

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) January 7, 2020

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 Denise A. Paulonis as Chief Financial Officer

On January 7, 2020, Sprouts Farmers Market, Inc. (“Sprouts” or the “Company”) announced the appointment of Denise A. Paulonis as the Company’s Chief Financial Officer and Treasurer, effective February 21, 2020. Ms. Paulonis will act as the Company’s principal financial and accounting officer.

Ms. Paulonis, age 47, most recently served as Executive Vice President and Chief Financial Officer of The Michaels Companies (“Michaels”), the largest arts and crafts specialty retailer in North America, from August 2016 to January 2020. Ms. Paulonis previously served Michaels as Senior Vice President of Finance from November 2015 to August 2016 and Vice President of Investor Relations, Treasury and Corporate Finance from September 2014 to November 2015. Prior to joining Michaels, Ms. Paulonis held various senior level positions with PepsiCo, including Vice President of Financial Planning and Analysis of the Frito Lay division from August 2013 to September 2014, Vice President of Finance and Strategy of PepsiCo U.S. Sales from January 2011 to July 2013, and Vice President of Corporate Strategy and Development from August 2009 to January 2011. Prior to joining PepsiCo, Ms. Paulonis held various senior positions with McKinsey & Company from February 2006 to July 2009 and Bank of America from August 2004 to December 2005. Ms. Paulonis has also served on the Board of Directors of Sally Beauty Holdings, Inc. since May 2018.

The Company entered into an offer letter with Ms. Paulonis providing for the terms of her employment with the Company (the “Paulonis Offer Letter”). The Paulonis Offer Letter provides for an annualized base salary of \$650,000, short-term incentive bonus potential targeted at 75% of Ms. Paulonis’s base salary (with a maximum of 150% of base salary), annual equity awards valued at 1.0 times Ms. Paulonis’s base salary comprised 50% of time-based restricted stock units (“RSUs”) and 50% performance share awards, pursuant to the Company’s long-term incentive plan established by the Compensation Committee of the Company’s Board of Directors, and a one-time equity award grant of \$750,000, comprised 100% of RSUs. The Paulonis Offer Letter further provides that Ms. Paulonis will receive a sign-on cash award of \$250,000 and relocation reimbursement and is eligible to participate in the Company’s Amended and Restated Executive Severance & Change-in-Control Plan, along with the Company’s health, welfare and 401(k) plans.

The foregoing description of the Paulonis Offer Letter does not purport to be complete and is qualified in its entirety by reference to the complete text of the Paulonis Offer Letter, filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

There are no arrangements or understandings pursuant to which Ms. Paulonis was appointed as Chief Financial Officer and Treasurer.

Effective upon Ms. Paulonis’s appointment as Chief Financial Officer and Treasurer on February 21, 2020, Lawrence (“Chip”) P. Molloy will step down as Interim Chief Financial Officer and Treasurer, but will remain with the Company in his capacity as an independent member of its Board of Directors.

On January 7, 2020, the Company issued a press release announcing the aforementioned 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

Exhibit Number	Description
10.1	Offer Letter from Sprouts Farmers Market, Inc. to Denise Paulonis
99.1	Press release of Sprouts Farmers Market, Inc., dated January 7, 2020, entitled “Sprouts Farmers Market, Inc. Announces New Chief Financial Officer”
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: January 7, 2020

By: /s/ Brandon F. Lombardi

Name: Brandon F. Lombardi

Title: Chief Legal Officer and Corporate Secretary

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Section 2: EX-10.1 (EX-10.1)

Exhibit 10.1



December 2019

Dear Denise,

Congratulations! Sprouts Farmers Market is pleased to make you the following employment offer for the position of Chief Financial Officer.

Position:	Chief Financial Officer of Sprouts Farmers Market, Inc. (the " <u>Company</u> ") commencing Q1 2020.
Base Salary:	Your base salary will be \$650,000 per annum, pro-rated for any partial year based on actual days of employment.
STI:	Commencing in 2020, you will be eligible for an annual cash bonus opportunity at a target of 75% of your base salary and a maximum of 150% of base salary, subject to the Company satisfying performance goals in accordance with the Company's short-term incentive plan established by the Board of Directors.
LTI:	<p>Commencing in 2020, you will be eligible for annual equity grants pursuant to the Company's long-term incentive program, with an annual grant value equal to 100% of your base salary, comprised of 50% restricted stock units ("<u>RSUs</u>") vesting ratably over three years beginning on the first anniversary of the grant date and 50% performance share awards ("<u>PSAs</u>") vesting in March 2023 based on achievement of performance goals to be established by the Board of Directors. You will be eligible to earn up to 200% of the PSAs awarded depending on performance against such performance goals.</p> <p>The actual number of RSUs and PSAs granted will be determined using the 20-day trailing average share price of the Company's common stock on the respective grant dates. The form of RSU and PSA agreements will be the most recent forms filed with the SEC.</p>
Sign-On Awards:	You will receive a sign-on equity grant equal to \$750,000 of RSUs vesting ratably over three years. In addition, you will receive a sign-on cash award equal to \$250,000, which will be subject to repayment should you leave the company voluntarily (or for cause) in the first 12 months of employment.
Severance:	You will be considered an "Eligible Executive" under the Company's Amended & Restated Executive Severance and Change in Control Plan, which provides for one

	year of severance for involuntary termination and two years of severance and target bonus in the case of a change of control.
Restrictive Covenants:	Your employment is subject to your signing and complying with the terms of the Company's Confidentiality, Non-Competition, and Non-Solicitation Agreement in the form filed with the SEC as Exhibit 10.11 to the Company's 2018 Form 10-K.
Benefits:	You will be eligible to participate in the Company's 401(k) and other benefit plans for salaried employees, subject to the terms of those plans. Your paid time off will be subject to the Company's flexible time off policy (i.e., the Company does not accrue vacation time for salaried employees who can take as much as needed and approved by his/her supervisor).
Relocation:	You will be required to relocate and reside in a reasonable proximity to our primary offices in Phoenix, Arizona. The Company will reimburse you for up to \$75,000 (grossed-up for taxes and capped at a total of \$112,500) in relocations expenses to cover home sale closing costs, transportation of goods, temporary housing, etc.

On behalf of Jack Sinclair, and all of us at store support, welcome to the Sprouts team!

Sincerely,

/s/ Brandon Lombardi
Brandon Lombardi
Chief HR and Legal Officer

/s/ Denise Paulonis
Denise Paulonis

Your employment is contingent upon successful completion of a background check. You understand that your employment with Sprouts is at-will and that either party can terminate the relationship at any time with or without cause and with or without notice. You further acknowledge that this offer letter does not represent an employment contract, express or implied, guaranteeing employment for any specific duration, nor does it guarantee any fixed terms and/or conditions of employment.

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Section 3: EX-99.1 (EX-99.1)

Exhibit 99.1



Investor Contact:

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susannahlivingston@sprouts.com

Media Contact:

Diego Romero
(602) 682-3173
media@sprouts.com

SPROUTS FARMERS MARKET, INC. ANNOUNCES NEW CHIEF FINANCIAL OFFICER

PHOENIX, Ariz. – (Globe Newswire) – January 7, 2020 – Sprouts Farmers Market, Inc. (Nasdaq: SFM) today announced that Denise Paulonis will join the company as chief financial officer, effective February 21, 2020. Paulonis most recently served as executive vice president and chief financial officer of The Michaels Companies (Nasdaq: MIK), the largest arts and crafts specialty retailer in North America, and brings more than twenty-five years of experience in finance, accounting, investor relations, corporate strategy, tax, treasury, supply chain, and risk management.

“We are absolutely delighted to welcome Denise to Sprouts as our new CFO,” said Jack Sinclair, chief executive officer and a director of Sprouts Farmers Market. “Denise’s deep experience in specialty retail and financial acumen will be invaluable to our leadership team as we chart the long-term strategy of our company.”

Paulonis joined Michaels in 2014 and prior to her service as executive vice president and chief financial officer from 2016 to 2019, served in various finance roles within the organization, including senior vice president of finance and treasurer, and vice president of corporate finance, investor relations and treasury. Prior to joining Michaels, Paulonis held various senior level positions with PepsiCo (Nasdaq: PEP) from 2009 to 2014, including vice president of financial planning and analysis of the Frito Lay division, vice president of finance and strategy of PepsiCo U.S. Sales, and vice president of corporate strategy and development. Prior to joining PepsiCo, Paulonis held various senior positions with McKinsey & Company and Bank of America (NYSE: BAC). Paulonis currently serves on the board of directors of Sally Beauty Holdings, Inc. (NYSE: SBH) and earned a bachelor of science degree in finance and economics from Miami University and a masters of business administration degree from The Wharton School at the University of Pennsylvania.

“I am privileged to join Sprouts at this exciting stage in its development,” said Paulonis. “This company pioneered making healthy eating accessible to everyday grocery shoppers, and I look forward to working with the team to build upon this foundation to create long-term shareholder value.”

Paulonis will report directly to Sinclair and will work closely with the company’s interim chief financial officer, Lawrence (“Chip”) P. Molloy, to ensure a smooth transition. Molloy will remain with the company in his capacity as an independent member of its board of directors upon Paulonis’s appointment.

Corporate Profile

Sprouts Farmers Market, Inc., one the fastest-growing retailers in the country, has made healthy living accessible to shoppers for nearly two decades by offering affordable, fresh, natural and organic products. True to its farmers market heritage, Sprouts is known for pioneering its unique grocery model by offering a welcoming store layout featuring fresh produce at the center of the store, an expansive bulk foods section, and a vitamin department focused on overall wellness. Sprouts also offers a unique assortment of healthier products with special attributes, such as plant-based, gluten-free, keto-friendly, and grass-fed, to meet the growing and diverse needs of today’s consumer. Headquartered in Phoenix, Ariz., Sprouts employs more than 30,000 team members and operates approximately 340 stores in 22 states from coast to coast. Visit <https://about.sprouts.com/> for more information.

Source: Sprouts Farmers Market, Inc.

Phoenix, AZ

1/7/2020

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