

SAFEGUARD SCIENTIFICS INC

FORM 8-K (Current report filing)

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**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): April 22, 2008

Safeguard Scientifics, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other Jurisdiction of
Incorporation)

1-5620

(Commission File Number)

23-1609753

(IRS Employer Identification No.)

435 Devon Park Drive, Building 800, Wayne, PA

(Address of Principal Executive Offices)

19087

(Zip Code)

Registrant's telephone number, including area code: **610-293-0600**

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:

- 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))
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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 April 22, 2008, the Compensation Committee (the "Committee") of the Board of Directors of Safeguard Scientifics, Inc. (the "Company") established a Management Incentive Plan (the "Plan"), effective as of January 1, 2008. The Plan sets forth the objectives against which the Company's executive officers and other employees will be measured for purposes of awarding bonuses annually. The Committee will establish specific annual corporate and individual performance targets, the weighting of such performance targets, and the bonus targets for the participants under the Plan for each calendar year which the Plan remains in place. Individual awards under the Plan shall be expressed as either a fixed target dollar amount or as a percentage of a participant's base salary. Following the end of each calendar year, the Committee will evaluate the Company's performance and determine the extent to which the specified corporate and individual objectives established by the Committee for that calendar year have been achieved. The Committee will award bonuses based upon its assessment of achievement levels.

The foregoing description of the Plan does not purport to be complete and is qualified in its entirety by reference to the actual text of the Plan, which is attached hereto as Exhibit 10.1 and is incorporated by reference herein.

ITEM 9.01. Financial Statements and Exhibits

- (d) Exhibits
 - 10.1 Management Incentive Plan.

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.

Safeguard Scientifics, Inc.

Dated: April 25, 2008

By: BRIAN J. SISKO

Brian J. Sisko
Senior Vice President and General Counsel

**SAFEGUARD SCIENTIFICS, INC.
MANAGEMENT INCENTIVE PLAN**

1. BACKGROUND AND PURPOSE

Safeguard Scientifics, Inc., a Pennsylvania corporation, hereby adopts this Safeguard Scientifics, Inc. Management Incentive Plan (the "Plan"), effective as of January 1, 2008. The purpose of the Plan is to provide a short-term, performance-based, variable, at-risk compensation program for executive officers and certain other employees of Safeguard Scientifics, Inc. (the "Company"), in accordance with the terms outlined herein. This Plan is intended to serve as one component of the Company's overall compensation program. The purpose of this Plan, together with the Company's overall compensation program, is to assist the Company in motivating and retaining highly-qualified, experienced employees.

2. DEFINITIONS

(a) "Administrator" means the President or such other appropriate officer of the Company as may be appointed from time to time by the Chief Executive Officer of the Company.

(b) "Award" means a dollar denominated incentive granted under the Plan. Actual amounts pursuant to an Award will be paid to a Grantee if the terms and conditions of this Plan are satisfied. Such amounts may be payable in cash or Company common stock, or a combination thereof, in the discretion of the Committee.

(c) "Base Salary" means an individual's regular, annual rate of compensation, but does not include any amounts paid by the Company to any Grantee as overtime pay, signing bonuses, one-time incentive or other bonus payments or any other non-regular payments.

(d) "Board" means the Board of Directors of the Company.

(e) "Committee" means the Compensation Committee of the Board or such other committee of the Board assigned by the Board to administer the Plan.

(f) "Company" means Safeguard Scientifics, Inc., a Pennsylvania corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(g) "Corporate Objectives" means annual performance objectives for the Company and other objectives relevant to the Company's business as may be established by the Committee, including, but not limited to: capital deployment; monetization of partner company holdings or assets; performance of partner companies; execution of the Company's business strategy; accomplishment by management of specific Board directives; maintenance of capital deployment pipeline; and maintenance of financial reporting, regulatory and legal compliance.

(h) “ Corporate Performance ” means the Committee’s determination of the percentage achievement of the annual Corporate Objectives, after adjustment, if any, in the discretion of the Committee.

(i) “ Eligible Employee ” means any employee of the Company, as determined by the Committee (or, if applicable, the Administrator).

(j) “ Executive ” shall mean any Eligible Employee who has the title of Chief Executive Officer, Executive Vice President or Senior Vice President of the Company.

(k) “ Grantee ” means an Eligible Employee who is granted an Award.

(l) “ Individual Objectives ” means, with respect to a given Grantee, annual performance objectives relevant to the Company’s business and such Grantee’s position and responsibilities with the Company or responsibilities with respect to any partner companies, as may be established by the Committee (or, if applicable, the Administrator).

(m) “ Individual Performance ” means for a given Grantee, the percentage achievement of the annual Individual Objectives of such Grantee as the Committee (or, if applicable, the Administrator) determines, in its discretion.

(n) “ Person ” means an individual, a corporation, a partnership, an association, a trust or any other entity or organization.

(o) “ Performance Targets ” means, the annual Corporate Objectives and the annual Individual Objectives established by the Committee. Corporate Objectives and Individual Objectives and the weighting of such objectives may differ among Grantees or classes of Grantees.

(p) “ Plan ” means the Safeguard Scientifics, Inc. Management Incentive Plan, as set forth herein, and as amended from time to time.

3. ADMINISTRATION OF THE PLAN

(a) Administration. The Plan shall be administered by the Committee. The Committee shall have the power and duty to do all things necessary or convenient to effect the intent and purposes of the Plan and not inconsistent with any of the provisions hereof, whether or not such powers and duties are specifically set forth herein, and, by way of amplification and not limitation of the foregoing, the Committee shall have the power to:

(i) determine annual Awards available under the Plan and the Corporate Objectives and Individual Objectives related thereto

(ii) provide rules and regulations for the management, operation and administration of the Plan, and, from time to time, to amend or supplement such rules and regulations;

(iii) construe the Plan, which construction, as long as made in good faith, shall be final and conclusive upon all parties hereto;

(iv) correct any defect, supply any omission, or reconcile any inconsistency in the Plan in such manner and to such extent as it shall deem expedient to carry the same into effect, and it shall be the sole and final judge of when such action shall be appropriate; and

(v) determine whether the conditions to the payment of any amounts pursuant to an Award have been satisfied.

The resolution of any questions with respect to payments and entitlements pursuant to the provisions of the Plan shall be determined by the Committee, and all such determinations shall be final and conclusive.

(b) Grants. Subject to the express terms and conditions set forth in the Plan, and, if applicable, subject to contractual obligations between the Company and a Grantee, the Committee shall have the power, from time to time, to select those Eligible Employees to whom Awards shall be granted under the Plan, to determine the amount payable pursuant to each Award, and, pursuant to the provisions of the Plan, to determine the terms and conditions of each Award.

(c) Delegation of Authority. The Committee may delegate to the Administrator, its authority under the Plan, including, but not limited to, its authority to grant an Award and its authority to determine whether the conditions to the payment of any amounts pursuant to an Award have been satisfied, with respect to any employee of the Company who is not an Executive. Such delegation of authority shall continue in effect until the earliest of (i) such time as the Committee shall, in its discretion, revoke such delegation of authority, (ii) its delegate shall cease to be an employee of the Company for any reason or (iii) its delegate shall notify the Committee that he declines to continue to exercise such authority.

(d) Grantee Information. The Company shall furnish to the Committee and the Administrator in writing all information the Company deems appropriate for the Committee and the Administrator to exercise their respective powers and duties in administration of the Plan. Such information shall be conclusive for all purposes of the Plan and the Committee and the Administrator shall be entitled to rely thereon without any investigation thereof; provided, however, that the Committee and the Administrator may correct any errors discovered in any such information.

4. ELIGIBILITY

Awards may be granted only to Eligible Employees of the Company, as determined by the Committee.

5. AWARDS

The Committee may grant Awards in accordance with the Plan. The terms and conditions of Awards shall be as determined from time to time by the Committee, consistent, however, with the following:

(a) Time of Grant . Awards may be granted at any time from the date of adoption of the Plan by the Board until the Plan is terminated by the Board or the Committee.

(b) Non-uniformity of Awards . The provisions of Awards need not be the same with respect to each Grantee.

(c) Establishment of Performance Targets and Conditions to Payment of Awards .

(i) An Award shall be expressed as either a fixed target dollar amount or as a percentage of a Grantee's Base Salary and shall become payable for a given calendar year to the extent that the Performance Targets established by the Committee are satisfied.

(ii) The Committee shall establish annual Performance Targets for each annual period, and the weighting of individual Performance Targets for each year and among Grantees or classes of Grantees.

(iii) After the end of the annual period for which an Award is granted, the Committee shall determine to what extent the annual Performance Targets established by the Committee have been satisfied. Each Grantee shall be entitled to receive payment pursuant to an annual Award only after review by the Committee of the final annual operating results and the Committee's determination as to what extent the Performance Targets have been met.

(iv) The Company shall pay all Awards granted with respect to the Performance Targets set for a given annual period under the Plan to each Grantee as soon as practicable following the determination by the Committee described in Section 5(c)(iii) above with respect to such given annual period, but in no event later than March 15th of the year following such period.

(d) Termination of Grantee's Employment . Upon termination of a Grantee's employment with the Company, all of such Grantee's rights to Awards shall cease and no further payments shall be made with respect thereto, subject to contractual obligations between the Company and such Grantee, or unless the Committee in its discretion shall determine otherwise.

(e) Payment . Amounts deemed payable by the Committee pursuant to Awards hereunder may be paid, in the discretion of the Committee, in cash or shares of the Company's common stock available under any of the Company employee benefit plan that previously was approved by the Company's shareholders (and, if such plan has been amended in a manner requiring shareholder approval under applicable law or the rules of a national securities exchange upon which the Company's common stock is then listed, that, as so amended, previously was approved by the Company's shareholders), or any combination thereof.

6. AMENDMENT AND TERMINATION

The Plan may be terminated by the Board or the Committee at any time. The Plan may be amended by the Board or the Committee at any time. No Award shall be affected by any such termination or amendment without the written consent of the Grantee.

7. MISCELLANEOUS PROVISIONS

(a) Unsecured Creditor Status. A Grantee entitled to payment of an Award hereunder shall rely solely upon the unsecured promise of the Company, as set forth herein, for the payment thereof, and nothing herein contained shall be construed to give to or vest in a Grantee or any other person now or at any time in the future, any right, title, interest, or claim in or to any specific asset, fund, reserve, account, insurance or annuity policy or contract, or other property of any kind whatever owned by the Company, or in which the Company may have any right, title, or interest, nor or at any time in the future.

(b) Non-Assignment of Awards. The Grantee shall not be permitted to sell, transfer, pledge or assign any amount payable pursuant to the Plan or an Award, provided that the right to payment under an Award may pass by will or the laws of descent and distribution.

(c) Other Company Plans. It is agreed and understood that any benefits under this Plan are in addition to any and all benefits to which a Grantee may otherwise be entitled under any other contract (other than any employment contract entered into by and between the Company and any Grantee), arrangement, or voluntary pension, profit sharing or other compensation plan of the Company, whether funded or unfunded, and that this Plan shall not affect or impair the rights or obligations of the Company or a Grantee under any other such contract, arrangement, or voluntary pension, profit sharing or other compensation plan.

(d) Separability. If any term or condition of the Plan shall be invalid or unenforceable to any extent or in any application, then the remainder of the Plan, with the exception of such invalid or unenforceable provision, shall not be affected thereby, and shall continue in effect and application to its fullest extent.

(e) Continued Employment. Neither the establishment of the Plan, any provisions of the Plan, nor any action of the Committee shall be held or construed to confer upon any Grantee the right to a continuation of employment by the Company. The Company reserves the right to dismiss any employee (including a Grantee), or otherwise deal with any employee (including a Grantee) to the same extent as though the Plan had not been adopted.

(f) Incapacity. If the Committee determines that a Grantee is unable to care for his affairs because of illness or accident, any benefit due such Grantee under the Plan may be paid to his spouse, child, parent, or any other person deemed by the Committee to have incurred expense for such Grantee (including a duly appointed guardian, committee, or other legal representative), and any such payment shall be a complete discharge of the Company's obligation hereunder.

(g) Withholding. The Company shall withhold the amount of any federal, state, local or other tax, charge or assessment attributable to the grant of any Award or lapse of restrictions under any Award as it may deem necessary or appropriate, in its sole discretion.

(h) Section 409A.

(i) Amounts payable under this Plan are intended, in whole or in part, to meet the requirements of the “short-term deferral” exception or another exception under Section 409A of the Code. Notwithstanding anything in this Plan to the contrary, if Grantee is a “specified employee” of a publicly traded corporation under Section 409A of the Code on the Effective Termination Date, and if payment of any amount under this Plan is required to be delayed for a period of six (6) months after separation from service pursuant to Section 409A of the Code, payment of such amount shall be delayed as required by Section 409A of the Code, and the accumulated postponed amount, with interest (as described below), shall be paid in a lump sum payment on the first payroll date that occurs after the end of the six-month period. If Grantee dies during the postponement period prior to the payment of postponed amount, the amounts withheld on account of Section 409A of the Code, with interest, shall be paid to the personal representative of Grantee’s estate within sixty (60) days after the date of Grantee’s death. A “specified employee” shall mean a Grantee who, at any time during the twelve (12) month period ending on the identification date, is a “specified employee” under Section 409A of the Code, as determined by the Company’s Board of Directors. The determination of “specified employees,” including the number and identity of persons considered “specified employees” and the identification date, shall be made by the Company’s Board of Directors in accordance with the provisions of Sections 416(i) and 409A of the Code and the regulations issued thereunder. If amounts are postponed on account of Section 409A, the postponed amounts will be credited with interest for the postponement period at the “prime rate” as published in The Wall Street Journal on the Termination Date. Notwithstanding the foregoing, payments under this Plan may be made without the delay for a period of six (6) months to the extent that the payments are made in compliance with the exemptions under Section 409A including, but not limited, to the separation pay exemption and short-term deferral exemption as determined in the reasonable judgment of the Company.

(ii) Notwithstanding anything in this Plan to the contrary, if required by Section 409A, payments may only be made under this Plan upon an event and in a manner permitted by Section 409A, to the extent applicable. As used in the Plan, the term “termination of employment” shall mean Grantee’s separation from service with the Company and its subsidiaries and affiliates within the meaning of Section 409A and the regulations promulgated thereunder. For purposes of Section 409A, the right to a series of payments under the Plan shall be treated as a right to a series of separate payments. In no event may Grantee designate the year of payment for any amounts payable under the Plan. All reimbursements and in-kind benefits provided under the Plan shall be made or provided in accordance with the requirements of Section 409A of the Code.

8. GOVERNING LAW

The Plan and all determinations made and actions taken pursuant to the Plan shall be governed in accordance with Pennsylvania law.

9. EFFECTIVE DATE

The effective date of this Plan is as of January 1, 2008.