

# TRAVELZOO INC

## FORM 8-K (Current report filing)

Filed 09/29/08 for the Period Ending 09/23/08

Address	590 MADISON AVENUE 37TH FLOOR NEW YORK, NY 10022
Telephone	2124844900
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Symbol	TZOO
SIC Code	7373 - Computer Integrated Systems Design
Industry	Computer Services
Sector	Technology
Fiscal Year	12/31

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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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): September 23, 2008

**Travelzoo Inc.**

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(Exact Name of Registrant as Specified in Charter)

Delaware

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(State or Other  
Jurisdiction of  
Incorporation)

000-50171

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(Commission  
File Number)

36-4415727

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(I.R.S. Employer  
Identification Number)

590 Madison Avenue, 37th Floor  
New York, New York

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(Address of Principal Executive Offices)

10022

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(Zip Code)

Registrant's telephone number, including area code:

(212) 484-4900  
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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))
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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) On September 23, 2008, Travelzoo Inc. (the “Company”) entered into an amendment to the employment agreements of its Chief Information Officer, Max Rayner, and of its Chief Financial Officer, Wayne Lee. Under the original terms of Mr. Rayner’s and Mr. Lee’s employment agreements, effective as of November 5, 2007 and December 9, 2005, respectively, they were each entitled to participate in the Company’s North America Executive Bonus Plan, pursuant to which they were eligible to receive up to \$50,000 in quarterly performance bonuses based on the achievement of quarterly targets relating to the Company’s North American revenue, operating income, significant customer concentration and “Top 20” subscribers. As a result of the Company’s expanded worldwide operations since the adoption of the North America Executive Bonus Plan in January, 2007, the Company has decided to discontinue the North America Executive Bonus Plan. The terms of Mr. Rayner’s and Mr. Lee’s amended employment agreements will allow them to participate in an individual performance bonus plan in lieu of the North America Executive Bonus Plan.

Under the terms of Mr. Rayner’s amended employment agreement, he will be entitled to receive a quarterly bonus of up to \$60,000, based on the satisfaction, as determined by the Company’s Chief Financial Officer, of certain quarterly targets relating to Company revenue, significant customer concentration, operating income and worldwide subscribers.

Mr. Lee’s amended employment agreement provides him the right to receive a quarterly bonus of up to \$45,000, based on the satisfaction, as determined by the Company’s Chief Executive Officer, of certain quarterly targets relating to Company revenue, significant customer concentration, operating income and worldwide subscribers. Mr. Lee will also be eligible to receive a discretionary quarterly bonus of up to \$15,000, based on the Company’s Chief Executive Officer’s evaluation of his individual performance.

Copies of the amendments are attached as Exhibits 99.1 and 99.2 and are incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits. See Exhibit Index.

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## 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.

TRAVELZOO INC.

Date: September 29, 2008

By: /s/ Wayne Lee  
Wayne Lee  
Chief Financial Officer

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## EXHIBIT INDEX

<b><u>Exhibit No.</u></b>	<b><u>Description of Exhibit</u></b>
99.1	Amendment No. 1 to Employment Agreement between Max Rayner and the Company, effective September 23, 2008
99.2	Amendment No. 1 to Employment Agreement between Wayne Lee and the Company, effective September 23, 2008

**AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT**

This Amendment No. 1 to the Employment Agreement (this “Amendment”) is made effective as of September 23, 2008 (the “Effective Date”) by and between Travelzoo Inc. (the “Company”) and Max Rayner (“Employee”) with reference to the following facts:

A. The Company and Employee are parties to an Employment Agreement dated November 5, 2007 (the “Employment Agreement”).

B. Employee acknowledges that this amendment serves in lieu of a notification of the discontinuation of the North America Executive Bonus Plan from January 1, 2007, as amended, and accepts the Company’s proposal to substitute the North America Executive Bonus Plan with an individual Performance Bonus Plan for Employee.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and such other good and valuable consideration, the parties agree as follows:

1. The entire Section 3(b) of the Employment Agreement is hereby deleted and the following is substituted in its place:

**“(b) Performance Bonus** . Employee will be eligible to participate in a quarterly Performance Bonus plan (“Performance Bonus”), under which Employee may receive, in addition to his Base Salary, a bonus in an amount between zero and \$60,000 per calendar quarter. Employee must be employed by the Company through the last day of the quarter in order to receive any Performance Bonus attributable to such quarter with the following exceptions: the bonus for such quarter shall be pro rated only if the first or last calendar quarter of the Term is less than a full quarter because: (i) the Agreement expired at the end of the Term; (ii) Employee’s employment is terminated without Cause under Section 2(a) or due to a disability under Section 2(c); or (iii) Employee resigns for Good Reason under Section 2(d) or following a Change of Control under Section 2(e).

The following schedule applies for calculating a bonus.

<u>Criteria</u>	<u>Amount</u>
Worldwide revenue target for the quarter met AND there are no more than two Significant Customers AND no Significant Customer accounts for 17% or more of Worldwide consolidated revenue for the quarter.	\$20,000
Worldwide operating income target for the quarter met.	\$20,000
Worldwide subscriber target for the quarter met.	\$20,000
Total max. Performance Bonus per quarter	\$60,000

“Significant Customer” means, for any quarter, a customer that, together with its affiliates, accounts for 10% (rounded to the nearest 1%) or more of the Company’s worldwide consolidated revenue for the quarter.

The Company’s Chief Financial Officer will determine if the criteria are met.

Any bonus payment, if applicable, shall be paid to Employee in a lump sum as soon as administratively practicable following the end of the quarter to which it relates but no later than sixty (60) days after the end of the quarter and will be subject to applicable withholding and payroll taxes.

The Company shall notify Employee of any changes to the Performance Bonus in writing.”

2. The phrase “payable under the Performance Bonus Plan” is deleted from the first sentence in Section 3(c).

This Amendment shall commence on the Effective Date and continue in effect until the expiration or sooner termination of the Employment Agreement. This Amendment shall supersede and replace any inconsistent provisions of the Employment Agreement. Except as expressly set forth herein, all other terms of the Employment Agreement remain in full force and effect.

**TRAVELZOO INC.**

**MAX RAYNER**

By: \_\_\_\_\_  
Date: September 29, 2008

By: \_\_\_\_\_  
Date: September 29, 2008

**AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT**

This Amendment No. 1 to the Employment Agreement (this “Amendment”) is made effective as of September 23, 2008 (the “Effective Date”) by and between Travelzoo Inc. (the “Company”) and Wayne Lee (“Employee”) with reference to the following facts:

A. The Company and Employee are parties to an Employment Agreement dated December 9, 2005 (the “Employment Agreement”).

B. Employee acknowledges that this amendment serves in lieu of a notification of the discontinuation of the North America Executive Bonus Plan from January 1, 2007, as amended, and accepts the Company’s proposal to substitute the North America Executive Bonus Plan with an individual Performance Bonus Plan for Employee.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and such other good and valuable consideration, the parties agree as follows:

- The following new Section 3(e) is hereby added to the Employment Agreement:

**“(e) Performance Bonus** . Employee will be eligible to participate in a quarterly Performance Bonus plan (“Performance Bonus”), under which Employee may receive, in addition to his Base Salary, a bonus in an amount between zero and \$45,000 per calendar quarter. Employee must be employed by the Company through the last day of the quarter in order to receive any Performance Bonus attributable to such quarter with the following exceptions: the bonus for such quarter shall be pro rated only if the first or last calendar quarter of the Term is less than a full quarter because: (i) the Agreement expired at the end of the term; (ii) Employee’s employment is terminated without Cause under Section 2(a).

The following schedule applies for calculating a bonus.

<u>Criteria</u>	<u>Amount</u>
Worldwide revenue target for the quarter met AND there are no more than two Significant Customers AND no Significant Customer accounts for 17% or more of Worldwide consolidated revenue for the quarter.	\$15,000
Worldwide operating income target for the quarter met.	\$15,000
Worldwide subscriber target for the quarter met.	\$15,000
Total max. Performance Bonus per quarter	\$45,000

“Significant Customer” means, for any quarter, a customer that, together with its affiliates, accounts for 10% (rounded to the nearest 1%) or more of the Company’s worldwide consolidated revenue for the quarter.

The Company’s Chief Executive Officer will determine if the criteria are met.

Any bonus payment, if applicable, shall be paid to Employee in a lump sum as soon as administratively practicable following the end of the quarter to which it relates but no later than sixty (60) days after the end of the quarter and will be subject to applicable withholding and payroll taxes.

The Company shall notify Employee of any changes to the Performance Bonus in writing.”

2. The following new Section 3(f) is hereby added to the Employment Agreement:

**“(f) Discretionary Bonus** . In addition to Salary and any Performance Bonus payable, Employee shall be eligible to be considered for a discretionary CFO bonus (the “Discretionary Bonus”) in an amount between zero and \$15,000 per calendar quarter to be determined by the Chief Executive Officer in his sole and absolute discretion. In exercising such discretion, the Chief Executive Officer will take into consideration the Employee’s individual performance. If either the first or last calendar quarter of the term is less than a full quarter, the bonus for such quarter shall be pro rated.”

This Amendment shall commence on the Effective Date and continue in effect until the expiration or sooner termination of the Employment Agreement. This Amendment shall supersede and replace any inconsistent provisions of the Employment Agreement. Except as expressly set forth herein, all other terms of the Employment Agreement remain in full force and effect.

**TRAVELZOO INC.**

**WAYNE LEE**

By: \_\_\_\_\_  
Date: September 29, 2008

By: \_\_\_\_\_  
Date: September 29, 2008