

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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STANLEY FURNITURE CO INC/

CIK: **797465** | IRS No.: **541272589** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
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SIC: **2511** Wood household furniture, (no upholstered)

Mailing Address
1641 FAIRYSTONE PARK
HGWAY
STANLEYTOWN VA 24168

Business Address
1641 FAIRYSTONE PK HWY
STANLEYTOWN VA 24168
5406272000

Item 1.01 Entry into a Material Definitive Agreement.

On April 26, 2005, the Compensation Committee of the Board of Directors approved, and the Company entered into, an amendment to the Employment Agreement with Albert L. Prillaman terminating his Employment Agreement in connection with his retirement from employment with the Company as of April 30, 2005. The amendment provides for the existing provisions of the Employment Agreement with respect to confidential information and non-solicitation of employees to survive termination of employment in accordance with their existing terms. In addition, pursuant to the amendment, the Company has agreed to transfer to Mr. Prillaman the automobile that he currently uses and to pay Mr. Prillaman an amount to cover taxes imposed on the transfer of the automobile.

On April 26, 2005, the Board of Directors designated Albert L. Prillaman as Lead Director. The Board of Directors also approved the recommendation of the Corporate Governance and Nominating Committee that the Lead Director receive annual cash compensation in the amount of \$120,000.

The Board of Directors approved the recommendation of the Corporate Governance and Nominating Committee revising the Company's policy for compensation of non-employee directors to provide that (i) each non-employee director (other than the Lead Director) receive annual cash compensation in the amount of \$30,000 per year and (ii) each non-employee director receive an annual stock option grant to acquire a number of shares with a fair value of \$30,000. Pursuant to this policy, the Board of Directors approved a grant of an option to acquire 1,591 shares of the Company's common stock to each non-employee director. The terms of the options are consistent with prior practices. As Mr. Prillaman continues as an employee of the Company until April 30, 2005, he did not receive the 2005 grant made to non-employee directors.

Item 1.02 Termination of a Material Definitive Agreement.

On April 26, 2005, the Compensation Committee of the Board of Directors approved, and the Company entered into, an amendment to the Employment Agreement with Albert L. Prillaman terminating his Employment Agreement in connection with his retirement from employment with the Company as of April 30, 2005, as described in Item 1.01 above.

Item 9.01 Financial Statements and Exhibits

(c) 10.01 Third Amendment, dated as of April 26, 2005, to the Employment Agreement between the Registrant and Albert L. Prillaman.

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.

STANLEY FURNITURE COMPANY, INC.

Date: May 2, 2005

By: /s/Jeffrey R. Scheffer

Jeffrey R. Scheffer
Chairman, President and
Chief Executive Officer

THIRD AMENDMENT TO
ALBERT L. PRILLAMAN EMPLOYMENT AGREEMENT

THIS THIRD AMENDMENT, dated as of the 26th day of April, 2005 (the "Third Amendment") to the Employment Agreement, dated as of January 1, 1991, as amended October 1, 1996 and March 1, 2003 (the "Employment Agreement") between ALBERT L. PRILLAMAN ("Employee") and STANLEY FURNITURE COMPANY, INC., a Delaware corporation (the "Company").

The Parties desire to amend the Employment Agreement as set forth herein to provide for the Employee's retirement from employment with the Company effective as of April 30, 2005.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto, intending to be legally bound, agree as follows:

1. Section 2 of the Employment Agreement is amended to add the following at the end thereof:

Notwithstanding anything in this Agreement to the contrary, the term of employment under this Agreement shall end on April 30, 2005, and at the end of such term, all provisions of the Employment Agreement shall terminate and be of no force or effect other than the obligations set forth in Section 6(b) and 6(c) of the Employment Agreement and in Section 2 of the Third Amendment.

2. As soon as practicable, the Company shall transfer to the Employee, at no cost to the Employee, title to the automobile owned or leased by the Company and currently used by the Employee. The Company also shall pay the Employee an additional amount reasonably estimated by the Company to be equal to any federal, state and local income or employment taxes imposed on the Employee from (a) the transfer of the automobile and (b) the Company's payment under this sentence.
3. This Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to conflict of laws.
4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
5. The Employment Agreement as amended hereby and this Amendment shall be read together to constitute one agreement. The parties hereto agree

that the Employment Agreement, as amended hereby, remains in full force and effect until its termination as provided herein.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed on the day and year first above written.

STANLEY FURNITURE COMPANY, INC.

By:/s/Jeffrey R. Scheffer

Jeffrey R. Scheffer
Chairman, President and Chief
Executive Officer

/s/Albert L. Prillaman

Albert L. Prillaman