

Section 1: 8-K (FORM 8-K)

**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): November 11, 2019

PERCEPTRON, INC.

(Exact name of registrant as specified in charter)

Michigan
(State or other jurisdiction of incorporation)

0-20206
(Commission File Number)

38-2381442
(I.R.S. Employer Identification No.)

47827 Halyard Drive, Plymouth, MI
(Address of principal executive offices)

48170-2461
(Zip Code)

(734) 414-6100
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

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
Common Stock, \$0.01 par value Rights to Purchase Preferred Stock	PRCP	The Nasdaq Stock Market LLC (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.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On November 11, 2019, the Board of Directors (the “Board”) of Perceptron, Inc. (the “Company”) appointed Jay W. Freeland as Interim President and Chief Executive Officer of the Company, effective as of November 12, 2019. Mr. Freeland will continue to serve as Chairman of the Board and will serve as the Company’s principal executive officer.

Mr. Freeland succeeds David L. Watza who resigned effective as of November 12, 2019 as President and Chief Executive Officer of the Company, as a member of the Board and as principal financial officer. In connection with his resignation, Mr. Watza entered into a Release Agreement with the Company, dated November 12, 2019, a copy of which is attached as Exhibit 10.1 hereto and is incorporated herein by reference.

Mr. Freeland, age 50, has been a Director of the Company since December 2018 and Chairman of the Board since May 2019. Mr. Freeland served as President and Chief Executive Officer of FARO Technologies, Inc. (“FARO”) from December 2006 until December 2015 and as a Director of FARO from February 2006 until December 2015. Mr. Freeland was a Co-Chief Executive Officer of FARO from January 2006 until December 2006 and served as President and Chief Operating Officer of FARO from November 2004 until January 2006. FARO is a publicly traded global technology company that designs, develops, manufactures, markets and supports software driven, three-dimensional measurement, imaging and realization systems. From April 2003 until November 2004, Mr. Freeland was the Founder & President of Freeland Solutions, LLC, a strategy and management consulting firm. From July 1991 until April 2003, Mr. Freeland held various positions with General Electric Company and its affiliates, including Vice President – Global Sales, Marketing & Commercial Operations – GE Energy Rentals and President and Chief Operating Officer of GE Harris Energy Control Systems, LLC.

Mr. Freeland’s weekly base salary will be \$3,200. Mr. Freeland’s base salary is payable in the Company’s common stock on each of March 1, June 1, September 1 and December 1, based upon the accrued compensation for the period, divided by the closing market price of the Company’s common stock on such date, pursuant to the terms of the Company’s 2004 Stock Incentive Plan, except for the amount of the applicable withholding taxes, which will be paid in cash. He will not participate in the Company’s Fiscal 2020 Executive Short Term Incentive Plan or Long Term Incentive Plan, nor employee benefit programs, except to the extent required by law. He will be reimbursed for reasonable travel, housing and rental car expenses incurred in the performance of his duties. Mr. Freeland will continue to receive an annual retainer of \$100,000 for his service as Chairman of the Board.

On November 11, 2019, the Management Development, Compensation and Stock Option Committee awarded Mr. Freeland non-qualified options to purchase 25,000 shares of the Company’s Common Stock with an exercise price equal to the closing price of the Company’s common stock on December 2, 2019, pursuant to the terms of the Company’s 2004 Stock Incentive Plan. The options will become exercisable (i) 50% upon the earlier of the effective date of the appointment of a new Chief Executive Officer or the first year anniversary of the date of the grant, (ii) 25% on the second year anniversary of the date of the grant and (iii) 25% on third year anniversary of the date of grant.

The Board of Directors will initiate a search to identify a new President and Chief Executive Officer of the Company. Mr. Freeland will serve as interim President and Chief Executive Officer until a successor is appointed.

Also on November 11, 2019, the Board appointed Laura Pecoraro as the Company’s Vice President, Finance and principal financial officer, effective as of November 12, 2019. Ms. Pecoraro will continue to serve as the Company’s principal accounting officer. Ms. Pecoraro, age 57, served as the Company’s acting Vice President, Finance and principal accounting officer since September 2019. Prior to that, she served as the Company’s Director of Financial Planning and Analysis from December 2016 to September 2019. Prior to joining the Company, Mr. Pecoraro was the President of LP Finance and Accounting Services, Inc. from November 2015 through December 2016, where she provided financial and accounting consulting services. From 1990 to 2015, Ms. Pecoraro held various roles of increasing responsibility over a twenty-five year career with TriMas Corporation and its subsidiaries, most recently serving as Division Finance Officer of Lamons Gasket Company from February 2015 through October 2015 and as Vice President of Financial Planning and Analysis of TriMas Corporation from July 2008 through February 2015. Prior to holding such positions, Ms. Pecoraro’s positions at subsidiaries of Trimas Corporation included serving as Group Controller of Cequent Group, Vice President of Finance of Lamons Gasket Company, and Controller of Norris Cylinder Company. Her responsibilities in these positions included global accounting, strategic planning, annual operating planning and forecasting, as well as audit, information technology and finance oversight. Ms. Pecoraro possesses more than 30 years of accounting and finance experience in manufacturing and service companies.

Attached hereto and incorporated by reference as Exhibit 99.1 is the press release relating to such announcement. Such information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

D. Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<u>Exhibit 10.1</u>	<u>Release Agreement, dated November 12, 2019, between David L. Watza and the Company.</u>
<u>Exhibit 99.1</u>	<u>Press Release, dated November 12, 2019.</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 hereunto duly authorized.

PERCEPTRON, INC.

Date: November 12, 2019

/s/ Jay W. Freeland

By: Jay W. Freeland

Its: Chairman of the Board and Interim President and Chief Executive Officer

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Section 2: EX-10.1 (RELEASE AGREEMENT)

Exhibit 10.1

RELEASE AGREEMENT

THIS AGREEMENT (“Agreement”) is made by and between David L. Watza (“Employee”) and Perceptron, Inc. (the “Company”).

RECITALS

- A. Employee has terminated employment with the Company, effective November 12, 2019 (the “Separation Date”).
- B. Employee has been given the opportunity to review this Agreement, to consult with legal counsel, and to ascertain his rights and remedies.
- C. Employee and Company, without any admission of liability, desire to settle with finality, compromise, dispose of, and release any and all claims and demands asserted or which could be asserted arising out of Employee’s employment at and separation from Company.

In consideration of the foregoing and of the promises and mutual covenants contained herein, it is hereby agreed between Employee and Company as follows:

AGREEMENT

1. In exchange for the good and valuable consideration set forth in that certain Agreement, made as of October 15, 2015, between the Company and Employee, as amended by a First Amendment dated December 17, 2016 (the “Severance Agreement”), the parties agree as provided below.
2. The Employee is entitled only to the following payments/benefits under the Severance Agreement and this Agreement and that such entitlement is conditioned on the Employee’s execution and proper submission of this Agreement to the Company:
 - (a) continuation of payment of the Employee’s annual base salary of \$338,000 for 12 months following the Employee’s termination of employment (the “Severance Period”), payable in accordance with the Company’s regular payroll payment practices, less applicable withholdings, in accordance with the timing restrictions set forth below;
 - (b) a prorated portion of any bonus that the Employee would have earned for fiscal 2020 under the FY 2020 Executive Short Term Incentive Plan, to be paid when fiscal year bonuses are paid to other employees, as provided in Section 3(b)(ii) of the Severance Agreement;
 - (c) Company will reimburse Employee the applicable COBRA premiums that he pays associated with COBRA continuation coverage under the Company’s health, dental and vision coverage for twelve (12) months following Employee’s termination of employment, as provided in Section 3(b)(iii) of the Severance Agreement. Employee understands that, to be eligible to receive this reimbursement, he must apply for and continue to be eligible for COBRA continuation coverage pursuant to the terms of the Company’s health, dental and vision plans, including his timely payment and remittance to the plan administrator of the applicable COBRA premiums; in which case, the Company will reimburse him,

as taxable wages, for his payment of such COBRA premiums in the ordinary course of business COBRA continuation.

- (d) continuation of payment of premiums for the Employee's current executive life insurance policy to continue coverage for the Severance Period or, if earlier, the death of the Employee, to the extent permitted by the terms of such policy, as provided in Section 3(b)(iii) of the Severance Agreement;
- (e) continuation of payment of premiums for the Employee's current supplemental executive disability policy to continue coverage for the Severance Period or, if earlier, the death of the Employee, to the extent the continuance of such policy is permitted by the terms of such policy, as provided in Section 3(b)(iii) of the Severance Agreement;
- (f) continuation of payment of the Employee's car benefit allowance of \$850 per calendar month for the Severance Period, or, if earlier, the death of the Employee, as provided in Section 3(b)(iv) of the Severance Agreement;
- (g) reimbursement of any accrued but unpaid expenses incurred by the Employee prior to Separation Date incurred in accordance with the Company's expense reimbursement policy, as provided in Section 3(d) of the Severance Agreement;
- (h) if the Company incurs a Change in Control (as defined in the Severance Agreement) within six months after the Separation Date, the Employee shall receive the additional severance payments/benefits provided under Section 4 of the Severance Agreement, as adjusted in accordance with Section 4(e) for any payments/benefits previously paid hereunder; and
- (i) payments by the Company for the use of out placement services by the Employee within twelve months after the Separation Date with a vendor of his choice, up to an aggregate of \$10,000.00, which payments are in addition to payments provided under the Severance Agreement.

3. Employee understands that unless specified otherwise, the payments/benefits provided hereunder will begin in accordance with the Company's regular payroll practices as soon as reasonably practicable after this Agreement has been executed, properly submitted to the Company, and the Revocation Period (as defined in Section 10, below) has expired. Provided, however, that payments set forth in Section 2 above, to the extent required by Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code"), shall commence with the first payroll in January 2020, with a lump sum payment equal to the amount of such payments that would have otherwise been paid prior to that date if the payment had not been required by Section 409A to be paid in 2020, plus interest on such payments starting with the 10th day following the due date of such payment if the payment had not been required by Section 409A to be paid in 2020, at the Prime Rate (as defined in the Severance Agreement), but only if this Agreement has been executed, properly submitted to the Company and the Revocation Period has expired. Notwithstanding the foregoing, if Employee is a "Specified Employee" as defined under Code Section 409A on the Separation Date, payments/benefits not exempt from Code Section 409A shall commence in accordance with Section 3(c) of the Severance Agreement.

4. In exchange for the good and valuable consideration set forth in this Agreement and the Severance Agreement, Employee hereby releases, waives and discharges any and all manner of action, causes of action, claims, rights, charges, suits, damages, debts, demands, obligations, attorneys' fees, and any and all other liabilities or claims of whatsoever nature, whether in law or in equity, known or unknown, including, but not limited to, age discrimination under the Age Discrimination in Employment Act of 1967 (as amended), employment discrimination prohibited by other federal, state or local laws, and any other claims, which Employee has claimed or may claim or could claim in any local, state or federal or other forum, against Company, its directors, officers, employees, agents, attorneys, successors and assigns as a result of or relating to Employee's employment at and separation from Company and as an officer of Company as a result of any acts or omissions by Company or any of its directors, officers, employees, agents, attorneys, successors or assigns ("Covered Acts or Omissions") which occurred prior to the date of this Agreement; excluding only those for indemnification under the Company's articles of incorporation, bylaws or applicable law by reason of his service as an officer or director of the Company and those arising under this Release Agreement.

5. Employee agrees to immediately return to Company all property, assets, manuals, materials, information, notes, reports, agreements, memoranda, customer lists, formulae, data, know-how, inventions, trade secrets, processes, techniques, and all other assets, materials and information of any kind or nature, belonging or pertaining to Company ("Company Information and Property"), including, but not limited to, computer programs and diskettes or other media for electronic storage of information containing Company Information and Property, in Employee's possession, and Employee shall not retain copies of any such Company Information and Property. Employee further agrees that from and after the date hereof he will not remove from Company's offices any Company Information and Property, nor retain possession or copies of any Company Information and Property. Employee shall be permitted to keep his current laptop and mobile telephone, provided that such electronic devices shall first be returned to the Company for removal of all Company Information and Property. The Company shall cooperate in allowing Employee to remove his personal information, files and non-Company contacts (as determined by the Company) from such electronic devices. The Seller shall cooperate in allowing the Companies to verify the removal of Company Information and Property from such electronic devices.

6. Employee agrees that he shall never make any statement that negatively affects the goodwill or good reputation of the Company, or any officer or director of Company, except as required by law or to enforce his rights, and except that such statements may be made to members of the Board of Directors of the Company. The Company agrees that its Board of Directors, and such executives of the Company as the Employee and Company shall agree upon in writing, shall never make any statement that negatively affects the goodwill or good reputation of the Employee, except as required by law or to enforce the Company's or their rights, and except that such statements may be made to members of the Board of Directors of the Company.

7. Employee covenants and agrees that he shall never commence or prosecute, or knowingly encourage, promote, assist or participate in any way, except as required by law, in the commencement or prosecution, of any claim, demand, action, cause of action or suit of any nature whatsoever against Company or any officer, director, employee or agent of Company ("Covered Litigation") that is based upon any claim, demand, action, cause of action or suit released pursuant to this Agreement or involving or based upon the Covered Acts and Omissions.

8. The Company agree that, in response to any request for reference directed by Employee to the President or Human Resources of the Company, that they will respond only that Employee resigned employment on amicable terms as of the Separation Date, and provide dates of employment and positions held. Employee acknowledges and agrees that should he direct any request for reference to any other person, the Company has no responsibility for the content of the reference given (if any).

9. Employee further agrees that he has read this Agreement carefully and understands all of its terms.

10. Employee understands and agrees that he was advised to consult with an attorney and did so prior to executing this Agreement.

11. Employee understands and agrees that he has been given twenty-one (21) days within which to consider this Agreement.

12. Employee understands and agrees that he may revoke this Agreement for a period of seven (7) calendar days following the execution of this Agreement (the "Revocation Period") and any payments or agreements conditioned upon his signing this Agreement shall not be paid until the Revocation Period expires and such payments shall not be required to be paid and such agreements shall be deemed revoked if this Agreement is revoked. This Agreement is not effective until this revocation period has expired. Employee understands that any revocation, to be effective, must be in writing and either (a) postmarked within seven (7) days of execution of this Agreement and addressed to Debbie Thompson, Director, Human Resources, Perceptron, Inc., 47827 Halyard Drive, Plymouth, Michigan 48170 or (b) hand delivered within seven (7) days of execution of this Agreement to Debbie Thompson, Director, Human Resources, Perceptron, Inc., 47827 Halyard Drive, Plymouth, Michigan 48170. Employee understands that if revocation is made by mail, mailing by certified mail, return receipt requested, is recommended to show proof of mailing.

13. This Agreement does not alter Employee's entitlement to any Option, Restricted Stock Unit Award, or Performance Share Unit Award issued to Employee in the course of his employment. Employee's entitlement to any such Option, Restricted Stock Unit Award, or Performance Share Unit Award are governed by the terms of those programs.

14. In agreeing to sign this Agreement, Employee is doing so completely voluntarily and of his own free-will and agrees that in doing so he has not relied on any oral statements or explanations made by Company or its representatives.

15. Both parties agree not to disclose the terms of this Agreement to any third party, except as is required by law, or as is necessary for purposes of securing counsel from either parties' attorneys or accountants.

16. This Agreement shall not be construed as an admission of wrongdoing by Company.

17. This Agreement contains the entire agreement between Employee and Company regarding the matters set forth herein. Any modification of this Agreement must be made in writing and signed by Employee and each of the entities constituting the Company. However, all provisions of the Severance Agreement that do not conflict with this Agreement are deemed to survive execution of this Agreement, as do all provisions of the Proprietary Information And Inventions Agreement signed by Employee on September 4, 2015, and the Executive Agreement Not To Compete signed by Employee on September 4, 2015.

18. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Michigan, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Michigan or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Michigan.

19. In the event any provision of this Agreement or portion thereof is found to be wholly or partially invalid, illegal or unenforceable in any judicial proceeding, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be.

20. If there is a breach or threatened breach of the provisions of this Agreement, Company may, in addition to other available rights and remedies, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violation of, any of the provisions of this Agreement.

[Signature Page Follows]

“Perceptron is an excellent company with highly motivated and skilled professionals,” Mr. Freeland concluded. “We have great technology that offers significant value to our customers. Along with Perceptron’s senior leadership team, I will look to make informed decisions and drive substantial value creation. I look forward to updating our shareholders throughout the year on our progress.”

Quarterly Investor Call and Webcast

As a reminder, Perceptron, Inc., will hold its first quarter fiscal 2020 investor conference call/webcast, chaired by Jay Freeland, Chairman and Interim CEO, on November 12, 2019, at 8:30 AM (EDT). Investors can access the call at:

Webcast	investors.perceptron.com on the Event page
Conference Call	833-535-2207 (domestic callers) or 412-317-5405 (international callers)
Conference ID	10136469

A replay will be posted to the Company's website after the conference call concludes.

About Perceptron®

Perceptron (NASDAQ: PRCP) develops, produces and sells a comprehensive range of automated industrial metrology products and solutions to manufacturing organizations for dimensional gauging, dimensional inspection and 3D scanning. Products include 3D machine vision solutions, robot guidance, coordinate measuring machines, laser scanning and advanced analysis software. Global automotive, aerospace and other manufacturing companies rely on Perceptron's metrology solutions to assist in managing their complex manufacturing processes to improve quality, shorten product launch times and reduce costs. Headquartered in Plymouth, Michigan, USA, Perceptron has subsidiary operations in Brazil, China, Czech Republic, France, Germany, India, Italy, Japan, Slovakia, Spain and the United Kingdom. For more information, please visit www.perceptron.com.

Safe Harbor Statement

Certain statements in this press release may be “forward-looking statements” within the meaning of the Securities Exchange Act of 1934, including our expectation as to our fiscal year 2020 and future results, operating data, new order bookings, revenue, expenses, net income and backlog levels, trends affecting our future revenue levels, the rate of new orders, the timing of revenue and net income increases from new products which we have recently released or have not yet released, the timing of the introduction of new products and our ability to fund our fiscal year 2020 and future cash flow requirements. Whenever possible, we have identified these forward-looking statements by words such as “target,” “will,” “should,” “could,” “believes,” “expects,” “anticipates,” “estimates,” “prospects,” “outlook,” “guidance” or similar expressions. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of our forward-looking statements. While we believe that our forward-looking statements are reasonable, you should not place undue reliance on any such forward-looking statements, which speak only as of the date made. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different. Factors that might cause such a difference include, without limitation, the risks and uncertainties discussed from time to time in our periodic reports filed with the Securities and Exchange Commission, including those listed in “Item 1A: Risk Factors” of our Annual Report on Form 10-K for fiscal 2019. Except as required by applicable law, we do not undertake, and expressly disclaim, any obligation to publicly update or alter our statements whether as a result of new information, events or circumstances occurring after the date of this report or otherwise.

Contact:
Investor Relations
investors@perceptron.com

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