

HOOKER FURNITURE CORP  
Form 8-K  
April 23, 2019

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

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**Current Report**  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 17, 2019

**HOOKER FURNITURE CORPORATION**

(Exact name of registrant as specified in its charter)

|   |  |  |
|---|--|--|
| <b><u>Virginia</u></b><br>(State or other jurisdiction of incorporation or organization)                                    | <b><u>000-25349</u></b><br>(Commission File No.) | <b><u>54-0251350</u></b><br>(I.R.S. Employer Identification No.)                     |
| <b>440 East Commonwealth Boulevard,</b><br><b><u>Martinsville, Virginia</u></b><br>(Address of principal executive offices) | <b><u>24112</u></b><br>(Zip Code)                | <b><u>(276) 632-0459</u></b><br>(Registrant's telephone number, including area code) |

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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))

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) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2). 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.

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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.**

On April 17, 2019, the Compensation Committee of the Board of Directors of Hooker Furniture Corporation (the “Committee”) approved annual base salaries, annual cash incentives and long-term incentives for the Company’s executive officers.

**Annual Base Salary**

The base salary for each executive officer for the 2019 calendar year will be:

|  | <b>Base<br/>Salary</b> |
|--|------------------------|
| Paul B. Toms, Jr., Chairman and CEO                            | \$450,000              |
| Paul A. Huckfeldt, Senior VP – Finance and Accounting and CFO  | 275,000                |
| Anne M. Jacobsen, Senior VP - Administration and CAO           | 275,000                |
| D. Lee Boone, Co-President, Home Meridian                      | 300,000                |
| Michael W. Delgatti, Jr., Pres., Dom. Uph. & Emerging Channels | 300,000                |
| Jeremy R. Hoff, President, Hooker Branded                      | 300,000                |
| Douglas Townsend, Co-President, Home Meridian                  | 300,000                |

**Annual Cash Incentives**

The annual cash incentive for each executive officer for the Company’s 2020 fiscal year, which ends February 2, 2020, will be paid if the Company attains 80% or more of its budgeted fiscal 2020 consolidated net income target, as approved by the Board of Directors. Each executive officer is eligible to receive a percentage of his or her calendar 2019 base salary under the annual incentive program. No cash bonus is payable if the Company fails to reach at least 80% of the budgeted consolidated net income target and a maximum cash bonus is payable if the Company reaches 125% or more of target consolidated net income. The annual cash incentive potential for each of the executive officers is as follows:

| <b>If the Company Attains:</b>          |   |  |  |                                       |
|---|---|--|--|---------------------------------------|
| <b>80% of<br/>Target<br/>Net Income</b> | <b>90% of<br/>Target<br/>Net Income</b> | <b>100% of<br/>Target<br/>Net Income</b> | <b>110% of<br/>Target<br/>Net Income</b> | <b>125% or<br/>More of<br/>Target</b> |

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|                          |           |            |            |            | <b>Net Income</b> |
|--------------------------|-----------|------------|------------|------------|-------------------|
| Paul B. Toms, Jr.        | \$270,000 | \$ 303,750 | \$ 337,500 | \$ 421,875 | \$ 511,988        |
| Paul A. Huckfeldt        | 132,000   | 148,500    | 165,000    | 206,250    | 250,305           |
| Anne M. Jacobsen         | 110,000   | 123,750    | 137,500    | 171,875    | 208,588           |
| D. Lee Boone             | 120,000   | 135,000    | 150,000    | 187,500    | 227,550           |
| Michael W. Delgatti, Jr. | 108,000   | 121,500    | 135,000    | 168,750    | 204,795           |
| Jeremy Hoff              | 120,000   | 135,000    | 150,000    | 187,500    | 227,550           |
| Douglas Townsend         | 120,000   | 135,000    | 150,000    | 187,500    | 227,550           |

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Each additional percentage of net income realized between the percentages shown above is interpolated, such that each additional percentage of net income realized between the threshold amounts shown above results in a larger bonus payout, as shown in the table below:

**Interpolation per 1% of increased earnings:**

|                        | <b>Between<br/>80-89%<br/>of<br/>Target<br/>Net Income</b> | <b>Between<br/>90-99% of<br/>Target<br/>Net Income</b> | <b>Between<br/>100-109%<br/>of Target<br/>Net Income</b> | <b>Between<br/>110-125%<br/>of Target<br/>Net Income</b> |
|------------------------|--|--|--|--|
| All executive officers | 4%   | 1%   | 2.5%   | 2.67%  |

**Long-Term Incentive Awards**

**Time-Based Restricted Stock Units (RSUs).** Each time-based RSU entitles the executive officer to receive one share of the Company's common stock if he or she remains continuously employed with the Company through the end of a three-year service period that ends April 15, 2022. At the discretion of the Committee, the RSUs may be paid in shares of the Company's common stock, cash (based on the fair market value of a share of the Company's common stock on the date payment is made), or both. In addition to the service-based vesting requirement, 100% of an executive officer's RSUs will vest upon a change of control of the Company and a prorated number of the RSUs will vest upon the death, disability or retirement of the executive officer. The RSUs do not convey any dividend or dividend equivalent rights to the executive officer.

The number of RSUs awarded to each executive officer is set forth in the table below.

| <b>Executive Officer</b> | <b>Number<br/>of RSUs</b> |
|--------------------------|---------------------------|
| Paul B. Toms, Jr.        | 0                         |
| Paul A. Huckfeldt        | 1,108                     |
| Anne M. Jacobsen         | 1,108                     |
| D. Lee Boone             | 1,995                     |
| Michael W. Delgatti, Jr. | 1,995                     |
| Jeremy R. Hoff           | 1,995                     |
| Douglas Townsend         | 1,995                     |

**Performance-based Restricted Stock Units ("PSUs")** Each performance-based RSU entitles the executive officer to receive one share of the Company's common stock based on the achievement of two specified performance conditions (described below) if the executive officer remains continuously employed by the Company through the end of the

three-year performance period. The PSUs shall vest subject to the Company's attainment of pre-established financial goals related to the sum of two amounts, (1) the Company's absolute EPS Growth and (2) relative EPS growth, over a three-year performance period that began February 4, 2019 and ends January 30, 2022, as approved by the Committee. The payout or settlement of the PSUs shall be made in shares of the Company's common stock (based on the fair market value of the shares of the Company's common stock on the date of settlement or payment). The PSUs do not convey any dividend or dividend equivalent rights to the executive officer.

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The settlement or payment for each executive officer under his PSU will be the sum of the following share amounts:

An amount set forth in the table below based on the growth of the Company's fully diluted earnings per share from a.continuing operations ("EPS") over the performance period. The Company's EPS growth must be at least 5% over the performance period for a payment to be made.

| Executive Officer        | Payout Amount in Shares of<br>Company Stock Based on EPS<br>Growth (%) for Performance<br>Period |        |         |       |
|--------------------------|--|--------|---------|-------|
|                          | Threshold  | Target | Maximum |       |
|                          | 5%   | 10%    | 15%     | 20%   |
| Paul B. Toms, Jr.        | 1,417  | 5,668  | 7,086   | 8,502 |
| Paul A. Huckfeldt        | 554  | 2,217  | 2,772   | 3,326 |
| Anne M. Jacobsen         | 554  | 2,217  | 2,772   | 3,326 |
| D. Lee Boone             | 506  | 2,026  | 2,532   | 3,039 |
| Michael W. Delgatti, Jr. | 506  | 2,026  | 2,532   | 3,039 |
| Jeremy R. Hoff           | 506  | 2,026  | 2,532   | 3,039 |
| Douglas Townsend         | 506  | 2,026  | 2,532   | 3,039 |

An amount set forth in the table below based on the growth of the Company's EPS over the performance period b.relative to a group of specified peer companies. However, if the Company's EPS growth is not positive for the performance period, this payment will be capped at the amount for the 50<sup>th</sup> percentile.

| Executive Officer        | Payout in Shares of<br>Company Stock Based on<br>Relative EPS Growth for<br>Performance Period |  |   |
|--------------------------|--|--|---|
|                          | 40 <sup>th</sup><br>percentile,<br>Less<br>than<br>40 <sup>th</sup><br>percentile              | 60 <sup>th</sup><br>percentile,<br>but less<br>than 79 <sup>th</sup><br>percentile | Equal to<br>or greater<br>than 80 <sup>th</sup><br>percentile |
|                          | Threshold  | Target   | Maximum   |
| Paul B. Toms, Jr.        | - 2,834  | 5,668  | 8,503   |
| Paul A. Huckfeldt        | - 1,108  | 2,217  | 3,326   |
| Anne M. Jacobsen         | - 1,108  | 2,217  | 3,326   |
| D. Lee Boone             | - 1,013  | 2,026  | 3,039   |
| Michael W. Delgatti, Jr. | - 1,013  | 2,026  | 3,039   |
| Jeremy R. Hoff           | - 1,013  | 2,026  | 3,039   |
| Douglas Townsend         | - 1,013  | 2,026  | 3,039   |





In addition, upon the executive officer's termination of employment due to death, disability or retirement (as defined in the Plan), PSUs will vest and be settled on a pro rata basis at the end of the performance period based on the Company's actual performance against the EPS goals as approved by the Committee. In the event of a change in control of the Company, the PSUs shall also vest and be settled in full immediately following the change in control assuming target performance levels achieved by the Company.

### **Supplemental Retirement Income Plan**

The Committee also agreed to limit Mr. Toms' potential Supplemental Retirement Income Plan ("SRIP"). Upon his retirement, payments to Mr. Toms under the SRIP will be determined based on his final sixty months of compensation ("base annual earnings"), defined as monthly base pay plus annual cash incentive payments. Mr. Toms will receive 50% of this annual base earnings amount paid monthly for 15 years following his retirement; however, base earnings will be limited to the lower of a) actual annual base earnings or b) \$726,250. The maximum annual payment to Mr. Toms under the SRIP plan will be \$363,125 per year.

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**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.

**HOOKER FURNITURE CORPORATION**

By: /s/ Paul A. Huckfeldt  
Paul A. Huckfeldt  
Senior Vice President - Finance and Accounting  
Chief Financial Officer

Date: April 23, 2019