

Kraton Performance Polymers, Inc.
Form 8-K
March 05, 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): 2/28/2012

Commission File Number

001-34581

Kraton Performance Polymers, Inc.

(Exact name of registrant as specified in its charter)

Delaware 20-0411521
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

15710 John F. Kennedy Blvd., Suite 300

Houston, TX 77032

(Address of principal executive offices, including zip code)

281-504-4700

(Registrant's telephone number, including area code)

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.

Establishment of Targets for 2012 Cash Incentive Plan. On February 28, 2012, the Compensation Committee of Kraton Performance Polymers, Inc. approved the 2012 Performance Targets under the Polymer Holdings LLC Cash Incentive Plan for the Kraton Leadership Team, which includes our named executive officers.

For the bonus year that ends December 31, 2012, the Committee has established the following Target Bonus amounts for our named executive officers:

Named Executive Officer	Target Bonus
Kevin M. Fogarty	1.0 x Base Salary
Stephen E. Tremblay	.60 x Base Salary
Holger R. Jung	.50 x Base Salary
Lothar P. F. Freund	.50 x Base Salary
G. Scott Lee	.50x Base Salary

As described more fully below, if the Business Performance Targets and the Personal Performance Targets are achieved at the maximum, or “stretch,” levels, each named executive officer’s actual bonus can be up to two times his Target Bonus.

The Compensation Committee has established Business Performance Targets for the Company and Personal Performance Targets for each named executive officer and has assigned a percentage weighting to the achievement of each. The actual bonus earned shall be the sum of the amount earned for achievement of Business Performance Targets and the amount earned for the achievement of the Personal Performance Targets, provided that if no bonus compensation is payable for the achievement of Business Performance Targets, then no annual bonus compensation shall be payable, and provided, further, that, because we consider the achievement of workplace safety as a key component of overall performance, a safety multiplier from 0.9 to 1.1 is applied to the total based on the overall safety performance of our company, such that the bonus for any given named executive officer will be calculated using the following formula:

$$\text{Safety Multiplier} \times ((0.75 \times \text{Business Factor}) + (0.25 \times \text{Personal Factor})) = \underline{\text{Total Annual Cash Incentive}}$$

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The Business Performance Targets are comprised of three performance measures, each of which is assigned an individual weighting by the Committee: achievement of adjusted EBITDA; achievement of operating cash flow; and percentage of innovation sales (percentage of income generated from sales of products commercialized within the past five years).

The Personal Performance Targets are comprised of a number of unique, individual performance measures, each of which is assigned an individual weighting, within the executive's area of management or control.

The Committee has established threshold, target and stretch targets for each of the Business Performance Targets and Personal Performance Targets, which if achieved, will provide a bonus multiplier of 0.5, 1.0 or 2.0, respectively.

Any such bonuses will be paid in cash, and the Company expects that such payments, if any, will be made in first quarter 2012.

Establishment of NEO Base Compensation for 2012. On February 28, 2012, our Compensation Committee established annual base compensation for our executive officers, including our named executive officers. For 2012, Mr. Fogarty's base compensation will be \$735,000 (raised from \$700,000), Mr. Tremblay's will be \$395,000 (raised from \$375,000), Dr. Jung's will be \$350,000 (unchanged), Dr. Freund's will be \$325,000 (unchanged) and Mr. Lee's will be \$300,000 (raised from \$275,000). Changes are effective April 1, 2012.

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.

Kraton Performance Polymers,
Inc.

Date: March 5, 2012 By: /s/ Stephen E. Tremblay
Stephen E. Tremblay
Chief Financial Officer