

FARMER BROTHERS CO
Form 8-K
December 05, 2014

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): December 2, 2014

Farmer Bros. Co.
(Exact Name of Registrant as Specified in Charter)

| | | |
|---|---------------------------------------|---|
| Delaware (State or Other Jurisdiction of Incorporation) | 001-34249 (Commission File Number) | 95-0725980 (I.R.S. Employer Identification No.) |
|---|---------------------------------------|---|

| | |
|--|---------------------|
| 20333 South Normandie Avenue, Torrance, California (Address of Principal Executive Offices) | 90502 (Zip Code) |
|--|---------------------|

(310) 787-5200
(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 1.01. Entry into a Material Definitive Agreement.

Employment Agreement

On December 2, 2014, Farmer Bros. Co., a Delaware corporation (the “Company”), and Barry C. Fischetto entered into an Employment Agreement (the “Fischetto Employment Agreement”), pursuant to which the Company will employ Mr. Fischetto as Senior Vice President of Operations, reporting to the Chief Executive Officer. Mr. Fischetto’s employment commenced on December 2, 2014 (the “Commencement Date”).

The following description of the Fischetto Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the Fischetto Employment Agreement, which is filed herewith as Exhibit 10.1 and incorporated herein by reference.

Pursuant to the Fischetto Employment Agreement, Mr. Fischetto’s initial annual base salary will be \$300,000.

Mr. Fischetto will be entitled to participate in the Farmer Bros. Co. 2005 Incentive Compensation Plan (the “Incentive Plan”), with a Target Award (as defined in the Incentive Plan) equal to fifty-five percent (55%) of his base annual salary, prorated to 32% for fiscal 2015 based on the Commencement Date. Mr. Fischetto will be entitled to all benefits and perquisites provided by the Company to its senior executives, including paid days off, group health insurance, life insurance, 401(k) plan, employee stock ownership plan, cell phone, Company credit card, expense reimbursement and an automobile allowance. In addition, the Company will pay and/or reimburse certain expenses related to Mr. Fischetto’s relocation.

In accordance with the provisions of the Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan, as amended (the “Equity Plan”), on the Commencement Date, or on the first business day following the end of any blackout period if the Commencement Date is during a regular blackout period (“Award Date”), Mr. Fischetto will be granted the following equity awards: (i) a number of non-qualified stock options determined by dividing \$133,333 by the per share fair value of a non-qualified stock option (based on a Black-Scholes valuation or other appropriate option pricing methodology approved by the Compensation Committee); and (ii) a number of shares of restricted stock determined by dividing \$66,667 by the Fair Market Value (as defined in the Equity Plan) on the Award Date. The stock options will have a seven (7) year term with an exercise price equal to the Fair Market Value on the Award Date. Provided Fischetto is then employed by the Company, the Awards will vest as follows: (i) the stock option award will vest ratably over three years on each anniversary of the Award Date; and (ii) the restricted stock award will vest in its entirety on the third anniversary of the Award Date. Mr. Fischetto will be entitled to participate in such future grants under the Equity Plan as are made by the Compensation Committee and the Board of Directors from time to time to senior Company officers. The Form of Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan Stock Option Grant Notice and Stock Option Agreement and the Form of Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement filed as exhibits to the Company’s Current Report on Form 8-K filed with the SEC on December 18, 2013 are incorporated herein by reference. The Stock Ownership Guidelines for Directors and Executive Officers adopted on October 13, 2014 and filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2014 are incorporated herein by reference.

Mr. Fischetto’s employment may be terminated by the Company at any time with or without Cause or upon Mr. Fischetto’s resignation with or without Good Reason, death or Permanent Incapacity, as such terms are defined in the Fischetto Employment Agreement. Upon certain events of termination, Mr. Fischetto is entitled to severance benefits, including base salary continuation, partially Company-paid COBRA coverage, and a prorated bonus based on his Target Award and achievement of performance criteria under the Incentive Plan. Receipt of any severance amounts is conditioned upon execution of a general release of claims against the Company. If Mr. Fischetto becomes eligible for severance benefits under the Change in Control Severance Agreement described below under this Item 1.01, the benefits provided under that agreement will be in lieu of, and not in addition to, the severance benefits under the Fischetto Employment Agreement.

Indemnification Agreement

On December 2, 2014, the Company and Mr. Fischetto entered into the Company's standard form of Indemnification Agreement for directors and officers. Pursuant to the Indemnification Agreement, the Company will, to the extent permitted by applicable law, indemnify and hold harmless Mr. Fischetto against all expenses, judgments, fines, penalties and amounts paid in settlement in connection with any threatened, pending or completed proceeding by reason of his status as an officer of the Company. The foregoing description is qualified in its entirety by the full text of the Indemnification Agreement, the form of which is filed herewith as Exhibit 10.2 (to update the schedule of indemnitees) and incorporated herein by reference.

Change in Control Severance Agreement

On December 2, 2014 the Company and Mr. Fischetto entered into the Company's standard form of Change in Control Severance Agreement for executive officers. A brief description of the terms and conditions of the form of Change in Control Severance Agreement was previously filed by the Company in its definitive Proxy Statement pursuant to Section 14(a) of the Securities Exchange Act of 1934, filed with the SEC on October 28, 2014 and incorporated herein by reference. The foregoing description is qualified in its entirety by the full text of the Change in Control Severance Agreement, the form of which is filed herewith as Exhibit 10.3 (to update the schedule of executive officers) and incorporated herein by reference.

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

(c)(1) On December 2, 2014, the Company and Barry C. Fischetto entered into the Fischetto Employment Agreement pursuant to which Mr. Fischetto will serve as Senior Vice President of Operations of the Company. Mr. Fischetto's employment commenced on December 2, 2014. A copy of the Company's press release dated December 3, 2014 relating to Mr. Fischetto's employment is filed herewith as Exhibit 99.1 and incorporated herein by reference.

(2) Mr. Fischetto, age 46, served as chief operating officer of SK Food Group, a subsidiary of Premium Brands Holdings Corporation, a producer, marketer and distributor of branded specialty food products, traded on the Toronto Stock Exchange, from 2013 to August 2014. From 2010 to 2013 Mr. Fischetto served as chief operating officer and from 2007 to 2010 as senior vice president at Millard Refrigerated Services, Inc. ("Millard"), a privately-held temperature controlled supply chain solutions company, leading a 38-facility workforce with process improvements and best-in-class service levels to provide scalable process reliability. Prior to joining Millard, Mr. Fischetto held leadership positions with increasing responsibilities in supply chain management and continual process improvement with ConAgra Foods, Inc. and Nabisco Biscuit Company. Mr. Fischetto earned his MBA in Operations Management from Long Island University, New York and his BS in Business Management from St. Thomas Aquinas College, New York.

There are no understandings or arrangements between Mr. Fischetto and any other person pursuant to which Mr. Fischetto was selected as Senior Vice President of Operations. Mr. Fischetto has no family relationship with any director or executive officer of the Company. Other than as set forth in the Fischetto Employment Agreement described above in Item 1.01, Mr. Fischetto presently does not have a direct or indirect material interest in any transaction or proposed transaction in which the Company is or is to be a party in which the amount involved exceeds \$120,000.

(3) The disclosure in Item 1.01 above relating to the agreements between the Company and Mr. Fischetto is incorporated herein by reference.

(e) The disclosure in Item 1.01 above is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|-------------|--|
| 10.1 | Employment Agreement, dated as of December 2, 2014, by and between Farmer Bros. Co. and Barry C. Fischetto* |
| 10.2 | Form of Indemnification Agreement for Directors and Officers of the Company, as adopted on December 5, 2013 (with updated schedule of indemnitees attached)* |
| 10.3 | Form of Change in Control Severance Agreement for Executive Officers of the Company (with updated schedule of executive officers attached)* |
| 99.1 | Press release of Farmer Bros. Co. dated December 3, 2014 |

*Management contract or compensatory plan or arrangement.

SIGNATURE

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.

Dated: December 5, 2014

FARMER BROS. CO.

By: /s/ Mark J. Nelson
Mark J. Nelson
Treasurer and Chief Financial Officer

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|--|
| 10.1 | Employment Agreement, dated as of April 1, 2013, by and between Farmer Bros. Co. and Barry C. Fischetto* |
| 10.2 | Form of Indemnification Agreement for Directors and Officers of the Company, as adopted on December 5, 2013 (with updated schedule of indemnitees attached)* |
| 10.3 | Form of Change in Control Severance Agreement for Executive Officers of the Company (with updated schedule of executive officers attached)* |
| 99.1 | Press release of Farmer Bros. Co. dated December 3, 2014 |

*Management contract or compensatory plan or arrangement.