

SALESFORCE COM INC
Form 8-K
November 24, 2015

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

November 22, 2015
Date of Report (date of earliest event reported)

SALESFORCE.COM, INC.
(Exact name of Registrant as specified in charter)

| | | |
|---|---------------------------------------|---|
| Delaware (State or other jurisdiction of incorporation) | 001-32224 (Commission File Number) | 94-3320693 (I. R. S. Employer Identification No.) |
|---|---------------------------------------|---|

The Landmark @ One Market, Suite 300
San Francisco CA 94105
(Address of principal executive offices)

Registrant's telephone number, including area code: (415) 901-7000

N/A
(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))

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

Effective November 22, 2015, the Compensation Committee (the “Committee”) of the Board of Directors of salesforce.com, inc. (the “Company”) approved changes to the compensation arrangements of Mr. Marc Benioff, our principal executive officer; Mr. Mark Hawkins, our principal financial officer; and Messrs. Keith Block, Alexandre Dayon, Parker Harris and Burke Norton, each a named executive officer (collectively, the “Named Executive Officers”). The table below sets forth the annual base salary and annual target bonus for the Named Executive Officers that will be effective on February 1, 2016 for fiscal year 2017. The bonus amounts will be determined based upon achievement of a mix of Company and individual performance objectives pursuant to the Company’s Kokua Bonus Plan.

| Name | Annual Base Salary for Fiscal Year 2017 | Annual Target Bonus for Fiscal Year 2017 |
|-----------------|---|--|
| Marc Benioff | \$ 1,550,000 | \$ 3,100,000 |
| Keith Block | \$ 1,150,000 | \$ 1,150,000 |
| Alexandre Dayon | \$ 900,000 | \$ 900,000 |
| Parker Harris | \$ 900,000 | \$ 900,000 |
| Mark Hawkins | \$ 750,000 | \$ 750,000 |
| Burke Norton | \$ 750,000 | \$ 750,000 |

Also effective November 22, 2015, the Committee approved a new performance-based restricted stock unit award to Mr. Benioff, subject to vesting based on a performance-based condition and a service-based condition, as described in more detail below. The Committee also approved stock option and restricted stock unit grants to the Named Executive Officers as set forth below. The stock options grant the right to purchase shares of common stock at the fair market value on the grant date. Both the stock option and restricted stock unit grants are subject in each case to the Company’s applicable standard four-year vesting schedule.

| Name | Stock Options | Restricted Stock Units | Performance-Based Restricted Stock Units |
|-----------------|---------------|------------------------|--|
| Marc Benioff | 481,116 | N/A | 191,382 |
| Keith Block | 490,581 | N/A | N/A |
| Alexandre Dayon | 313,972 | 19,756 | N/A |
| Parker Harris | 235,479 | 14,817 | N/A |
| Mark Hawkins | 235,479 | 14,817 | N/A |
| Burke Norton | 235,479 | 14,817 | N/A |

The performance-based restricted stock unit award to Mr. Benioff provides that, if he remains employed through December 15, 2018, he will vest in a percentage of the target number of shares shown above, between zero and 200%, depending on how the Company’s total shareholder return (“TSR”) ranks over the three-year period from the grant date (the “Performance Period”), relative to the companies in the NASDAQ-100 Index as of the grant date (the “Index Group”). If the Company’s TSR over the Performance Period is at the 6th percentile when ranked against the TSRs of the companies in the Index Group, 100% of the target number of shares will be eligible to vest. For every percentile by which the Company’s TSR ranking within the Index Group exceeds the 6th percentile, the number of shares eligible to vest will increase by 2^{22/39}% of target, up to a maximum payout of 200% of target if the Company’s TSR ranking is at the 99th percentile. For every percentile by which the Company’s TSR ranking within the Index Group is below the

60th percentile, the number of shares eligible to vest will decrease by 3^{1/3}% of target, with no payout if the Company's TSR ranking is below the 30th percentile. Additionally, if the Company's absolute TSR over the Performance Period is negative, in no event will the number of shares eligible to vest exceed 100% of the target amount, even if the Company's TSR ranks above the 60th percentile within the Index Group.

Special vesting rules apply in the event of a change of control. The award provides that if a change of control of the Company occurs during Mr. Benioff's employment, shares will become eligible to vest based on how the Company's TSR performance ranks relative to the Index Group from the grant date through the date of the change of control (instead of through the three year Performance Period), using the same zero to 200% scale described above. A portion of the service-based condition will be considered satisfied as of the date of a change of control, and a pro-rated portion of the eligible shares (if any) will vest to reflect service through that date, with the remaining eligible shares vesting in equal quarterly installments thereafter over the balance of the original Performance Period, subject to Mr. Benioff's continued employment through each vesting date. Any shares eligible to vest based on the TSR performance are also subject to accelerated vesting if Mr. Benioff's employment terminates within three months before, or 18 months after, a change of control in a qualifying termination of employment, determined in accordance with the terms of his existing change of control and retention agreement.

The performance-based restricted stock unit award to Mr. Benioff is subject to the terms and conditions of an award agreement, a copy of which is included as Exhibit 10.1 to this report on Form 8-K and which is incorporated herein by reference and qualifies in its entirety the above description of the award's terms.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|-------------|---|
| 10.1 | Performance-Based Restricted Stock Unit Agreement |

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 24, 2015

salesforce.com, inc.

/s/ Burke F. Norton
Burke F. Norton
Chief Legal Officer

EXHIBIT INDEX

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|----------------|---|
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