

Edgar Filing: APPLEBEES INTERNATIONAL INC - Form 8-K

APPLEBEES INTERNATIONAL INC  
Form 8-K  
January 09, 2006

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 9, 2006

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APPLEBEE'S INTERNATIONAL, INC.

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(Exact name of registrant as specified in its charter)

DELAWARE	000-17962	43-1461763
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4551 W. 107th Street, Overland Park, Kansas	66207
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(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (913) 967-4000

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None

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(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))

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### **Item 1.01. Entry into a Material Definitive Agreement.**

The information set forth below under Item 5.02 of this Form 8-K regarding the employment agreements between Applebee's International, Inc. (the "Company") and Mr. Dave Goebel and Mr. Steve Lumpkin is incorporated into this Item 1.01 by reference.

The Employment Agreements between the Company and Mr. Goebel and Mr. Lumpkin are attached hereto as Exhibits 10.1 and 10.2, respectively, and are incorporated herein by reference.

### **Item 1.02. Termination of a Material Definitive Agreement.**

As a result of his new Employment Agreement described in Item 5.02 below, the prior Employment Agreement between the Company and Mr. Lumpkin dated August 7, 2002 terminated as of January 9, 2006.

### **Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On January 9, 2006, the Board of Directors of the Company announced plans to separate the Chairman and Chief Executive Officer positions and implement the Company's leadership succession plan. Following the role separation, which will take place this summer, Mr. Lloyd Hill, Chief Executive Officer of the Company, will continue to serve as Chairman of the Board and a new CEO will be named.

In preparation for the transition, effective immediately, Mr. Dave Goebel, President and Chief Operating Officer, will assume responsibility for all management, operations and financial functions that now report to Mr. Hill. In his expanded role as the Company's principal executive officer, Mr. Goebel will continue to report to Mr. Hill.

In connection with his new responsibilities, Mr. Goebel and the Company entered into a three year Employment Agreement effective January 9, 2006. The three year term commenced January 3, 2006 and the Employment Agreement automatically renews for additional one year terms unless either party gives 60 days notice of non-renewal.

Mr. Goebel will receive an initial base salary of \$550,000, which may be increased by the Board of Directors in its sole discretion. Mr. Goebel will be paid such additional compensation and bonuses as may be determined in the sole discretion of the Board. His target bonus for fiscal 2006 is 100% of his base salary. Mr. Goebel is also entitled to participate in such other benefit plans of the Company that are generally available to employees at his level and to receive such equity-based compensation awards as may be approved by the Board.

In the event of a termination by the Company without cause or by Mr. Goebel for good reason (each as defined in the Employment Agreement), he will receive monthly severance payments, for a period of 24 months (the "Severance Payment Period"), equal to 1/12 of his base salary and 1/12 of the greater of the average of his actual bonus for the preceding three fiscal years or his target bonus for the fiscal year in which termination occurred, multiplied by the average percentage of bonus attainment over the preceding three fiscal years. All outstanding

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stock options and stock appreciation rights will fully vest and all restrictions will be removed from any restricted stock grants. He would also be entitled to

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payment under the Company's FlexPerks benefit for the year of termination and would receive continued payment for the Severance Payment Period of the Company's matching portion of his Non-Qualified Deferred Compensation Plan or other retirement arrangement. Mr. Goebel would be subject to certain non-competition and non-solicitation obligations through the Severance Payment Period.

If Mr. Goebel does not continue as an employee following an expiration of the Employment Agreement, the Company may elect to make the severance payments described above for the Severance Payment Period, which the Company may extend for an additional 12 months in its sole discretion. Mr. Goebel would be subject to the non-competition and non-solicitation obligations for the Severance Payment Period.

If Mr. Goebel's employment is terminated for any reason following a change in control (as defined in the Employment Agreement), he would be entitled to a lump sum payment equal to (i) two times the sum of his base salary plus (ii) the greater of (A) the average of his actual bonus for the preceding three fiscal years or (B) his target bonus amount for the fiscal year in which termination occurs, multiplied by the average percentage bonus attainment over the preceding three fiscal years. He would also be entitled to the other equity vesting and benefit payments described above and would be subject to a 24-month non-competition obligation.

The Company also entered into a new Employment Agreement, effective January 9, 2006, with Mr. Steve Lumpkin, superceding his prior employment agreement. The terms of Mr. Lumpkin's Employment Agreement are substantially the same as Mr. Goebel's except that Mr. Lumpkin's initial base salary is \$475,000 and his target bonus for fiscal 2006 is 85% of his base salary. Mr. Lumpkin will also receive a grant on January 11, 2006 under the Company's Amended and Restated 1995 Equity Incentive Plan and form executive Non-Qualified Stock Option Award Agreement of options to purchase 150,000 shares of common stock. The options vest five years from the date of grant and have a term of 7 years.

The Company also announced that Mr. Goebel was appointed as a member of the Board of Directors, effective January 9, 2006. Mr. Goebel fills a vacancy created by an increase in the number of members of the Board of Directors from 10 to 12, approved by the Board of Directors at its December 2005 meeting. Mr. Goebel will serve as Class I director with a term expiring at the 2008 Annual Meeting of Stockholders. In accordance with the Company's Bylaws, Mr. Goebel will be nominated at the 2006 Annual Meeting of Stockholders for election as a Class I director with a term expiring at the 2008 Annual Meeting of Stockholders.

Mr. Goebel, 55, was employed by the Company in February 2001 as Senior Vice President of Franchise Operations and was promoted to the position of Executive Vice President of Operations in December 2002. In January 2004, Mr. Goebel was promoted to Chief Operating Officer. In January 2005 he was also named President. Prior to joining the Company, Mr. Goebel headed a management company that provided consulting and strategic planning services to various businesses from April 1998 to February 2001. Prior to 1998, he was a franchise principal with an early developer group of the Boston Market concept. Mr. Goebel's business experience also includes positions as Vice President of Business Development for Rent-a-Center (a subsidiary of Thorn, EMI) and Vice President of Operations for Ground Round restaurants.

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The Company also announced that the second vacancy created by the increase in the number of Board members will be filled by Mr. Rogelio Rebolledo,

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president and chief executive officer of PBG (Pepsi Bottling Group) Mexico. Mr. Rebolledo will be nominated for election by the stockholders in May at the 2006 Annual Meeting of Stockholders to serve as a Class II director with a term expiring at the 2009 Annual Meeting of Stockholders.

Prior to his position with PBG, which he assumed in January 2004, Mr. Rebolledo served as President and CEO of Frito-Lay International. He retired at the end of 2003 from Frito-Lay after 28 years of service. While at Frito-Lay, he led the company's expansion throughout Latin America, Asia and Australia. Mr. Rebolledo is a Mexican national, with a bachelor's degree in chemical engineering from the National University of Mexico and an MBA from the University of Iowa. There have been no related party transactions between the Company and Mr. Rebolledo.

The Company's press release regarding these matters is attached hereto as Exhibit 99.1 and incorporated herein by reference.

### Item 9.01. Financial Statements and Exhibits.

(c) EXHIBITS. The following exhibits are filed herewith:

- 10.1 Employment Agreement dated as of January 9, 2006 by and between the Company and Mr. Dave Goebel.
- 10.2 Employment Agreement dated as of January 9, 2006 by and between the Company and Mr. Steve Lumpkin.
- 99.1 Press release of Applebee's International, Inc., dated January 9, 2006.

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### 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.

Date: January 9, 2006

APPLEBEE'S INTERNATIONAL, INC.

By: /s/ Steven K. Lumpkin

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Steven K. Lumpkin  
Executive Vice President and  
Chief Financial Officer

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### Exhibit Index

<u>Exhibit</u> <u>Number</u>	<u>Description</u>
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