# FORM 8-K

Current report filing

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## FILER

**EMULEX CORP /DE/**

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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):*** **August 26, 2008**

# EMULEX CORPORATION

*(Exact name of registrant as specified in its charter)*

| Delaware | 001-31353 | 51-0300558 |
|---|---|---|
| *(State or other jurisdiction of incorporation)* | *(Commission File Number)* | *(IRS Employer Identification No.)* |

3333 Susan Street
Costa Mesa, California 92626
*(Address of principal executive offices, including zip code)*

*Registrant's telephone number, including area code:* (714) 662-5600

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**

(e) *Changes in Base Salaries for Certain Executive Officers*. Effective August 26, 2008, the Compensation Committee of the Board of Directors of the Company increased the annual base salaries of its named executive officers. Other than the changes in base salary and the resulting changes in severance amounts and target bonuses (each of which is determined based on base salary), and the elimination of automobile allowances and out of pocket health care expense reimbursements, all other terms of the compensation arrangements for such named executive officers remained unchanged. Attached as Exhibit 10.1 to this Form 8-K and incorporated herein by this reference is a summary of the compensation of the named executive officers, as amended.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 10.1 | Description of Compensation Arrangements for Certain Executive Officers |

SIGNATURE

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.

| | |
|---|---|
| | EMULEX CORPORATION<br>(Registrant) |
| Date: August 29, 2008 | By: /s/ James M. McCluney<br>James M. McCluney,<br>Chief Executive Officer and President |
| Date: August 29, 2008 | By: /s/ Michael J. Rockenbach<br>Michael J. Rockenbach<br>Executive Vice President,<br>Chief Financial Officer |

## Exhibits Index

| Exhibits | Description |
|---|---|
| 10.1 | Description of Compensation Arrangements for Certain Executive Officers |

Exhibit 10.1

EMULEX CORPORATION

Description of Compensation Arrangements for Certain Executive Officers

The following is a description of the compensation arrangements for each of the Company' s named executive officers listed in the Company' s Proxy Statement for the 2007 Annual Meeting of Stockholders of Emulex Corporation, excepting for Mr. Michael E. Smith, who ceased to be an employee of the Company on July 18, 2008. The compensation for these executive officers consists of base salary and perquisites, long-term incentive compensation and annual cash bonus compensation. Effective September 1, 2008, the following are the base salaries (on an annual basis) of the Company' s named executive officers:

| Name and Principal Position | New Base Salary |
| --- | --- |
| Paul F. Folino<br>Executive Chairman | $ 603,827 |
| James M. McCluney<br>Chief Executive Officer and President | $ 585,750 |
| Jeffrey W. Benck<br>Exec. V.P. and Chief Operating Officer | $ 412,110 |
| Michael J. Rockenbach<br>Exec. V.P. and Chief Financial Officer | $ 351,696 |
| Marshall D. Lee<br>Exec. V.P., Engineering | $ 319,304 |

Effective on September 1, 2008, the following other compensation amounts were eliminated: (a) for Mr. Folino, an automobile allowance of $10,800 per year and an out of pocket health care expense reimbursement of up to $5, 000 per year; (b) for Mr. McCluney, an automobile allowance of $10,510 per year and an out of pocket health care expense reimbursement of up to $5,000 per year; (c) for Mr. Benck, an automobile allowance of $9,600 per year and an out of pocket health care expense reimbursement of up to $5,000 per year; (d) for Mr. Rockenbach, an automobile allowance of $9,600 per year and an out of pocket health care expense reimbursement of up to $5,000 per year; and (e) for Mr. Lee, an automobile allowance of $9,600 per year and an out of pocket health care expense reimbursement of up to $5,000 per year.

The Company does not have employment agreements with any of its executive officers but has executed key employee retention agreements with each of its named executive officers and certain other officers and key employees of the Company. The Company' s agreement with Mr. Folino entitles him to receive the following payments and benefits in the event of termination of his employment by the Company without cause or by Mr. Folino because of a demotion (as defined in such agreement) within 2 years after a change in control of the Company: (i) a severance payment equal to the present value of 2 times the sum of Mr. Folino' s annual salary plus the highest annual average of any 2 of his last 3 annual bonuses; (ii) continuation for 2 years following termination of employment of his health and life insurance, disability income and tax assistance (reduced to the extent similar benefits are received by him from another employer); and (iii) acceleration of his right to exercise his stock options and vesting of any restricted stock awards based on the length of his continued employment following the grant of the option by one year upon the change in control of the Company and full acceleration of such option exercise right and vesting of restricted stock awards in the event of termination of his employment without cause or because of a demotion (as defined in such agreement) within two years after the change in control.

Mr. McCluney' s key employee retention agreement is substantially the same as Mr. Folino' s agreement described above. Additionally, in the event that Mr. McCluney is terminated without cause (regardless of whether a change in control has occurred), he will be entitled to severance in the amount of one year' s base salary at the rate then in effect, any deferred incentive bonuses, reimbursement of COBRA premiums, if any, for one year, and continued vesting of his stock options for one year.

The above descriptions are qualified in their entirety by the forms of Key Employee Retention Agreements for Mr. Folino and Mr. McCluney which are incorporated herein by reference to Exhibits 10.2 and 10.1, respectively, to the Company' s Current Report on Form 8-K filed on September 6, 2006.

The Company also has entered into similar agreements with each of the other named executive officers which provide for benefits similar to those described above, except that the severance payment is equal to the present value of one times the sum of the employee' s annual salary plus the highest annual average of any 2 of the employee' s last 3 annual bonuses; and continuation for one year following termination of employment of the employee' s health and life insurance, disability income and tax assistance (reduced to the extent similar benefits are received by the employee from another employer). The form of key employee retention agreement for each of the other named executive officers is filed as Exhibit 10.7 to the Company' s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2006.

Additionally, the Company' s executive officers are entitled to participate in health and welfare and retirement plans, perquisite, fringe benefit and other arrangements generally available to other salaried employees. In addition, each officer is entitled to participate in the Emulex Corporation Retirement Savings Plan, and receives group term life insurance premiums and health care reimbursement paid with respect to the named executive.

The Company’ s executive officers are eligible for annual performance-based cash bonuses under the Company’ s Executive Bonus Plan. The Bonus Plan is intended to provide incentives to executive officers and other participants in the form of quarterly cash bonus payments based on Company performance against net revenue and net operating income targets established periodically and, in certain circumstances, other specified business goals. Actual goals for measurement purposes are the Company’ s fiscal annual operating plan that is approved by the Board of Directors. In addition, a discretionary bonus for recognition of extraordinary contributions to the success of the company may be recommended by the Chairman or Chief Executive Officer. All bonus recommendations are subject to the approval of the Compensation Committee. Each executive officer of the Company has a quarterly target award opportunity expressed as a percentage of quarterly gross base salary at the end of the quarter in question. The quarterly target award opportunity for the executives range from 35% to 90% of quarterly base salary (the “target award percentage”). Each participant’ s quarterly bonus is weighted based upon achieving a combination of corporate performance goals. For example, 45% of an executive officer’ s bonus may be based upon achievement of net revenue performance goals with the remaining 55% of the bonus based on achievement of net operating income performance. Targeted quarterly bonuses are further adjusted by application of an accelerator formula pursuant to which bonuses are increased to reward for over-achievement of targets and decreased to minimize bonus payments for performance below targeted levels. For example, if quarterly net revenue is 10% more than targeted net revenue, the bonus attributable to achievement of net revenue targets for such quarter will be between 15 and 20% above the targeted bonus amount. Similarly, if quarterly revenue is 10% less than targeted net revenue, the bonus attributable to achievement of net revenue targets for such quarter will be decreased by 15% to 20% percent from the targeted bonus amount. Net revenue and net operating income bonuses are treated separately regardless of the award formula. However, no net revenue bonus or net operating income bonus will be paid for a given quarter unless at least 80% of the corresponding net revenue or net operating income goal, as the case may be, is achieved. In addition, no bonus payout of any kind shall be made if net operating income is less than 50% of the applicable net operating income goal. A participant must be an employee for the entire quarter to be eligible for a quarterly bonus. Quarterly bonuses are generally paid 30 days following the end of each quarter. Award formulas under the Bonus Plan are established for a fiscal year and may be modified, extended, or canceled annually at the discretion of the Compensation Committee. The foregoing description is qualified in its entirety by the Executive Bonus Plan which is filed as Exhibit 10.3 to the Company’ s Current Report on Form 8-K filed on September 6, 2006.

Long term incentives are provided to the named executives in accordance with the Company’ s 2005 Equity Incentive Plan which is attached as Appendix A to the Company’ s Definitive Proxy Statement for the Annual Meeting of Stockholders held on November 15, 2007. In addition, the Company’ s executive officers have previously received options pursuant to option or other equity plans maintained by the Company prior to the adoption of the 2005 Equity Incentive Plan in 2005.