

MModal Inc.
Form 8-K
July 18, 2012

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): July 2, 2012

MModal Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction

of Incorporation)

001-35069
(Commission

File Number)

98-0676666
(I.R.S. Employer

Identification No.)

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9009 Carothers Parkway

Franklin, Tennessee 37067

(Address of Principal Executive Offices) (Zip Code)

(866) 295-4600

(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:

- .. 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

(e) On July 2, 2012, in consideration of their substantial efforts and time commitment in managing the business and sales process of MModal Inc. (the Company) concurrently and to ensure the retention of key members of management following entry into the Agreement and Plan of Merger (the Merger Agreement), dated as of July 2, 2012, by and among Legend Parent, Inc., Legend Acquisition Sub, Inc. and the Company (filed with the Securities and Exchange Commission (SEC) on July 3, 2012 as Exhibit 2.1 to the Company's Current Report on Form 8-K), the Company's board of directors approved transaction close and retention bonuses in the following amounts for the following named executive officers of the Company: \$1,000,000 for Roger L. Davenport, Chairman and Chief Executive Officer; \$851,250 for Ronald L. Scarboro, Chief Financial Officer; and \$243,750 for Michael Finke, President. 50% of each individual's award will be paid out on the date of the closing (the Closing Date) of the merger contemplated by the Merger Agreement (together with the tender offer and the transactions contemplated by the Merger Agreement, the Transaction), an additional 25% will be paid out six months after the Closing Date and the remaining 25% will be paid out 12 months after the Closing Date. If the individual's employment is terminated without Cause (as defined in the applicable employment agreement), the individual will receive the remaining balance of the award payments within two pay periods of the termination date. If the individual resigns or the individual's employment is terminated with Cause, the individual will not have earned and will forgo any award payments not yet received.

The bonuses were recommended by the Company's Compensation Committee and were approved by the Company's board of directors after it had approved the Merger Agreement. Mr. Davenport did not participate in the deliberations or approval of the bonuses by the Company's board of directors. The Company's board of directors also reserved an additional \$200,000 in transaction close and retention bonuses, to be awarded at the discretion of the Company's Compensation Committee.

The bonuses will not reduce the amount to be paid to the Company's stockholders in the Transaction. If the payment of any such bonus to any of the Company's executive officers would result in such individual being subject to the excise tax (the Excise Tax) imposed under Section 4999 of the Internal Revenue Code, the Company may, in its sole discretion, reduce the amount of such bonus by the amount (as determined by a national accounting firm engaged by the Company) that would result in such individual no longer being subject to the Excise Tax.

Important Additional Information and Where to Find It

This Current Report on Form 8-K (Current Report) is neither an offer to purchase nor a solicitation of an offer to sell any shares of the common stock of the Company or any other securities. On July 17, 2012, affiliates of One Equity Partners (OEP) filed a tender offer statement on Schedule TO, including an offer to purchase, a letter of transmittal and related documents, with the SEC. Thereafter, the Company filed a solicitation/recommendation statement on Schedule 14D-9 with respect to the tender offer. The offer to purchase shares of the Company's common stock is only being made pursuant to the offer to purchase, the letter of transmittal and related documents filed with such Schedule TO. Investors and security holders are urged to read both the tender offer statement (including an offer to purchase, a related letter of transmittal and the other offer documents) and the solicitation/recommendation statement regarding the tender offer, as they may be amended from time to time, because they contain important information that should be read carefully before making any decision with respect to the tender offer. The tender offer statement has been filed with the SEC by affiliates of OEP, and the solicitation/recommendation statement has been filed with the SEC by the Company. Investors and security holders may obtain a free copy of these statements, the merger agreement and other documents filed with the SEC at the website maintained by the SEC at www.sec.gov or by directing such requests to the information agent for the tender offer. In addition, the tender offer statement and related documentation may be obtained for free by directing such requests to Georgeson Inc., 199 Water Street, 26th Floor, New York, New York 10038, Toll-Free Telephone: (888) 505-6583 or email: MModal@georgeson.com, and the solicitation/recommendation statement and related documents may be obtained for free by directing such requests to the Company at Investor Relations, 9009 Carothers Parkway, Suite C-2, Franklin, Tennessee, or ir@mmodal.com.

Forward-Looking Statements

Information provided and statements contained in this Current Report that are not purely historical, such as statements regarding expectations about the tender offer or future business plans, prospective performance and opportunities, regulatory approvals, the expected timing of the completion of the transaction and the ability to complete the transaction considering the various closing conditions, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this Current Report, and the Company assumes no obligation to update the information included in this Current Report. Statements made in this Current Report that are forward-looking in nature may involve risks and uncertainties. Accordingly, readers are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict, including, without limitation, the possibility that the transaction does not close, the risk that business disruption relating to the transaction may be greater than anticipated, the failure to obtain any required financing on favorable terms and other specific risk factors discussed herein and in other releases and public filings made by the Company (including filings by the Company with the SEC). Although the Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date made, expectations may prove to have been materially different from the results expressed or implied by such forward-looking statements. Unless otherwise required by law, the Company also disclaims any obligation to update its view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made in this Current Report.

SIGNATURES

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.

MModal Inc.

By: /s/ Kathryn F. Twiddy
Kathryn F. Twiddy, Chief Legal Officer

Date: July 18, 2012