylenburg as Chairman of the Board to serve until his successor may be appointed and further terminated the increased duties assumed by him on August 15, 2018 and the related additional compensation.

Mr. Chilton, 51, served as the Company’s Chief, Global Field Operations and Executive Vice President from March 2017 to the present. Previously, he served as Executive Vice President, Global Services since June 2015. Mr. Chilton joined QAD in 2004 as Services Director of the Company’s Asia-Pacific region, based in Australia. He subsequently served as Managing Director of QAD Australia and New Zealand from 2006 to 2009. Mr. Chilton transferred to QAD’s headquarters in 2009, serving as Senior Vice President – Strategic Global Accounts until 2011, when he became Senior Vice President - Professional Services. Prior to joining QAD, Mr. Chilton held senior roles in global systems integration at Atos Origin and Cap Gemini. Mr. Chilton began his career at British Steel designing software and infrastructure solutions and received his education in the Submarine Service, British Royal Navy. Mr. Chilton has an Executive MBA from INSEAD.

In connection with his appointment, Mr. Chilton signed an offer letter which sets forth the terms of his employment (the “Offer Letter”). A copy of the Offer Letter is attached hereto as Exhibit 10.1 and incorporated herein by reference. The Offer Letter is effective as of December 19, 2018. Under the Offer Letter, Mr. Chilton shall serve as the Company’s Chief Executive Officer. Initially, his salary will be \$450,000 per annum. Mr. Chilton will be eligible to participate in the QAD Global MBO & Financial Bonus Plan with a potential bonus of 100% of base salary based on achievement of specific objectives. Complete details of the plan will be discussed with and provided to Mr. Chilton following his date of hire.

In connection with the Offer Letter, Mr. Chilton will be granted 22,000 restricted stock units (“RSUs”) and 22,000 performance stock units (“PSUs”) will be recommended to be granted during the Company’s next annual grant around the June 2019 time period, pursuant to the Company’s 2016 Stock Incentive Program. The Board will determine the terms, including performance metrics, of the PSUs. The terms of the RSUs shall be in accordance with the Company’s standard policies for grants of RSUs to executive officers, and shall vest over a four-year period, one-fourth of the grants (25%) on each of the first four anniversaries of the grant date.

In the event of termination without cause, Mr. Chilton will be entitled to 12 months base salary severance.

Mr. Chilton will enter into a Change in Control agreement with the Company approved by the Board of Directors.

Item 9.01 Financial Statements and Exhibits.

d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Offer Letter between QAD Inc. and Anton Chilton dated December 19, 2018</u>
99.1	<u>Press Release, dated as of December 19, 2018, entitled, “QAD Names Anton Chilton Chief Executive Officer and Board Member”.</u>

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 thereunto duly authorized.

QAD Inc.
(Registrant)

Date: December 21, 2018

By: /s/ Pamela Lopker
Pamela Lopker
President
(on behalf of the Registrant and as Principal Executive Officer)



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December 19, 2018

Mr. Anton Chilton
5110 Cathedral Oaks Road
Santa Barbara, CA 93111

Re: Promotion from Chief, Global Field Operations to Chief Executive Officer

Dear Anton,

We are pleased to offer you the position of Chief Executive Officer (CEO) for QAD, effective as of the date you accept this offer. This full-time exempt position will report to the Board of Directors. You will continue working out of our corporate QAD office located in Santa Barbara, CA. Your primary job responsibilities will be discussed with you in more detail after you accept this offer.

Cash Compensation

Subject to approval by the Board of Directors, your new cash compensation will be calculated and earned as follows:

Base Salary and OTE

Effective as of the date you accept this offer, your new gross base salary will be \$450,000 per annum (\$18,750.00 per pay period, 24 periods per year). Your total compensation plan for FY20 will reflect an on-target earning goal of \$900,000 per annum, based upon the achievement of specific objectives at target under the bonus plan, as broadly described below.

FY20 Bonus Plan

Effective February 1, 2019, you will be eligible to participate in the Global MBO & Financial Bonus Plan - Level 1 with a potential bonus of 100% of base salary based on achievement of specific objectives. Your bonus components will be: 70% Corporate Financials and 30% individual performance. Half of the 30% individual performance component will be based on cloud objectives and half will be based on MBOs. Complete details of the plan will be discussed and provided to you following your acceptance of this offer.

FY19 Bonus Plan

For the remainder of FY19 (including payment of the Q4 FY19 financial bonus and the full-year FY19 financial and individual goals bonuses), the bonus calculations will be pro-rated according to the number of days within the quarter or year, as applicable, that you held the positions of Chief, Global Field Operations and CEO.

Equity Compensation

Subject to approval by the Board of Directors, your new equity compensation will be calculated and earned as follows:

Restricted Stock Units

A 22,000 share grant of restricted stock units ("RSUs") will be recommended to be awarded to you after you accept this offer. If awarded, your RSUs will vest over a four-year period, one-fourth of the grant (25%) on each of the first four anniversaries of the grant date. You will receive further details of the RSUs in a separate RSU agreement, the terms of which will be in accordance with QAD's standard policies.

Performance Stock Units

A 22,000 share grant of performance stock units (“PSUs”) will be recommended to be awarded to you in the annual equity grant of June 2019. The Board of Directors will determine the terms, including performance metrics, of the PSUs. You will receive further details of the PSUs in a separate PSU agreement.

Subsequent Eligibility for Equity Awards

You will next be eligible for equity awards in the FY21 Focal Review.

Benefits

All other benefits remain consistent with the benefits package offered under your prior role and are subject to change at the sole discretion of QAD.

Termination

Should you be terminated for reasons other than for cause, you will be offered a Separation and Release of All Claims agreement with payment terms equal to 12 months base salary.

Change in Control

QAD will offer you a Change in Control Agreement consistent with Board approval for the position of CEO.

Other

This change in your job title and position with QAD does not change your status as an at-will employee of QAD. Your employment with QAD remains subject to all of the Company’s usual policies and practices and you or the Company may terminate employment at any time for any reason. QAD has made no promise or representation regarding the length of your employment. Please sign this letter in the space provided as an indication of your acceptance of this offer and return it to the Chief People Officer.

Anton, I look forward to the great leadership you will provide in this new role. I believe you will enjoy the challenges and opportunities that lie ahead in this dynamic time in QAD’s history.

Sincerely,

For and on behalf of the Board of Directors:

_____/s/ Pamela Lopker
Pamela Lopker
President and Member, Board of Directors
QAD Inc.

I accept the position as offered above: ___/s/ Anton Chilton___ on _12/19/2018_____.
Signature *Acceptance Date*

QAD Names Anton Chilton Chief Executive Officer and Board Member

-- Veteran ERP and QAD Executive Leading Next Phase of Cloud Growth Strategy --

SANTA BARBARA, Calif., Dec. 19, 2018 /PRNewswire/ -- QAD Inc. (QADA) (QADB), a leading provider of flexible, cloud-based enterprise software and services for global manufacturing companies, today announced that Anton Chilton has been named Chief Executive Officer and a member of the company's Board of Directors. Chilton succeeds Karl Lopker, who passed away earlier this year.

Chilton, 51, most recently served as QAD's Chief, Global Field Operations, where he oversaw the company's sales, marketing and services activities. He joined the company in 2004 as Services Director of QAD's Asia-Pacific region, and later served as the company's Managing Director of QAD Australia and New Zealand, Senior Vice President – Strategic Global Accounts and Senior Vice President - Professional Services.

"Anton has been a key contributor to QAD for almost 15 years, and we are excited that he will be leading the company through a period of continued growth as we work to expand our cloud strategy," said Peter van Cuylenburg, QAD's Chairman of the Board. "QAD's cloud strategy has so far primarily focused on converting existing on-premise customers, but with the completion of our Channel Islands initiative we are ready to enter the second phase of our cloud strategy to address a much larger market opportunity. Anton, who has been leading this planning effort, will continue to transform the company in his new role as CEO."

"The market for cloud-based ERP services is large and quickly expanding, and I'm enthusiastic about QAD's ability to bring our robust, manufacturing-focused cloud platform to a larger set of customers around the world," said Chilton. "I look forward to sharing additional details of our plans over the coming quarters."

Chilton has nearly 30 years of ERP and operations management experience. Prior to joining QAD, he served in various senior roles in global systems integration at Atos Origin and Cap Gemini. He began his career at British Steel designing software and infrastructure solutions. Chilton received his education in the Submarine Service, British Royal Navy, and earned an Executive MBA from INSEAD.

About QAD – The Effective Enterprise

QAD Inc. (QADA) (QADB) is a leading provider of flexible, cloud-based enterprise software and services for global manufacturing companies. QAD Cloud ERP for manufacturing supports operational requirements in the areas of financials, customer management, supply chain, manufacturing, service and support, analytics, business process management and integration. QAD's portfolio includes related solutions for quality management software, supply chain management software, transportation management software and B2B interoperability. Since 1979, QAD solutions have enabled customers in the automotive, consumer products, food and beverage, high tech, industrial manufacturing, and life sciences industries to better align operations with their strategic goals to become Effective Enterprises.

To learn more, visit www.qad.com or call +1 805-566-6000.

"QAD" is a registered trademark of QAD Inc. All other products or company names herein may be trademarks of their respective owners.

Note to Investors: This press release contains certain forward-looking statements made under the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding projections of revenue, income and loss, capital expenditures, plans and objectives of management regarding the company's business, future economic performance or any of the assumptions underlying or relating to any of the foregoing. Forward-looking statements are based on the company's current expectations. Words such as "expects," "believes," "anticipates," "could," "will likely result," "estimates," "intends," "may," "projects," "should," "would," "might," "plan" and variations of these words and similar expressions are intended to identify these forward-looking statements. A number of risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements. These risks include, but are not limited to: risks associated with our cloud service offerings, such as defects and disruptions in our services, our ability to properly manage our cloud service offerings, our reliance on third-party hosting and other service providers, and our exposure to liability and loss from security breaches; demand for the company's products, including cloud service, licenses, services and maintenance; pressure to make concessions on our pricing and changes in our pricing models; protection of our intellectual property; dependence on third-party suppliers and other third-party relationships, such as sales, services and marketing channels; changes in our revenue, earnings, operating expenses and margins; the reliability of our financial forecasts and estimates of the costs and benefits of transactions; the ability to leverage changes in technology; defects in our software products and services; third party opinions about the company; competition in our industry; the ability to recruit and retain key personnel; delays in sales; timely and effective integration of newly acquired businesses; economic conditions in our vertical markets and worldwide; exchange rate fluctuations; and the global political environment. For a more detailed description of the risk factors associated with the company and factors that may affect our forward-looking statements, please refer to the company's latest Annual Report on Form 10-K and, in particular, the section entitled "Risk Factors" therein, and in other periodic reports the company files with the Securities and Exchange Commission thereafter. Management does not undertake to update these forward-looking statements except as required by law.

For More Information, Contact:

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