

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) **June 23, 2019**

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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.001 par value	QADA	NASDAQ Global Select Market
Class B Common Stock, \$0.001 par value	QADB	NASDAQ Global Select Market

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

On June 23, 2019, the Compensation Committee of the Board of Directors of QAD Inc. (the "Company" or "we" or "our") approved the use of performance stock units ("PSUs") to acquire the Company's Class A common stock ("Class A Stock"). PSUs were granted to certain Company employees, including named executive officers, on June 23, 2019 under the Company's 2016 Stock Incentive Program, which was previously approved by the stockholders and was included as Exhibit A of the Company's 2016 Definitive Proxy Statement that was filed with the Securities and Exchange Commission on April 29, 2016. The form of PSU Agreement is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 5.07 Submission of Matters to a Vote of Security Holders

On June 24, 2019, QAD Inc. held its annual meeting of stockholders (the "Annual Meeting"). Presented below are the voting results for the proposals submitted to stockholders at the Annual Meeting, which are further described in the Company's Definitive Proxy Statement for the Annual Meeting filed with the Securities and Exchange Commission on May 9, 2019.

At the Annual Meeting, the presence, in person or by proxy, of stockholders holding at least a majority of the voting power of our outstanding Class A Stock and outstanding Class B common stock ("Class B Stock"), voting as a single class, constituted a quorum for the transaction of business. Each share of Class A Stock has one-twentieth (1/20th) of a vote and each share of Class B Stock has one (1) vote. As of the record date of April 29, 2019 (the "Record Date"), the issued and outstanding voting securities of the Company were as follows:

1. 16,373,212 shares of Class A Stock, equivalent to 818,660 votes outstanding;
2. 3,263,906 shares of Class B Stock, equivalent to 3,263,906 votes outstanding; and
3. 19,637,118 total shares outstanding, equivalent to 4,082,566 votes entitled to be cast.

Present or represented by valid proxy at the Annual Meeting on a combined basis of Class A Stock and Class B Stock were 18,221,324 shares, equivalent to 3,897,740 shares voted representing 95.47% of the shares entitled to vote as of the Record Date. Therefore, a quorum was present for the purposes of the Annual Meeting.

Proposal 1. Election of Directors.

The stockholders elected five directors to serve until the annual meeting of stockholders in 2020 (or until their successors are elected and qualified) with the following vote:

CLASS A AND CLASS B COMMON STOCK VOTING TOGETHER

	FOR	PERCENTAGE	WITHHELD	PERCENTAGE	BROKER NON-VOTES
Pamela M. Lopker	3,132,082	90.16%	341,631	9.83%	424,027
Anton Chilton	3,141,769	90.44%	331,944	9.55%	424,027
Scott J. Adelson	3,314,876	95.42%	158,837	4.57%	424,027
Lee D. Roberts	3,400,611	97.89%	73,102	2.10%	424,027
Peter R. van Cuylenburg	3,331,919	95.91%	141,794	4.08%	424,027

Proposal 2. Advisory Vote on Executive Compensation.

The non-binding advisory resolution approving the compensation of the Company's named executive officers, commonly referred to as "say-on-pay", was approved with the following vote:

CLASS A AND CLASS B VOTING TOGETHER

	FOR	AGAINST	ABSTAIN	BROKER NON-VOTES
Total Voted	3,222,175	251,228	310	424,027
% of Voted	92.75%	7.23%	-	-

Proposal 3. Advisory Vote on Frequency of Future Advisory Votes on Executive Compensation.

The following preferences were recorded with respect to the non-binding advisory vote on the frequency of advisory votes on executive compensation:

CLASS A AND CLASS B VOTING TOGETHER

	One Year	Two Years	Three Years	Abstain
Total Voted	3,377,065	2,471	93,243	933
% of Voted	97.21%	0.07%	2.68%	0.02%

In accordance with these results, the board of directors has determined that future advisory votes on the compensation of the Company's named executive officers will be held every year until the next required advisory vote on frequency. The Company is required to hold a vote on frequency at least once every six years.

Proposal 4. Appointment of KPMG LLP as Independent Registered Public Accounting Firm.

The appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2020 was ratified with the following vote:

CLASS A AND CLASS B VOTING TOGETHER

	FOR	AGAINST	ABSTAIN
Total Voted	3,891,628	5,486	626
% of Voted	99.84%	0.14%	0.01%

Item 9.01.

(d) The following exhibits are being filed herewith:

Exhibit No. Exhibit Description

10.1 [Form of Performance Share Agreement under the QAD Inc. 2016 Stock Incentive Program](#)

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.

Dated: June 27, 2019

By: /s/ Daniel Lender

Daniel Lender
Chief Financial Officer

**QAD INC. 2016 STOCK INCENTIVE PROGRAM
PERFORMANCE SHARE AGREEMENT**

This grant of performance shares ("PSUs") is made by QAD Inc. (the "Company") to _____ (the "Grantee") as of the Grant Date set forth below, pursuant to the QAD Inc. 2016 Stock Incentive Program (the "Program") and this Performance Share Agreement (the "Agreement"). The Program Administrators administering the Program have selected Grantee to receive the following grant of PSUs on the date specified in Section 1 (the "Grant Date").

This grant of PSUs entitles Grantee to receive shares of Class A common stock of QAD Inc. (the "Class A Common Stock"):

- based upon the target number of shares of Class A Common Stock for which these PSUs were granted (the "Target Number of Shares Subject to PSUs"),
- on the terms and conditions of the Program and as set forth below, which Grantee accepts and to which Grantee is bound by not rejecting the PSUs within thirty (30) days of the Grant Date.

1. PSUs Granted:

Grant Date	_____
Target Number of Shares	_____
Subject to PSUs	_____

2. Vesting Dates and Performance Conditions. The PSUs shall not vest in whole or in part at any time prior to the Vesting Date for Tranche 1. The PSUs shall vest in accordance with the Vesting Dates and satisfaction of the Performance Objectives, as specified below. Subject to the level of satisfaction of the Performance Objectives, as specified below, the PSUs will vest as to one-third (1/3) of the Target Number of Shares Subject to PSUs per each tranche.

Vesting Dates

Tranche 1	_____
Tranche 2	_____
Tranche 3	_____

On each Vesting Date, the number of shares of Class A Common Stock that will be earned and vested will be based upon the level of satisfaction of the Performance Objective, which for each Vesting Date is the trailing 3-year compounded annual growth rate of the Company's cloud subscription revenue ("Cloud Subscription CAGR") for the Company's three most recent fiscal years ended prior to the Vesting Date, as set forth in the Company's audited financial statements for such fiscal years. For the sake of clarity, for Tranche 1, the Cloud Subscription CAGR measurement period is fiscal years 2018, 2019 and 2020; for Tranche 2, the Cloud Subscription CAGR measurement period is fiscal years 2019, 2020 and 2021; and for Tranche 3, the Cloud Subscription CAGR measurement period is fiscal years 2020, 2021 and 2022.

The number of shares of Class A Common Stock that will be earned and vested on each applicable Vesting Date will be a percentage of the portion of the Target Number of Shares Subject to PSUs that are in the tranche for such Vesting Date determined as follows:

<u>Cloud Subscription CAGR</u>	<u>Percentage of Target Number of Shares Vesting</u>
Less than 25%	0%
25%	50%
30%	100%
33%	150%
35% or more	200%

Percentage of Target Number of Shares Vesting for performance between such Cloud Subscription CAGR performance levels above 25% and below 35% will be based upon straight-line interpolation between the adjacent performance levels. For example, at Cloud Subscription CAGR of 28% for a measurement period, the Percentage of Target Number of Shares Vesting pertaining to such measurement period would be 80% ($50\% + \frac{3}{5} \times 50\%$), or at Cloud Subscription CAGR of 32%, the corresponding Percentage of Target Number of Shares Vesting would be 133-1/3% ($100\% + \frac{2}{3} \times 50\%$). The number of shares of Class A Common Stock that will be earned and vested on a Vesting Date cannot exceed 200% of the portion of the Target Number of Shares Subject to PSUs in the tranche for the Vesting Date. No fractional shares will be issued; the number of shares of Class A Common Stock that will be earned and vested on a Vesting Date will be rounded down to the nearest whole share.

Immediately upon each Vesting Date, the PSUs shall be converted to a number of shares of Class A Common Stock based upon the level of satisfaction of the applicable Performance Objective, and such shares of Class A Common Stock shall be delivered to Grantee as soon as reasonably practicable as provided in Section 7, subject to the applicable tax withholding as provided in Section 6.

3. Termination of Service. If Grantee ceases to provide continuous service in a role that is eligible to receive PSUs under the Program (as determined in the sole and absolute discretion of the Program Administrators) to the Company or any subsidiary (used herein as defined in the Program) prior to any Vesting Date, the PSUs awarded pursuant to this Agreement will be immediately and unconditionally forfeited and terminated, without any action required by Grantee or the Company, to the extent that such PSUs have not vested in accordance with Section 2 as of the date of such cessation of continuous service.

For purposes of this Section 3, Grantee's service relationship shall be treated as continuing intact while Grantee is an active employee of the Company or any of its subsidiaries, or on a bona fide leave of absence from such employment, or is serving on the board of directors of the Company or any of its subsidiaries, or is actively providing services as an independent contractor of the Company or any of its subsidiaries, in each case as determined in the sole and absolute discretion of the Program Administrators.

4. Rights as a Stockholder. Grantee, or a transferee of Grantee, shall have no rights as a stockholder of the Company with respect to any shares of Class A Common Stock underlying the PSUs until after the PSUs have vested and the shares have been issued. No adjustment shall be made for ordinary or extraordinary dividends (whether in currency, securities or other property), distributions, or other rights (including, but not limited to, the right to vote) for which the record date is prior to the date such shares of Class A Common Stock are issued, except as provided in the Program.

5. Payment of Par Value. Grantee must pay to the Company an amount equal to the aggregate par value of any newly issued shares of Class A Common Stock deliverable to Grantee in accordance with the provisions of this Agreement.

6. Withholding Taxes. Upon the vesting of PSUs in accordance with the provisions of this Agreement, Grantee shall be entitled to receive the applicable shares of Class A Common Stock, less an amount of whole shares of Class A Common Stock with a Fair Market Value (used herein as defined in the Program) on the Vesting Date equal to the required withholding obligation taking into account all applicable federal, state, local and foreign taxes, resulting in Grantee being entitled to receive the net number of shares of Class A Common Stock after withholding of shares for taxes. Notwithstanding the foregoing, prior to the delivery of any shares of Class A Common Stock and at the sole and absolute discretion of the Program Administrators, Grantee may make adequate arrangements with the Company to pay the applicable withholding taxes with cash.

7. Delivery of Shares of Class A Common Stock. As soon as reasonably practicable following each Vesting Date, but in no event later than the 15th day of the third month following the later of the Company's or the Grantee's tax year end of the year in which the Vesting Date occurs, the Company shall cause to be delivered to Grantee the number of shares of Class A Common Stock (net of tax withholding as provided in Section 6) deliverable to Grantee in accordance with the provisions of this Agreement.

8. Advisements. Grantee shall be subject to and bound by the terms of this Agreement and the Program. In addition, Grantee is hereby advised that the following shall apply to the PSUs:

(a) Grantee shall be provided a copy of the Program and shall be bound by all of the terms and provisions thereof, including the terms and provisions adopted after the date of this Agreement, but prior to the completion of the vesting period. If and to the extent that any provision contained in this Agreement is inconsistent with the Program, the Program shall govern.

(b) As of the date of this Agreement, the Agreement and the Program set forth the entire understanding between Grantee and the Company regarding the acquisition of shares of Class A Common Stock underlying the PSUs and supersede all prior oral and written agreements pertaining to the PSUs.

(c) The Company and its subsidiaries hold certain personal information about Grantee, including, but not limited to, Grantee's name, home address, telephone number, date of birth, social security number or equivalent foreign identification number, salary, nationality, job title and details of all PSUs or other entitlement to shares of QAD common stock awarded, canceled, exercised, vested, unvested or outstanding, including personal information that may constitute sensitive personal data within the meaning of applicable law ("Personal Data"). Personal Data includes, but is not limited to, the information provided above and any changes thereto and other appropriate personal and financial data about Grantee. The Company shall only process Personal Data to support the processes associated with PSUs awarded to Grantee. The Company and its subsidiaries may process any Personal Data and may transfer any Personal Data outside the country in which Grantee is employed, including, but not limited to, the United States. The legal persons for whom Personal Data is intended include, but are not limited to, the Company, its subsidiaries and its agents. Grantee is hereby informed that Grantee has the right to access and make corrections to Grantee's Personal Data by applying to the Chief People Officer of the Company or such person's designees.

(d) The Company reserves the right to amend or terminate the Program at any time, and the award of these PSUs under the Program at one time does not in any way obligate the Company or its subsidiaries to grant additional PSUs in any future year or in any given amount. Grantee's participation in the Program is voluntary. These PSUs and any future PSUs under the Program are wholly discretionary in nature, the value of which do not form part of any normal or expected compensation for any purposes, including, but not limited to, calculating any termination, severance, resignation, redundancy and end of service payments, bonuses, long-service awards, pension and retirement benefits, and similar payments, other than to the extent required by local law.

(e) The future value of the shares of Class A Common Stock acquired by Grantee under the Program is unknown and cannot be predicted with certainty and no claim or entitlement to compensation or damages arises from the forfeiture of the PSUs or termination of the Program or the diminution in value of any shares of Class A Common Stock acquired by Grantee under the Program.

9. No Right to Continued Service. Neither these PSUs nor any terms contained in this Agreement shall confer upon Grantee any express or implied right to be retained in the service of the Company or any of its subsidiaries for any period at all, nor restrict in any way the right of the Company or any such subsidiary, which right is hereby expressly reserved, to terminate Grantee's service at any time with or without cause. Any right that Grantee may have to receive delivery of shares of Class A Common Stock under this Agreement is earned only by continuing as an employee or other service provider of the Company or any of its subsidiaries at the will of the Company or such subsidiary, and satisfaction of any other applicable terms and conditions contained in this Agreement and the Program, and not through the act of being hired, being granted these PSUs or acquiring shares of Class A Common Stock hereunder.

10. Compliance with Laws, Regulations and Program Rules. The award of these PSUs to Grantee, the obligation of the Company to deliver shares of Class A Common Stock hereunder and the sale or disposition of shares of Class A Common Stock received pursuant to the vesting of such PSUs shall be subject to (a) all applicable federal, state, local and foreign laws, rules and regulations, and (b) any registration, qualification, approvals or other requirements imposed by any government or regulatory agency or body which the Company shall, in its sole and absolute discretion, determine to be necessary or applicable. Moreover, shares of Class A Common Stock shall not be delivered hereunder if such delivery would be contrary to applicable law or the rules of any applicable stock exchange. Receipt of shares under these PSUs shall be conditioned on Grantee's compliance with procedures established from time to time by the Program Administrators, including, but not limited to, submission of such forms and documents as the Program Administrators may require in their sole and absolute discretion. The Target Number of Shares of Class A Common Stock subject to the PSUs granted hereunder shall be adjusted as provided in the Program.

11. Definitions. All capitalized terms that are used in this Agreement that are not defined herein have the meanings defined in the Program. In the event of a conflict between the terms of the Program and the terms of this Agreement, the terms of the Program shall prevail.

12. Notices. Any notice or other communication required or permitted hereunder shall, if to the Company, be in accordance with the Program, and, if to Grantee, be in writing and delivered in person or via email or by registered mail or certified mail or overnight courier, addressed to Grantee at Grantee's last known email address or physical address, as applicable, as set forth in the Company's records.

13. Severability. If any of the provisions of this Agreement should be deemed unenforceable, the remaining provisions shall remain in full force and effect.

14. Applicable Law. This Agreement and these PSUs shall be governed by and construed in accordance with the laws of the State of Delaware.

15. Arbitration. Any dispute arising out of or in connection with this Agreement and these PSUs shall be submitted to binding arbitration in Santa Barbara, California before a single arbitrator in accordance with Article 17 of the General Provisions of the Program and the Rules referenced therein, all of which are incorporated herein by this reference.

16. Transferability of Agreement. This Agreement and these PSUs may not be sold, transferred, pledged, assigned, encumbered or otherwise alienated by either party hereto, other than by will or by the laws of descent and distribution.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed this Agreement as of the Grant Date.

QAD INC.

By: /s/ Daniel Lender
Daniel Lender
Chief Financial Officer