

ARC DOCUMENT SOLUTIONS, INC.

FORM 8-K (Current report filing)

Filed 03/11/09 for the Period Ending 03/11/09

Address	1981 N. BROADWAY, SUITE 385 WALNUT CREEK, CA 94596
Telephone	925 949-5100
CIK	0001305168
Symbol	ARC
SIC Code	7330 - Mailing, Reproduction, Commercial Art And
Industry	Business Services
Sector	Services
Fiscal Year	12/31

**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): March 11, 2009

AMERICAN REPROGRAPHICS COMPANY

(Exact name of registrant as specified in its charter)

STATE OF DELAWARE

(State or other Jurisdiction of
Incorporation)

001-32407

(Commission File Number)

20-1700361

(IRS Employer Identification No.)

1981 N. Broadway, Suite 385, Walnut Creek, California

(Address of Principal Executive Offices)

94596

(Zip Code)

Registrant's telephone number, including area code: **(925) 949-5100**

(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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) *Compensatory Arrangements of Certain Officers.*

2009 Voluntary Temporary Base Salary Reductions and Waiver of Bonus Opportunity

On March 11, 2009, in connection with American Reprographics Company (the “Company”) overall cost reduction initiative, the Company entered into amendments to the Executive Employment Agreements with each of its principal executive officers providing for voluntary temporary reductions of their respective base salaries from the effective date of the amendment through the balance of fiscal year 2009, as follows: (a) Kumarakulasingam Suriyakumar, Chairman, President and Chief Executive Officer of the Company, has agreed to a 50% reduction in base salary; and (b) each of Jonathan R. Mather, Chief Financial Officer, Rahul K. Roy, Chief Technology Officer, and Dilantha Wijesuriya, Senior Vice President – National Operations, has agreed to a 10% reduction in base salary. In addition, under the amendments, each of Messrs. Suriyakumar, Mather, Roy and Wijesuriya have agreed to a waiver of the bonus opportunity for the Company’s fiscal year 2009.

The foregoing summary of the amendments to the Executive Employment Agreements is not a complete description of the terms of such amendments and is qualified by reference to the full text of such amendments, which are attached hereto as Exhibit 10.1, 10.2, 10.3 and 10.4 and incorporated by reference herein.

A copy of the press release relating to certain aspects of the Company’s overall cost reduction initiative is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
10.1	Fourth Amendment to Executive Employment Agreement, dated March 11, 2009, by and between American Reprographics Company and Kumarakulasingam Suriyakumar
10.2	Second Amendment to Executive Employment Agreement, dated March 11, 2009, by and between American Reprographics Company and Jonathan R. Mather
10.3	Third Amendment to Executive Employment Agreement, dated March 11, 2009, by and between American Reprographics Company and Rahul K. Roy
10.4	First Amendment to Executive Employment Agreement, dated March 11, 2009, by and between American Reprographics Company and Dilantha Wijesuriya
99.1	American Reprographics Company Press Release dated March 11, 2009

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.

Dated: March 11, 2009

AMERICAN REPROGRAPHICS COMPANY

By: /s/ Kumarakulasingam Suriyakumar
Kumarakulasingam Suriyakumar
Chief Executive Officer and President

EXHIBIT INDEX

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99.1	American Reprographics Company Press Release dated March 11, 2009

FOURTH AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This **Fourth Amendment to Executive Employment Agreement** (this “**Amendment**”) is entered into by and between **American Reprographics Company**, a Delaware corporation (“**ARC**”) as the employer, and Kumarakulasingam Suriyakumar, an individual residing in the State of California (“**Executive**”), as the employee, on March 11, 2009.

This Amendment is entered into with reference to the following facts:

ARC and Executive entered into an Executive Employment Agreement dated January 7, 2005, as amended (“**Agreement**”), under which Executive is employed as Chief Executive Officer and President of ARC. The parties now wish to enter into this Amendment to amend the Agreement.

Now, therefore, the parties agree as follows:

1. All capitalized terms in this Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. A new Section 3(a)(i) is added to Section 3(a) of the Agreement (Base Salary) as follows:

“(i) Executive agrees to a voluntary reduction in the amount of base salary payable to Executive pursuant to Section 3(a) shall be reduced by fifty percent (50%) (the “**Base Salary Reduction**”) effective as of March 7, 2009 until modified through further amendment of this Agreement (the “**Effective Period**”). Notwithstanding anything to the contrary contained in this Section 3(a)(i), if Executive’s employment with ARC is terminated other than for Cause during the Effective Period, any Base Salary severance benefits payable to Executive under Sections 12(a), (c) or (d) of the Agreement shall be calculated based on the amount of Base Salary set forth in Section 3(a), without taking into account the Base Salary Reduction.”

3. A new Section 3(b)(v) is added to Section 3(b) of the Agreement (Incentive Bonus) as follows:

“(v) Notwithstanding anything to the contrary contained in this Section 3(b), Executive waives any Incentive Bonus that may be earned by Executive for the fiscal year ending December 31, 2009 and payable during the fiscal year ending December 31, 2010.”

4. Except as specifically set forth in this Amendment, the Agreement remains in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first hereinabove set forth.

AMERICAN REPROGRAPHICS COMPANY,
a Delaware corporation

By: /s/ Jonathan R. Mather
Name: Jonathan R. Mather
Title: Chief Financial Officer

EXECUTIVE

/s/ Kumarakulasingam Suriyakumar
Kumarakulasingam Suriyakumar

SECOND AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This **Second Amendment to Executive Employment Agreement** (this “**Amendment**”) is entered into by and between **American Reprographics Company**, a Delaware corporation (“**ARC**”) as the employer, and Jonathan R. Mather, an individual residing in the State of California (“**Executive**”), as the employee, on March 11, 2009.

This Amendment is entered into with reference to the following facts:

ARC and Executive entered into an Executive Employment Agreement dated November 29, 2006, as amended (“**Agreement**”). The parties now wish to enter into this Amendment to amend the Agreement.

Now, therefore, the parties agree as follows:

1. All capitalized terms in this Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. A new Section 3(a)(i) is added to Section 3(a) of the Agreement (Base Salary) as follows:

“(i) The amount of Base Salary payable to Executive pursuant to Section 3(a) shall be reduced by ten percent (10%) (the “**Base Salary Reduction**”) effective as of February 1, 2009 through and including January 31, 2010 (the “**Effective Period**”). If ARC’s EBITDA for the fiscal year ending December 31, 2009 exceeds \$140 million, the aggregate amount of the Base Salary Reduction during the Effective Period shall be paid to Executive in cash or a grant of ARC stock options, as elected by Executive. Payment of the Base Salary Reduction in the form of a grant of ARC stock options shall be subject to prior approval of ARC’s Board of Directors or Committee thereof. Notwithstanding anything to the contrary contained in this Section 3(a)(i), if Executive’s employment with ARC is terminated other than for Cause during the Effective Period, any Base Salary severance benefits payable to Executive under Sections 11(a), (c) or (d) of the Agreement shall be calculated based on the amount of Base Salary set forth in Section 3(a), without taking into account the Base Salary Reduction.”

3. A new Section 3(b)(i) is added to Section 3(b) of the Agreement (Incentive Bonus) as follows:

“(i) Notwithstanding anything to the contrary contained in this Section 3(b), Executive conditionally waives the Incentive Bonus that may otherwise be earned by Executive for the fiscal year ending December 31, 2009 and payable during the fiscal year ending December 31, 2010; *provided, however*, that if ARC’s EBITDA for the fiscal year ending December 31, 2009:

- Exceeds \$140 million but is less than \$150 million, Executive shall be entitled to payment of twenty five percent (25%) of any earned Incentive Bonus for the fiscal year ending December 31, 2009;
- Exceeds \$150 million but is less than \$160 million, Executive shall be entitled to payment of fifty percent (50%) of any earned Incentive Bonus for the fiscal year ending December 31, 2009;
- Exceeds \$160 million, Executive shall be entitled to payment of one hundred percent (100%) of any earned Incentive Bonus for the fiscal year ending December 31, 2009.

All other provisions of Section 3(b), including the method of calculation and performance criteria relating to Executive's Incentive Bonus, shall remain in full force and effect with respect to any Incentive Bonus which may be earned by Executive for the fiscal year ending December 31, 2009."

4. Except as specifically set forth in this Amendment, the Agreement remains in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first hereinabove set forth.

AMERICAN REPROGRAPHICS COMPANY,
a Delaware corporation

By: /s/ Kumarakulasingam Suriyakumar
Name: Kumarakulasingam Suriyakumar
Title: Chairman, President and CEO

EXECUTIVE

/s/ Jonathan R. Mather
Jonathan R. Mather

THIRD AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This **Third Amendment to Executive Employment Agreement** (this “**Amendment**”) is entered into by and between **American Reprographics Company**, a Delaware corporation (“**ARC**”) as the employer, and Rahul K. Roy, an individual residing in the State of California (“**Executive**”), as the employee, on March 11, 2009.

This Amendment is entered into with reference to the following facts:

ARC and Executive entered into an Executive Employment Agreement dated January 7, 2005, as amended (“**Agreement**”). The parties now wish to enter into this Amendment to amend the Agreement.

Now, therefore, the parties agree as follows:

1. All capitalized terms in this Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. A new Section 3(a)(i) is added to Section 3(a) of the Agreement (Base Salary) as follows:

“(i) The amount of Base Salary payable to Executive pursuant to Section 3(a) shall be reduced by ten percent (10%) (the “**Base Salary Reduction**”) effective as of February 1, 2009 through and including January 31, 2010 (the “**Effective Period**”). If ARC’s EBITDA for the fiscal year ending December 31, 2009 exceeds \$140 million, the aggregate amount of the Base Salary Reduction during the Effective Period shall be paid to Executive in cash or a grant of ARC stock options, as elected by Executive. Payment of the Base Salary Reduction in the form of a grant of ARC stock options shall be subject to prior approval of ARC’s Board of Directors or Committee thereof. Notwithstanding anything to the contrary contained in this Section 3(a)(i), if Executive’s employment with ARC is terminated other than for Cause during the Effective Period, any Base Salary severance benefits payable to Executive under Sections 11(a), (c) or (d) of the Agreement shall be calculated based on the amount of Base Salary set forth in Section 3(a), without taking into account the Base Salary Reduction.”

3. A new Section 3(b)(i) is added to Section 3(b) of the Agreement (Incentive Bonus) as follows:

“(i) Notwithstanding anything to the contrary contained in this Section 3(b), Executive conditionally waives the Incentive Bonus that may otherwise be earned by Executive for the fiscal year ending December 31, 2009 and payable during the fiscal year ending December 31, 2010; *provided, however*, that if ARC’s EBITDA for the fiscal year ending December 31, 2009:

- Exceeds \$140 million but is less than \$150 million, Executive shall be entitled to payment of twenty five percent (25%) of any earned Incentive Bonus for the fiscal year ending December 31, 2009;
- Exceeds \$150 million but is less than \$160 million, Executive shall be entitled to payment of fifty percent (50%) of any earned Incentive Bonus for the fiscal year ending December 31, 2009;
- Exceeds \$160 million, Executive shall be entitled to payment of one hundred percent (100%) of any earned Incentive Bonus for the fiscal year ending December 31, 2009.

All other provisions of Section 3(b), including the method of calculation and performance criteria relating to Executive's Incentive Bonus, shall remain in full force and effect with respect to any Incentive Bonus which may be earned by Executive for the fiscal year ending December 31, 2009."

4. Except as specifically set forth in this Amendment, the Agreement remains in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first hereinabove set forth.

AMERICAN REPROGRAPHICS COMPANY,
a Delaware corporation

By: /s/ Kumarakulasingam Suriyakumar
Name: Kumarakulasingam Suriyakumar
Title: Chairman, President and CEO

EXECUTIVE

/s/ Rahul K. Roy
Rahul K. Roy

FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This **First Amendment to Executive Employment Agreement** (this “**Amendment**”) is entered into by and between **American Reprographics Company**, a Delaware corporation (“**ARC**”) as the employer, and Dilantha Wijesuriya, an individual residing in the State of California (“**Executive**”), as the employee, on March 11, 2009.

This Amendment is entered into with reference to the following facts:

ARC and Executive entered into an Executive Employment Agreement dated February 23, 2009 (“**Agreement**”). The parties now wish to enter into this Amendment to amend the Agreement.

Now, therefore, the parties agree as follows:

1. All capitalized terms in this Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. A new Section 3(a)(i) is added to Section 3(a) of the Agreement (Base Salary) as follows:

“(i) The amount of Base Salary payable to Executive pursuant to Section 3(a) shall be reduced by ten percent (10%) (the “**Base Salary Reduction**”) effective as of February 1, 2009 through and including January 31, 2010 (the “**Effective Period**”). If ARC’s EBITDA for the fiscal year ending December 31, 2009 exceeds \$140 million, the aggregate amount of the Base Salary Reduction during the Effective Period shall be paid to Executive in cash or a grant of ARC stock options, as elected by Executive. Payment of the Base Salary Reduction in the form of a grant of ARC stock options shall be subject to prior approval of ARC’s Board of Directors or Committee thereof. Notwithstanding anything to the contrary contained in this Section 3(a)(i), if Executive’s employment with ARC is terminated other than for Cause during the Effective Period, any Base Salary severance benefits payable to Executive under Sections 11(a), (c) or (d) of the Agreement shall be calculated based on the amount of Base Salary set forth in Section 3(a), without taking into account the Base Salary Reduction.”

3. A new Section 3(b)(i) is added to Section 3(b) of the Agreement (Incentive Bonus) as follows:

“(i) Notwithstanding anything to the contrary contained in this Section 3(b), Executive conditionally waives the Incentive Bonus that may otherwise be earned by Executive for the fiscal year ending December 31, 2009 and payable during the fiscal year ending December 31, 2010; *provided, however*, that if ARC’s EBITDA for the fiscal year ending December 31, 2009:

- Exceeds \$140 million but is less than \$150 million, Executive shall be entitled to payment of twenty five percent (25%) of any earned Incentive Bonus for the fiscal year ending December 31, 2009;
- Exceeds \$150 million but is less than \$160 million, Executive shall be entitled to payment of fifty percent (50%) of any earned Incentive Bonus for the fiscal year ending December 31, 2009;
- Exceeds \$160 million, Executive shall be entitled to payment of one hundred percent (100%) of any earned Incentive Bonus for the fiscal year ending December 31, 2009.

All other provisions of Section 3(b), including the method of calculation and performance criteria relating to Executive's Incentive Bonus, shall remain in full force and effect with respect to any Incentive Bonus which may be earned by Executive for the fiscal year ending December 31, 2009."

4. Except as specifically set forth in this Amendment, the Agreement remains in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first hereinabove set forth.

AMERICAN REPROGRAPHICS COMPANY,
a Delaware corporation

By: /s/ Kumarakulasingam Suriyakumar
Name: Kumarakulasingam Suriyakumar
Title: Chairman, President and CEO

EXECUTIVE

/s/ Dilantha Wijesuriya
Dilantha Wijesuriya

AMERICAN REPROGRAPHICS COMPANY ANNOUNCES COMPANY-WIDE PAYROLL REDUCTIONS AS PART OF CONTINUED COST-CUTTING MEASURES

WALNUT CREEK, California (March 11, 2009) — American Reprographics Company (NYSE: ARP), the nation's leading provider of reprographics services and technology, today announced a company-wide payroll reduction of five percent, and a voluntary 50% salary reduction for CEO K. Suriyakumar as it continues its cost cutting efforts. The three initiatives are expected to produce annualized cost savings to the Company in the range of \$6 million or \$0.08 per diluted share.

K. "Suri" Suriyakumar, Chairman, President and CEO for American Reprographics Company, said, "The markets we serve have sharply declined. Thus, it is incumbent upon us to right-size our operations to get the optimum returns from the business. We've demonstrated we could grow quickly in an expanding economy; we also know how to downsize in a rapidly contracting economy. Doing so in a timely manner is critical for our success as an organization."

"We're not suffering from a reprographics or construction market problem that can be solved a little bit at a time,"

Mr. Suriyakumar continued. "Given the credit crisis and weak market conditions, the recovery of the economy is likely to be a slow and painstaking process. In situations like this, the best action dominant companies like ARC can take is to buckle down, reduce operating expenses dramatically and quickly, and expand market share aggressively using technology solutions," he concluded.

As previously announced, the Company is continuing a series of cost cutting efforts that include further reductions in labor and plans to close or consolidate up to 50 locations during the year.

Jonathan Mather, American Reprographics Company CFO stated "I am pleased with the rapid progress we're seeing in reducing our costs. While we would like to realize the benefit of such work immediately, we must accomplish these reductions without major disruptions in service to customers or any unnecessary decline in staff morale."

About American Reprographics Company

American Reprographics Company is the leading reprographics company in the United States providing business-to-business document management technology and services to the architectural, engineering and construction, or AEC industries. The Company provides these services to companies in non-AEC industries, such as technology, financial services, retail, entertainment, and food and hospitality, which also require sophisticated document management services. American Reprographics Company provides its core services through its suite of reprographics technology products, a network of hundreds of locally-branded reprographics service centers across the U.S., on-site at more than 5,000 customer locations, and through UDS, a joint-venture company headquartered in Beijing, China. The Company's service centers are arranged in a hub and satellite structure and are digitally connected as a cohesive network, allowing the provision of services both locally and nationally to more than 160,000 active customers.

Forward-Looking Statements Disclaimer

This press release contains forward-looking statements that are based on current opinions and estimates of management regarding future events and the future financial performance of the Company. Words such as “forecast,” “outlook,” “will,” and similar expressions identify forward-looking statements. We caution you that such statements are only predictions and are subject to certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Factors that could cause our actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, the current downturn in the economy generally and in the architectural, engineering and construction industries specifically; competition in our industry and innovation by our competitors; our failure to anticipate and adapt to future changes in our industry; our failure to complete acquisitions, or failure to manage our acquisitions, including our inability to integrate and merge the business operations of the acquired companies or failure to retain key personnel and customers of acquired companies; our dependence on certain key vendors for equipment, maintenance services and supplies; damage or disruption to our facilities, our technology centers, our vendors or a majority of our customers; and our failure to continue to develop and introduce new services successfully. The foregoing list of risks and uncertainties is illustrative but is by no means exhaustive. For more information on factors that may affect our future performance, please review our periodic filings with the U.S. Securities and Exchange Commission, and specifically the risk factors set forth in our most recent reports on Form 10-K and Form 10-Q. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Contact:

David Stickney
VP of Corporate Communications
Phone: 925-949-5100
Email: davidstickney@e-arc.com