

Section 1: 8-K (8-K)

**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) June 20, 2019

Sprouts Farmers Market, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-36029
(Commission
File Number)

32-0331600
(I.R.S. Employer
Identification No.)

**5455 E. High Street, Suite 111
Phoenix, Arizona 85054**
(Address of principal executive offices and zip code)

(480) 814-8016
(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 (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))

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

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$0.001 par value	SFM	NASDAQ Global Select 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.

Appointment of Jack L. Sinclair as Chief Executive Officer and Director

On June 20, 2019, Sprouts Farmers Market, Inc. (the “Company”) announced the appointment of Jack L. Sinclair as its Chief Executive Officer and as a member of its Board of Directors, effective June 24, 2019.

Mr. Sinclair, age 58, has been Chief Executive Officer of 99 Cents Only Stores LLC, a premier discount retailer, since February 2018, and prior to that was its Chief Merchandising Officer from July 2015 to February 2018. From December 2007 to April 2015, Mr. Sinclair was the Executive Vice President of the U.S. Grocery Division of Walmart, Inc. (NYSE: WMT), where he led all aspects of Walmart’s U.S. grocery business for its more than 4,000 stores. Prior to joining Walmart, Mr. Sinclair spent 14 years at Safeway PLC in London from 1990 to 2004, where he held several senior management positions that included responsibility for operations, merchandising and marketing for over 450 Safeway supermarket and convenience store locations throughout the United Kingdom. Mr. Sinclair served on the board of directors of The Hain Celestial Group (NASDAQ: HAIN), a leading marketer, manufacturer and seller of organic and natural products, from September 2017 to June 2019. He earned a bachelor’s degree in economics and marketing from The University of Strathclyde, Glasgow, Scotland.

In connection with Mr. Sinclair’s appointment, the Company’s Board of Directors approved a compensation package that will consist of (i) an annual base salary of \$1,100,000 and (ii) an annual cash bonus opportunity under the Company’s short-term incentive compensation plan with a target of 125% of Mr. Sinclair’s annual base salary and a maximum of 250% annual base salary, subject to the Company’s achievement of pre-determined performance goals. In addition, commencing in 2020, Mr. Sinclair will be eligible to receive equity grants with an annual grant value equal to 300% of his base salary pursuant to the Company’s long-term incentive plan. Mr. Sinclair will also receive a sign-on equity grant with a value totaling \$5,100,000, comprised of \$3,588,000 of restricted stock units (“RSUs”) and \$1,512,000 of performance share awards (“PSAs”). The RSUs will vest ratably on an annual basis over a three-year period beginning on the first anniversary of the grant date. Consistent with the PSAs granted to the Company’s executive officers in March 2019, the PSAs will vest subject to the Company’s achievement of 2021 earnings before interest and taxes, or EBIT, performance targets established by the Board of Directors for executive officers in February 2019. Included in the aggregate sign-on equity grant are RSUs with a value of \$1,800,000 intended to compensate Mr. Sinclair for compensation from his prior employer that he relinquished to join the Company at this time. Mr. Sinclair will be an “eligible executive” under the Company’s Amended & Restated Executive Severance and Change in Control Plan, dated December 20, 2018, will be eligible to participate in the Company’s medical and other benefit plans generally available to the Company’s executive officers and will receive reimbursement of life insurance premiums and legal and relocation expenses. Mr. Sinclair has become a party to the Company’s Confidentiality, Non-Competition and Non-Solicitation Agreement applicable to executive officers.

Mr. Sinclair will join the Company’s board as a Class III director, serving until the 2022 annual meeting of stockholders.

Resignation of Brad Lukow as Chief Financial Officer

Mr. Sinclair succeeds Brad Lukow and Jim Nielsen as the Company’s principal executive officer. Mr. Lukow, the Company’s Chief Financial Officer, who also served as the Company’s Interim Co-Chief Executive Officer since December 31, 2018, resigned from the Company, effective June 20, 2019.

Mr. Nielsen, who also served as the Company’s Interim Co-Chief Executive Officer since December 31, 2018, will remain with the Company in his capacity as President and Chief Operating Officer, but remains on a temporary medical leave of absence from the Company.

Appointment of Chip Molloy as Interim Chief Financial Officer

Effective June 20, 2019, the Company’s Board of Directors has appointed Lawrence “Chip” P. Molloy as Interim Chief Financial Officer to act as the Company’s principal financial and accounting officer until a permanent successor has been named. Mr. Molloy, age 58, has served as an independent member of the Company’s Board of Directors since January 2013, including as Chairperson of the Audit Committee and a member of the Compensation Committee. Mr. Molloy served as the Chief Financial Officer of Under Armour, Inc. (NYSE: UA) from January 2016 to February 2017. Mr. Molloy most recently served as Interim Chief Executive Officer of Torrid LLC from January to August 2018 and has served as a board member of Torrid since August 2018. Mr. Molloy served as a director of Party City Holdco Inc. (NYSE: PRTY) from December 2013 to June 2016 and Wingstop Inc. (NASDAQ: WING) from February 2015 to March 2016.

Mr. Molloy served as Senior Advisor to Roark Capital Group, a private equity firm, from October 2014 to December 2015. Prior to that, Mr. Molloy served as Special Advisor to PetSmart, Inc., the largest specialty pet retailer, from June 2013 until April 2014, and had served as Chief Financial Officer of PetSmart from September 2007 until June 2013. Prior to PetSmart, Mr. Molloy was employed by Circuit City Stores, Inc. from 2003 to 2007, where he served in various finance leadership roles, including Chief Financial Officer of Retail from 2006 to 2007. He served ten years in the U.S. Navy as a fighter pilot, later retiring from the Navy Reserve with a rank of Commander.

In connection with Mr. Molloy's appointment, the Company's Board of Directors approved a compensation package that will consist of (i) \$35,000 per week of service as Interim Chief Financial Officer and (ii) \$35,000 for each of the next three years of Mr. Molloy's service on the Board of Directors intended to compensate Mr. Molloy for the Audit Committee retainer fees that Mr. Molloy will forego due to his inability to serve on the Audit Committee for three years following his service as Interim Chief Financial Officer. The Company will also reimburse Mr. Molloy for living and transportation expenses associated with his appointment.

Resignation of Shon Boney from the Board of Directors

Effective June 20, 2019, Mr. Shon Boney resigned from the Board. Mr. Boney's resignation is not due to any disagreement with the Company on any matter relating to operations, policies or practices. The size of the Board of Directors will remain at seven members.

On June 20, 2019, the Company issued a press release announcing Mr. Sinclair's appointment and the aforementioned leadership changes. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>Press Release of Sprouts Farmers Market, Inc., dated June 20, 2019, entitled "Sprouts Farmers Market, Inc. Announces Leadership Changes"</u>

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.

SPROUTS FARMERS MARKET, INC.

Date: June 26, 2019

By: /s/ Brandon F. Lombardi

Name: Brandon F. Lombardi

Title: Chief Legal Officer and Corporate Secretary

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Section 2: EX-99.1 (EX-99.1)

Exhibit 99.1



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SPROUTS FARMERS MARKET, INC. ANNOUNCES LEADERSHIP CHANGES

Jack Sinclair Appointed Chief Executive Officer

Chip Molloy Appointed Interim Chief Financial Officer

PHOENIX, Ariz. – (Globe Newswire) – June 20, 2019 – Sprouts Farmers Market, Inc. (Nasdaq: SFM) today announced that Jack L. Sinclair has been appointed as the company’s chief executive officer and a member of its board of directors, effective June 24, 2019.

“We are extremely excited to have Jack Sinclair as our new chief executive officer following a thorough search and selection process by the board of directors,” said Joseph Fortunato, chairman of the board of Sprouts Farmers Market. “Jack is a proven chief executive officer with an outstanding track record in grocery and retail merchandising. On behalf of the board, we look forward to working with Jack as he leads Sprouts forward to continued success.”

Sinclair brings to Sprouts over 35 years of experience in retail and grocery. He has been chief executive officer of 99 Cents Only Stores LLC, a premier discount retailer with over 350 locations in the United States, since 2018 and prior to that was its chief merchandising officer from 2015 to 2018. From 2007 to 2015, Sinclair was the Executive Vice President of the U.S. Grocery Division of Walmart, Inc., where he led all aspects of Walmart’s U.S. grocery business at its more than 4,000 stores, which generated substantial growth under his leadership through a focus on local assortment and fresh foods. Sinclair previously spent 14 years at Safeway PLC in London where he was responsible for operations, merchandising and marketing for over 450 Safeway supermarket and convenience store locations throughout the United Kingdom. Sinclair has served on the board of directors of The Hain Celestial Group, a leading marketer, manufacturer and seller of organic and natural products, since 2017. He earned a bachelor’s degree in economics and marketing from The University of Strathclyde, Glasgow, Scotland.

“I am humbled and extremely privileged to be appointed chief executive officer of Sprouts Farmers Market,” said Sinclair. “Sprouts is a company with a higher purpose – to empower every person to eat healthier and live a better life – and the commitment of its 30,000 team members to drive lasting change in the communities they serve truly resonates with me. I look forward to working with Sprouts’ board of directors, leadership team and all Sprouts team members to continue furthering that purpose.”

Sprouts also announced that Brad Lukow, interim co-chief executive officer and chief financial officer, has resigned to pursue other opportunities. The board has appointed Lawrence (“Chip”) P. Molloy to serve as interim chief financial officer until a permanent successor has been named. Molloy has served as a member of the company’s board of directors since 2013 and has a long-tenured career as a senior financial executive, including serving as chief financial officer of Under Armour, Inc. from 2016 to 2017 and PetSmart,

Inc. from 2007 to 2013. Molloy most recently served as interim chief executive officer of Torrid LLC during 2018.

“Chip has chaired our audit committee for several years, and his deep knowledge of Sprouts’ business, strategy and financial operations and experience with the investment community make him best suited to lead Sprouts’ financial affairs while we conduct our search for a permanent chief financial officer,” said Fortunato.

In addition, Sprouts announced that Shon Boney will step down from the board. Boney is a founder of the company and has been a board member since 2002.

“Having Shon on our board has been instrumental as Sprouts has undergone rapid expansion, and we thank him for his service and contribution all these years,” said Fortunato.

Herbert Mines Associates New York conducted the executive search for the new chief executive officer of Sprouts Farmers Market, Inc.

Forward-Looking Statements

Certain statements in this press release are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not statements of historical fact (including, but not limited to, statements to the effect that Sprouts Farmers Market or its management "anticipates," "plans," "estimates," "expects," or "believes," or the negative of these terms and other similar expressions) should be considered forward-looking statements, including, without limitation, statements regarding the company's guidance, outlook, growth and opportunities. These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this release. These risks and uncertainties include, without limitation, risks associated with the company's ability to successfully compete in its intensely competitive industry; the company's ability to successfully open new stores; the company's ability to manage its rapid growth; the company's ability to maintain or improve its operating margins; the company's ability to identify and react to trends in consumer preferences; product supply disruptions; general economic conditions; the company's ability to manage its transition to a new CEO; accounting standard changes including the new lease accounting guidance; and other factors as set forth from time to time in the company's Securities and Exchange Commission filings, including, without limitation, the company's Annual Report on Form 10-K. The company intends these forward-looking statements to speak only as of the time of this release and does not undertake to update or revise them as more information becomes available, except as required by law.

Corporate Profile

Sprouts Farmers Market, Inc. specializes in fresh, natural and organic products at prices that appeal to everyday grocery shoppers. Based on the belief that healthy food should be affordable, Sprouts' welcoming environment and knowledgeable team members continue to drive its growth. Sprouts offers a complete shopping experience that includes an array of fresh produce in the heart of the store, a deli with prepared entrees and side dishes, The Butcher Shop, The Fish Market, an expansive vitamins and supplements department and more. Headquartered in Phoenix, Arizona, Sprouts employs more than 30,000 team members and operates in more than 320 stores in 20 states from coast to coast. Visit about.sprouts.com for more information.

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Source: Sprouts Farmers Market, Inc.
Phoenix, AZ
6/20/19

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