

**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) November 13, 2020



(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation)

**1-34761**  
(Commission File Number)

**33-0711569**  
(IRS Employer Identification No.)

**400 North Ashley Drive, Suite 300**  
**Tampa, Florida 33602-4314**  
(Address of principal executive offices) (Zip Code)

**(949) 225-4500**  
Registrant's telephone number, including area code

(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	AUTO	The Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

*Resignation of Joseph P. Hannan as Executive Vice President, Chief Financial Officer*

On November 13, 2020, Joseph P. Hannan, Executive Vice President, Chief Financial Officer of AutoWeb, Inc. (“**Company**”), notified the Company that he was resigning his positions with the Company effective November 30, 2020. Mr. Hannan will remain employed by the Company in a non-officer capacity until December 4, 2020 in order to assist in the transition of his duties and responsibilities.

*Appointment of Michael A. Sadowski as Executive Vice President, Chief Financial Officer*

By action taken as of November 17, 2020, the Board of Directors of the Company (“**Board**”) appointed Mr. Michael A. Sadowski, age 43, as Executive Vice President, Chief Financial Officer, to be effective November 30, 2020.

Prior to joining AutoWeb, Mr. Sadowski served as the Chief Marketing Officer (January 2019 to May 2020) and Chief Commercial Officer (May 2020 to November 2020) of GameWorks, Inc. Mr. Sadowski was employed by Cox Automotive, serving as Vice President, Operations & General Manager – Kelley Blue Book (2016 to 2018), Vice President, Sales Operations (2015 to 2016), Vice President, Operations (2014 to 2015), and Vice President, Finance (2012 to 2014). From 2009 to 2012, Mr. Sadowski served as Vice President, Finance for Quality Systems, Inc. (NASDAQ:QSII, now NextGen Healthcare, Inc.-NASDAQ:NXGN). Mr. Sadowski received his Bachelor of Business Administration from the University of Massachusetts and his Masters of Business Administration from the Marshall School of Business at the University of Southern California.

On November 17, 2020, the Board’s Compensation Committee (“**Compensation Committee**”) approved a base annual salary and target annual incentive compensation percentage for Mr. Sadowski in connection with his appointment to the position of Executive Vice President, Chief Financial Officer. Mr. Sadowski’s base annual salary will be \$335,000 and his target annual incentive compensation percentage will be 55% of his base annual salary.

The Compensation Committee also approved a grant of stock options to acquire 120,000 shares of the Company’s common stock at an exercise price equal to the closing price of the common stock on The Nasdaq Capital Market on the day Mr. Sadowski commences employment with the Company (“**Grant Date**”). The options will be granted as inducement options under Nasdaq rules. The options will have a term of seven years, and one-third of the options will vest on the first anniversary of the Grant Date and one thirty-sixth of the options shall vest on each successive monthly anniversary of the Grant Date for the following twenty-four months. Vesting of the options will accelerate upon the occurrence of certain events, including upon a change in control of the Company or upon a termination of Mr. Sadowski’s employment by the Company without cause or by Mr. Sadowski for good reason. The Company anticipates entering into an Inducement Stock Option Award Agreement with Mr. Sadowski upon the commencement of his employment to provide for the foregoing grant of stock options.

Additionally, the Compensation Committee approved severance benefits for Mr. Sadowski which provide that if Mr. Sadowski’s employment with the Company is terminated by the Company without cause or by Mr. Sadowski for good reason, Mr. Sadowski would be entitled to: (i) a lump sum payment equal to 6 months of his base annual salary; and (ii) continuation of his health and welfare insurance benefits for 6 months. The Company anticipates entering into a Severance Benefits Agreement with Mr. Sadowski upon the commencement of his employment to provide for the foregoing.

The foregoing descriptions of Mr. Sadowski’s terms of employment are not complete and are qualified in their entirety by reference to the Offer of Employment, which is filed with this Current Report on Form 8-K as Exhibit 10.1, and is incorporated herein by reference.

A copy of AutoWeb’s press release announcing the appointment of Mr. Sadowski is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

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

(d)       Exhibits

<b>Exhibit Number</b>	<b>Description</b>
<a href="#"><u>10.1</u></a>	Offer of Employment between Michael A. Sadowski and AutoWeb, Inc. dated November 16, 2020
<a href="#"><u>99.1</u></a>	Press Release dated November 19, 2020

**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.

**AUTOWEB, INC.**

Date: November 19, 2020

By: /s/ Glenn E. Fuller

Glenn E. Fuller

Executive Vice President

Chief Legal Officer and Secretary

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AutoWeb, Inc.  
400 North Ashley Dr., Suite 300  
Tampa, FL 33602  
Phone: (949) 225-4500  
www.autoweb.com

Sara Partin  
SVP, Chief People Officer  
Direct Line: 949.862.3069  
sara.partin@autoweb.com

November 16, 2020

Michael Sadowski  
[PERSONAL RESIDENCE ADDRESS REDACTED]

Re: Offer of Employment

Dear Michael:

This letter confirms the terms and conditions upon which AutoWeb, Inc., a Delaware corporation (“**Company**”) is offering employment to you. Note that this offer of employment and your employment by the Company is contingent upon (i) approval of the terms of this offer and your appointment as an officer of the Company by the Company’s board of directors and (ii) various conditions and requirements that must be completed prior to commencement of employment, which conditions and requirements are set forth below.

**1. Employment.**

(a) Effective as of the date you commence employment with the Company (“**Commencement Date**”), which date is anticipated to be November 30, 2020, the Company will employ you in the capacity set forth on the Exhibit A attached hereto (“**Offer Letter Schedule**”). In such capacity, you will report to such person or persons as may be designated by the Company from time to time.

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(b) Your employment is at will and not for a specified term and may be terminated by the Company or you at any time, with or without cause or good reason and with or without prior, advance notice. This “at-will” employment status will remain in effect throughout the term of your employment by the Company and cannot be modified except by a written amendment to this offer letter that is executed by both parties (which in the case of the Company, must be executed by the Company’s Chief Legal Officer) and that expressly negates the “at-will” employment status.

2. **Compensation, Benefits and Expenses.** As compensation for the services to be rendered by you pursuant to this agreement, you will receive the payments and be entitled to participate in the benefits set forth below, subject to the terms and conditions set forth below or in such payment or benefit plans or arrangements. If at any time a conflict between anything in this letter and the applicable benefit plan arises, the terms of the benefit plan controls. Your compensation and benefits shall be paid or made available in accordance with the Company’s normal payroll and other practices and policies of the Company.

(a) The Company hereby agrees to pay you a base salary as set forth on the Offer Letter Schedule.

(b) You shall be eligible to participate in annual incentive compensation plans, if any, that may be adopted by the Company from time to time and that are (i) afforded generally to persons employed by the Company at your employment level and position, geographic location and applicable department or operations within the Company (subject to the terms and conditions of any such annual incentive compensation plans); or (ii) that are developed and adopted specifically for you. Should such an annual incentive compensation plan be adopted for any annual period, your target annual incentive compensation opportunity will be as established by the Company for each annual period, which may be up to a percentage set forth on the Offer Letter Schedule of your annualized rate (i.e., 24 X Semi-Monthly Rate) based on achievement of objectives specified by the Company each annual incentive compensation period (which may include Company-wide performance objectives; divisional, department or operations performance objectives and/or individual performance objectives, allocated between and among such performance objectives as the Company may determine) and subject to adjustment by the Company based on the Company’s evaluation and review of your overall individual job performance in the sole discretion of the Company. Specific annual incentive compensation plan details, target incentive compensation opportunity and objectives for each annual compensation plan period will be established each year. Awards under annual incentive plans may be prorated by the Company in its discretion for a variety of factors, including time employed by the Company during the year, adjustments in base compensation or target award percentage changes during the year, and unpaid time off. You understand that the Company’s annual incentive compensation plans, their structure and components, specific target incentive compensation opportunities and objectives, the achievement of objectives and the determination of actual awards and payouts, if any, thereunder are subject to the sole discretion of the Company. Awards, if any, under any annual incentive compensation plan shall only be earned by you, and payable to you, if you remain actively employed by the Company through the date on which award payouts are made by the Company under the applicable annual incentive compensation plan. You will not earn any such award if your employment ends for any reason prior to that date.

(c) You shall be entitled to participate in such ordinary and customary benefits plans afforded generally to persons employed by the Company at your employment position and level and geographic location (subject to the terms and conditions of such benefit plans, your enrollment in the plans and making of any required employee contributions required for your participation in such benefits, your ability to qualify for and satisfy the requirements of such benefits plans). Upon commencement of employment with the Company, you will begin accruing vacation under the Company’s vacation accrual policy at the rate set forth on the Offer Letter Schedule. Accrual of vacation is subject to a limitation on accrual as set forth in the Company’s vacation accrual policy.

(d) You are solely responsible for the payment of any tax liability that may result from any compensation, payments or benefits that you receive from the Company. The Company shall have the right to deduct or withhold from the compensation due to you hereunder any and all sums required by applicable federal, state, local or other laws, rules or regulations, including, without limitation federal and state income taxes, social security or FICA taxes, and state unemployment taxes, now applicable or that may be enacted and become applicable during your employment by the Company.

(e) Upon termination of your employment by either party, whether with or without cause, you will be entitled to receive only that portion of your compensation, benefits, reimbursable expenses and other payments and benefits required by applicable law or by the Company’s compensation or benefit plans, policies or agreements in which you participate and pursuant to which you are entitled to receive the compensation or benefits thereunder under the circumstances of and at the time of such termination (subject to and payable in accordance with the terms and conditions of such plans, policies or agreements).

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3. **Pre-Hire Conditions and Requirements.** You have previously submitted an Application for Employment and a Consent to Conduct a Background Check. This offer of employment and your employment by the Company is contingent upon various conditions and requirements for new hires that must be completed prior to commencement of employment. These conditions and requirements include, among other things, the following:
- (i) Successful completion of the Company's background check.
  - (ii) Your acceptance, execution and delivery of this offer letter together with the Company's Employee Confidentiality Agreement and Mutual Agreement to Arbitrate, the forms of which accompany this offer letter and which are hereby incorporated herein by reference. Please sign this offer letter and these other documents and return the signed original documents to the Company's Human Resources Department.
  - (iii) Your execution and delivery of your acknowledgment and agreement to the Company's Employee Handbook and the various policies included therein, Securities Trading Policy, and Code of Conduct and Ethics. Upon your acceptance of this offer letter, you will be provided instructions how to access online, sign and return these documents.
  - (iv) Your compliance with all applicable federal and state laws, rules, regulation and orders, including (1) your execution and delivery of an I-9 Employment Eligibility Verification together with complying verification documents; and (2) your execution and delivery of a W-4 Employee's Withholding Allowance Certificate. Upon your acceptance of this offer letter, you will be provided instructions how to access online, sign and return these documents.

The documents referenced in Sections 3(ii), (iii) and (iv) above are referred to herein as the "**Standard Employee Documents.**"

4. **Amendments and Waivers.** This agreement may be amended, modified, superseded, or cancelled, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties hereto or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power, or privilege hereunder will operate as a waiver thereof, nor will any waiver on the part of any party of any right hereunder, nor any single or partial exercise of any rights hereunder, preclude any other or further exercise thereof or the exercise of any other right hereunder.
5. **Notices.** Any notice required or permitted under this agreement will be considered to be effective in the case of (i) certified mail, when sent postage prepaid and addressed to the party for whom it is intended at its address of record, three (3) days after deposit in the mail; (ii) by courier or messenger service, upon receipt by recipient as indicated on the courier's receipt; or (iii) upon receipt of an Electronic Transmission by the party that is the intended recipient of the Electronic Transmission. The record addresses, facsimile numbers of record, and electronic mail addresses of record for you are set forth on the signature page to this agreement and for the Company as set forth in the letterhead above and may be changed from time to time by notice from the changing party to the other party pursuant to the provisions of this Section 5. For purposes of this Section 5, "**Electronic Transmission**" means a communication (i) delivered by facsimile, telecommunication or electronic mail when directed to the facsimile number of record or electronic mail address of record, respectively, which the intended recipient has provided to the other party for sending notices pursuant to this Agreement and (ii) that creates a record of delivery and receipt that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.
6. **Choice of Law.** This agreement, its construction and the determination of any rights, duties or remedies of the parties arising out of or relating to this agreement will be governed by, enforced under and construed in accordance with the laws of the State of California, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such state.
7. **Severability.** Each term, covenant, condition, or provision of this agreement will be viewed as separate and distinct, and in the event that any such term, covenant, condition or provision will be deemed to be invalid or unenforceable, the arbitrator or court finding such invalidity or unenforceability will modify or reform this agreement to give as much effect as possible to the terms and provisions of this agreement. Any term or provision which cannot be so modified or reformed will be deleted and the remaining terms and provisions will continue in full force and effect.
8. **Interpretation.** Every provision of this agreement is the result of full negotiations between the parties, both of whom have either been represented by counsel throughout or otherwise been given an opportunity to seek the aid of counsel. No provision of this agreement shall be construed in favor of or against any of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof. Captions and headings of sections contained in this agreement are for convenience only and shall not control the meaning, effect, or construction of this agreement. Time periods used in this Agreement shall mean calendar periods unless otherwise expressly indicated.
9. **Entire Agreement.** This Agreement, together with the Standard Employee Documents, is intended to be the final, complete and exclusive agreement between the parties relating to the employment of you by the Company and all prior or contemporaneous understandings, representations and statements, oral or written, are merged herein. No modification, waiver, amendment, discharge or change of this agreement shall be valid unless the same is in writing and signed by the party against which the enforcement thereof is or may be sought.
10. **Counterparts; Facsimile or PDF Signature.** This agreement may be executed in counterparts, each of which will be deemed an original hereof and all of which together will constitute one and the same instrument. This agreement may be executed by facsimile or PDF signature by either party and such signature shall be deemed binding for all purposes hereof, without delivery of an original signature being thereafter required.
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This offer shall expire five (5) calendar days from the date of this offer letter. Should you wish to accept this offer and its terms and conditions, please confirm your understanding of, agreement to, and acceptance of the foregoing by signing and returning to the undersigned the duplicate copy of this offer letter enclosed herewith.

**AUTOWEB, INC.**

By: /s/ Sara Partin  
**Sara Partin**  
Senior Vice President,  
Chief People Officer

Accepted and Agreed  
as of the date  
first written above:

/s/ Michael Sadowski  
Michael Sadowski  
[PERSONAL RESIDENCE ADDRESS REDACTED]

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**Exhibit A**  
**Offer Letter Schedule**

**Employment Capacity/Title:** EVP, Chief Financial Officer

**Employment Commencement Date:** November 30, 2020

**Base Salary:** Semi-Monthly Rate of Thirteen Thousand Nine Hundred Fifty-Eight Dollars and Thirty-Three Cents (\$13, 958.33) which equates to an annualized rate of approximately Three Hundred Thirty-Five Thousand Dollars (\$335,000).

**Annual Incentive Compensation Target:** 55%.

**Stock Options:** 120,000. Priced at closing price of common stock on The Nasdaq Capital Market on employment commencement date. Stock Options shall be granted as inducement options under NASDAQ.

**Vacation Accrual Rate:** Vacation accrues at a rate equal to 3 weeks (120 hours for full-time employees) per year (5 hours per pay period).

/s/ MS

Employee Initials

/s/ SP

Company Initials

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## AutoWeb Appoints Michael Sadowski to Chief Financial Officer

*Former Cox Automotive Executive to Lead Finance Organization Through AutoWeb's Next Phase of Growth*

**TAMPA, Fla., Nov. 19, 2020** — AutoWeb, Inc. (Nasdaq: AUTO), a robust digital marketing platform providing digital advertising solutions for automotive dealers and OEMs, has appointed Michael Sadowski as executive vice president and chief financial officer (CFO), succeeding J.P. Hannan effective Nov. 30, 2020. Hannan will remain with the company for a brief period to facilitate a smooth transition.

Sadowski brings a diverse background of financial and operational expertise to AutoWeb, with more than two decades of experience in automotive, analytics and digital marketing for companies like Cox Automotive, GameWorks and General Electric. At Cox Automotive, Sadowski led a variety of finance and operations functions for Kelley Blue Book, Autotrader and Dealer.com, and worked closely with several members of AutoWeb's current senior leadership team.

"Mike's unique breadth of experience and track record of success will undoubtedly strengthen our executive team," said Jared Rowe, president and CEO of AutoWeb. "After our time at Cox, I hoped for an opportunity to work together again, and I am thrilled that the timing aligned so well for him to join our team. Mike will be an important part of our team as we move past the turnaround stages of our business and focus on product innovation and growth. He shares our philosophy and approach to running a lean and efficient organization, and we have personally seen his relentless drive and commitment to results."

During Sadowski's time at GameWorks, he was responsible for all revenue-generating functions—including product, analytics, business development, and sales and marketing—as well as digital strategies and experiences. Earlier in his career, Sadowski served in various financial management roles at publicly traded companies like General Electric Company and NextGen Healthcare, Inc., where he was responsible for financial planning and analysis (FP&A), mergers and acquisitions, strategy and treasury functions.

Sadowski holds a bachelor's degree from the University of Massachusetts' Isenberg School of Management and an MBA from the University of Southern California's Marshall School of Business. He was also a recipient of Auto Remarketing Magazine's 2017 "40 Under 40" designation.

"As we welcome Mike to AutoWeb, I want to thank J.P. for his many significant contributions as our CFO over the past two years," Rowe continued. "He played a key role in restructuring our financials and seeing us through our turnaround, and we wish him the best in his new endeavor."

### **Inducement Options**

As an inducement for joining the company, upon commencement of his employment with the company, Sadowski will be granted options to acquire 120,000 shares of the company's common stock at an exercise price per share equal to the closing price of the common stock on The Nasdaq Capital Market on the day Sadowski commences employment with the Company.

The options will have a term of seven years. One third of the options will vest on the first anniversary of the grant date, and 1/36<sup>th</sup> of the options shall vest on each successive monthly anniversary of the grant date for the following 24 months. Vesting of the options will accelerate upon the occurrence of certain events, including upon a change in control of the company or upon termination of the grantee's employment by the company without cause or by the grantee for good reason.

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**About AutoWeb, Inc.**

AutoWeb, Inc. provides high-quality consumer leads, clicks and associated marketing services to automotive dealers and manufacturers throughout the United States. The company also provides consumers with robust and original online automotive content to help them make informed car-buying decisions. The company pioneered the automotive Internet in 1995 and has since helped tens of millions of automotive consumers research vehicles; connected thousands of dealers nationwide with motivated car buyers; and has helped every major automaker market its brand online.

Investors and other interested parties can receive AutoWeb news alerts and special event invitations by accessing the online registration form at <http://investor.autoweb.com/alerts.cfm>.

**Company Contact**

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