

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

Zalicus Inc.

CIK: **1135906** | IRS No.: **043514457** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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CAMBRIDGE MA 02142

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CAMBRIDGE MA 02142
617-301-7000

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): January 4, 2013

ZALICUS INC.

(Exact name of Registrant as specified in its charter)
Delaware

(State or other jurisdiction of incorporation)

000-51171
(Commission File No.)

04-3514457
(IRS Employer Identification No.)

**245 First Street
Third Floor
Cambridge, MA 02142**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(617) 301-7000**

None

(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))

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

On January 4, 2013, Zalicus Inc. (the "Company") entered into amendments to the employment agreements with two of its executive officers: Justin Renz, Executive Vice President, Chief Financial Officer and Treasurer and Jason Cole, Executive Vice President, Corporate Development and General Counsel. The purpose of the amendments was solely to extend the amount and duration of severance benefits from 12 months to 18 months. A summary of the provisions of the employment agreements of Mr. Renz and Mr. Cole, that were amended on January 4, 2013 are below.

Mr. Renz is employed by the Company pursuant to an employment agreement, as amended. Either Mr. Renz or the Company may terminate his employment for any reason. If the Company terminates Mr. Renz's employment without cause or if Mr. Renz terminates his employment for good reason, both as defined in the agreement, he will be entitled to a lump sum payment equal to 18 months of his then current base salary, 18 months of the premium cost of participation in the Company's medical and dental plans, subject to applicable law and plan terms, and accelerated vesting of 100% of the stock options which remain unvested on the date of termination, in each case subject to the execution of a release of claims. In the event the Company terminates Mr. Renz without cause or Mr. Renz terminates for good reason following a change of control, Mr. Renz would be entitled to the same severance benefits provided above.

Mr. Cole is employed as Executive Vice President, Corporate Development and General Counsel of the Company pursuant to an employment agreement, as amended. Either Mr. Cole or the Company may terminate his employment for any reason. If the Company terminates Mr. Cole's employment without cause or if Mr. Cole terminates his employment for good reason, both as defined in the agreement, he will be entitled to a lump sum payment equal to 18 months of his then current base salary, 18 months of the premium cost of participation in the Company's medical and dental plans, subject to applicable law and plan terms, and accelerated vesting of 100% of the stock options which remain unvested on the date of termination, in each case subject to the execution of a release of claims. In the event the Company terminates Mr. Cole without cause or Mr. Cole terminates for good reason following a change of control, Mr. Cole would be entitled to the same severance benefits provided above.

The description of the amendments to the employment agreements of Mr. Renz and Mr. Cole are qualified in their entirety by the full text of the documents effecting such amendments, which are filed herewith as Exhibits 10.1 and 10.2.

Additional information regarding compensation of the Company's executive officers and directors will be provided in the Company's proxy statement to be filed with the Securities and Exchange Commission in connection with the Company's 2013 Annual Meeting of Stockholders.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. **Description**

- | | |
|------|---|
| 10.1 | Letter Agreement, dated as of January 4, 2013, between the Company and Mr. Justin Renz. |
| 10.2 | Amendment No. 2, dated as of January 4, 2013, to the letter agreement between the Company and Mr. Jason Cole, dated as of January 23, 2006 and amended as of December 15, 2008. |

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.

Zalicus Inc.

By: /s/ Jason Cole

Name: Jason Cole

Title: Executive Vice President, Corporate Development and
General Counsel

Dated: January 9, 2013

Index to Exhibits

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Exhibit 10.1

ZALICUS

January 4, 2013

Justin Renz

Executive Vice President, Chief Financial Officer and Treasurer c/o Zalicus Inc.

245 First Street Cambridge, MA 02142

Re: Severance Arrangements

Dear Justin:

As we discussed, this letter describes the separation pay and benefits that will be provided to you in the event that Zalicus Inc. (the "Company") terminates your employment other than for Cause (as defined below) or you terminate your employment for Good Reason (as defined below).

If (i) the Company terminates your employment other than for Cause (as defined below) or (ii) you terminate your employment for Good Reason (as defined below) upon written notice to the Company setting forth in reasonable detail the nature of such Good Reason, whether before or after a Change of Control (as defined below), then the Company: (A) shall provide you eighteen (18) months of severance pay, at the rate of your base pay in effect immediately prior to the termination, payable in a lump sum within five (5) business days after the effective date of the separation agreement described below; (B) shall pay the premium cost of your participation in the Company's group medical and dental plans for a period of eighteen (18) months following the date of termination, provided that you are entitled to continue such participation under applicable law and plan terms; and (C) shall cause to become vested on the date of termination 100% of any options previously granted to you which remain unvested on that date and you shall be entitled to not less than ninety (90) days following the date of termination to exercise all or any portion of such options, provided that in no event may the exercise date extend beyond the original maximum term of the option.

In the event that it is determined that any payments or benefits provided by the Company to you or for your benefit, either under this Agreement or otherwise, will be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code or any successor provision ("Section 4999"), you may elect either to pay such excise tax or to have such payments and benefits reduced to the extent necessary so that you shall not be liable for any such excise tax.

"Cause" for termination means: (i) your conviction of a felony; (ii) your willful failure to perform (other than by reason of disability), or gross negligence in the

performance of, your duties and responsibilities, which failure or negligence continues or remains uncured after thirty (30) days' written notice to you setting forth in reasonable detail the nature of such failure or negligence; (iii) material breach by you of any provision of any agreement between you and the Company, which breach continues or remains uncured after thirty (30) days' written notice to you setting forth in reasonable detail the nature of such breach; or (iv) material fraudulent conduct by you with respect to the Company.

A "Change of Control" shall be deemed to have occurred when any of the following events takes place: (i) any Person is or becomes the beneficial owner (as defined in Rule 13d-3 under the Securities and Exchange Act of 1934, as amended), directly or indirectly, of fifty (50%) percent or more of the outstanding common stock of the Company; (ii) a sale, merger or consolidation after which securities possessing more than fifty (50%) percent of the total combined voting power of the Company's outstanding securities have been transferred to or acquired by a Person or Persons different from the Persons who held such percentage of the total combined voting power immediately prior to such transaction; (iii) the sale, transfer or other disposition of all or substantially all of the Company's assets to one or more Persons (other than a wholly owned subsidiary of the Company or a parent company whose stock ownership after the transaction is the same as the Company's ownership before the transaction); or (iv) an acquisition, merger or similar transaction or a divestiture of a substantial portion of the Company's business after which your role is not substantially the same as such role prior to the transaction. For purposes of this Change of Control definition, "Person" means an individual, a corporation, a limited liability

company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any persons or entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by either management authority or equity interest.

“Good Reason” for termination by you means (i) the Company materially reducing the scope of your duties and responsibilities or materially demoting or reducing your authority; (ii) a material change to your primary place of employment with the Company, which results in the Company changing your primary place of employment to a location that is more than fifty (50) miles from your primary place of employment with the Company immediately prior to such change; or (iii) the Company materially reducing your base salary.

In order to receive any severance pay, benefit premium contributions or vesting of stock options under this Agreement, you must execute, and not revoke, a separation agreement that includes a general release of claims in a form required by the Company.

If at the time of your separation from service, you are a “specified employee,” as hereinafter defined, any and all amounts payable under this Agreement in connection with such separation from service that constitute deferred compensation subject to Internal Revenue Code, § 409A (“Section 409A”), as determined by the Company in its sole discretion, and that would (but for this sentence) be payable within six months

following such separation from service, shall instead be paid on the date that follows the date of such separation from service by six (6) months. For purposes of the preceding sentence, “separation from service” shall be determined in a manner consistent with subsection (a)(2)(A)(i) of Section 409A and the term “specified employee” shall mean an individual determined by the Company to be a specified employee as defined in subsection (a)(2)(B)(i) of Section 409A.

You agree that you will not disclose this letter or any of its terms, except to members of your immediate family and to your legal and tax advisors. You agree that you are not entitled to any separation pay or benefits other than those described in this Agreement, including without limitation, the separation pay and benefits provided by both (i) the offer letter, dated as of August 31, 2006, between you and the Company and (ii) the severance agreement, dated as of December 17, 2008, between you and the Company. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

If the foregoing is acceptable to you, please sign the enclosed copy of this letter and return it to me.

Sincerely,

/s/ Mark Corrigan

Mark Corrigan

President and Chief Executive Officer

ACCEPTED AND AGREED:

/s/ Justin A. Renz

Dated: January 4, 2013

Exhibit 10.2

AMENDMENT NO. 2

This Agreement amends the letter agreement between Zalicus Inc. (f/k/a CombinatoRx, Incorporated) (the “Company”) and Jason Cole (the “Employee”) dated as of January 23, 2006 and amended as of December 15, 2008 (the “Employment Agreement”). All capitalized terms used in this Agreement shall have the meaning ascribed to them in the Employment Agreement, unless otherwise expressly provided herein.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section of the Employment Agreement is amended by striking the existing Section 5 in its entirety and replacing it with the following new Section 5:

“Termination of Employment. If (i) the Company terminates your employment other than for Cause (as defined below) or (ii) you terminate your employment for Good Reason (as defined below) upon written notice to the Company setting forth in reasonable detail the nature of such Good Reason, whether before or after a Change of Control (as defined below), then the Company (A) shall provide you eighteen (18) months of severance pay, at the rate of the base pay in effect immediately prior to the termination, payable in a lump sum within five (5) business days after the effective date of the separation agreement described below; (B) shall pay the premium cost of your participation in the Company’s group medical and dental plans for a period of twelve (12) months following the date of termination, provided that you are entitled to continue such participation under applicable law and plan terms; and (C) shall cause to become vested on the date of termination 100% of any options granted pursuant to Section 3 hereof or otherwise which remain unvested on that date and you shall be entitled to not less than ninety (90) days following the date of termination to exercise all or any portion of such options, provided that in no event may the exercise date extend beyond the original maximum term of the option.

In the event that it is determined that any payments or benefits provided by the Company to you or for your benefit, either under this Agreement or otherwise, will be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code or any successor provision (“Section 4999”), you may elect either to pay such excise tax or to have such payments and benefits reduced to the extent necessary so that you shall not be liable for any such excise tax.

“Cause” for termination means: (i) your conviction of a felony; (ii) your willful failure to perform (other than by reason of disability), or gross negligence in the performance of, your duties and responsibilities, which failure or negligence continues or remains uncured after thirty (30) days’ written notice to you setting forth in reasonable detail the nature of such failure or negligence; (iii) material breach by you of any

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provision of any agreement between you and the Company, which breach continues or remains uncured after thirty (30) days’ written notice to you setting forth in reasonable detail the nature of such breach; or (iv) material fraudulent conduct by you with respect to the Company.

A “Change of Control” shall be deemed to have occurred when any of the following events takes place: (i) any Person is or becomes the beneficial owner (as defined in Rule 13d-3 under the Securities and Exchange Act of 1934, as amended), directly or indirectly, of fifty (50%) percent or more of the outstanding common stock of the Company; (ii) a sale, merger or consolidation after which securities possessing more than fifty (50%) percent of the total combined voting power of the Company’s outstanding securities have been transferred to or acquired by a Person or Persons different from the Persons who held such percentage of the total combined voting power immediately prior to such transaction; (iii) the sale, transfer or other disposition of all or substantially all of the Company’s assets to one or more Persons (other than a wholly owned subsidiary of the Company or a parent company whose stock ownership after the transaction is the same as the Company’s ownership before the transaction); or (iv) an acquisition, merger or similar transaction or a divestiture of a substantial portion of the Company’s business after which your role is not substantially the same as such role prior to the transaction. For

purposes of this Change of Control definition, "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any persons or entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by either management authority or equity interest.

"Good Reason" for termination by you means (i) the Company materially reducing the scope of your duties and responsibilities or materially demoting or reducing your authority; (ii) a material change to your primary place of employment with the Company, which results in the Company changing your primary place of employment to a location that is more than fifty (50) miles from your primary place of employment with the Company immediately prior to such change; or (iii) the Company materially reducing your base salary.

In order to receive any severance pay, benefit premium contributions or vesting of stock options or restricted stock under this Section 5, you must execute, and not revoke, a separation agreement that includes a general release of claims in a form required by the Company."

Except as expressly modified herein, the Employment Agreement and all of its terms and provisions, shall remain unchanged and in full force and effect. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

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Intending to be legally bound, the parties have signed this Agreement to take effect on the date on which it is signed by the second of the parties.

ZALICUS INC.: THE EMPLOYEE:

By: /s/ Mark Corrigan /s/ Jason F. Cole
Jason F. Cole

Title: CEO

Date: January 4, 2013 Date: January 4, 2013

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