
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): October 11, 2013

Communications Systems, Inc.

(Exact name of Registrant as Specified in its Charter)

Minnesota

(State Or Other Jurisdiction Of Incorporation)

001-31588

(Commission File Number)

41-0957999

(I.R.S. Employer
Identification No.)

10900 Red Circle Drive

Minnetonka, MN

(Address Of Principal Executive Offices)

55343

(Zip Code)

(952) 996-1674

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
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
-
-

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

Offer Letter with Chief Financial Officer Edwin C. Freeman

On October 11, 2013, Communications Systems, Inc. (the “Company”) entered into an offer letter (“Offer Letter”) with Edwin C. Freeman who became the Company’s Vice President and Chief Financial Officer on September 3, 2013. Under the Offer Letter, Mr. Freeman will receive a salary of \$200,000 a year. In addition, he is eligible to receive a \$25,000 bonus payable as follows: (i) \$12,500 to be paid 90 days after commencement of his employment, and (ii) \$12,500 to be paid if mutually agreed 2013 short-term goals are achieved. Mr. Freeman will participate in the Company’s long-term incentive compensation plans for 2013-2015 and 2012-2014, with the opportunity to earn 5,379 shares of common stock in 2016 and 2,062 shares of common stock in 2015, in each case if the Company achieves “Target” under the two respective plans. Mr. Freeman also received stock options to purchase 5,607 shares vesting over a four-year period beginning March 15, 2014 and restricted stock units for 1,100 shares that vest on September 5, 2014 and are subject to an additional one-year limitation on resale.

Mr. Freeman also will have an opportunity to earn a bonus in 2014 and future years. His 2014 bonus opportunity would allow him to earn (i) up to 55% of his base compensation if all “Targets” are achieved by the Company, (ii) a long-term incentive compensation opportunity equal to 60% of his base compensation, (iii) stock options valued at 18% of his base compensation, and (iv) restricted stock units based at 42% of his base compensation. Mr. Freeman will also have a Company car available to him or in the event he chooses not to have a Company car, he will receive an annualized car allowance of \$7,750. Mr. Freeman is also eligible to participate in the Company’s other employee benefit plans on the same basis as other employees. His employment is at will.

Item 9.01 Financial Statement and Exhibits.

Exhibit 10.1 Edwin C. Freeman Offer Letter dated October 11, 2013.

SIGNATURE

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, thereunto duly authorized.

COMMUNICATIONS SYSTEMS, INC.

By: /s/ Curtis A. Sampson
Chairman and Interim Chief Executive Officer

Date: October 18, 2013



October 11, 2013

Edwin C. Freeman

Dear Ed:

This letter memorializes our offer to you of the position of Vice President and Chief Financial Officer for Communications Systems, Inc., which you commenced on Wednesday, September 4, 2013. You will report to Curtis A. Sampson, Chairman of the Board of Directors, and Interim Chief Executive Officer and President.

Your compensation will be \$7,692.30 biweekly, annualized at \$200,000. Your other incentive compensation will include:

September to December 2013:

- Bonus: \$25,000
50% paid after 90 days of employment
50% earned by December 31, 2013 if mutually agreed, short-term goals are achieved
- Stock Options:
5,607 shares (\$12,000 ÷ 9/5/13 Black Scholes value) vesting on same schedule as options granted to other executives in March 2013. These options have been granted to you.
- Long Term Incentive Compensation Opportunity:
Two-thirds of 2013 -2015 LTI Plan opportunity (5,379 shares in 2016 if “Target” achieved)
One-third of 2012-2014 LTI Plan opportunity (2,062 shares in 2015 if “Target” achieved)

Restricted Stock Units (“RSU”) for 1,010 shares to replace 25% of RSUs forfeited due to resignation as a director on September 3, 2013.

Proposed 2014 Incentive Opportunities¹

- Annual Bonus Opportunity: 55% of Base Compensation if All Targets Achieved
- Long Term Incentive Compensation Opportunity: Total LTI represents 60% of Base Compensation

¹Actual 2014 Incentive Compensation Opportunities will be determined in February 2014, consistent with past practices.

10900 Red Circle Drive • Minnetonka MN 55343 • 1-800-268-5130 • 952-996-1674 • www.commsystems.com



- Stock Options: Options Valued @ 18% of Base Compensation
- RSUs: Valued @ 42% of Base Compensation.

A company car is available to you in this position. The Company vehicle policy will be provided to you for your reference. If you do choose not to accept a Company-provided vehicle, you will receive the annualized car allowance of \$7,750, plus business mileage reimbursed at DOE rate, for business miles. You would be responsible for all expenses including appropriate insurance, repairs, fuel. If you decide to use a Company vehicle in the future, this \$7,750 will discontinue.

Our current benefit offering includes health and dental insurance, life insurance, short- and long-term disability insurance, participation in a 401(k) plan and tuition reimbursement. You are eligible for medical and dental benefits after 30 days of employment.

You will be eligible to participate in our 401(k) Plan for purpose of elective deferrals when you have completed 250 Hours of Service within the three-month time period following your date of hire. If you do not complete 250 Hours of Service within the three-month time period of employment, then you will have satisfied the service requirement when you are credited with a Year of Service.

Your employment relationship with CSI will be "at-will," which means either you or CSI may terminate the relationship at any time with or without cause. This offer is contingent upon your showing identity and employment eligibility required by law.

Sincerely,

I accept the offer as outlined above and understand that by signing this offer letter I agree to let CSI verify my employment through the E-Verify program.

/s/ Curtis A. Sampson
Curtis A. Sampson
Chairman of the Board, Interim Chief
Executive Officer and President

/s/Edwin C. Freeman
Edwin C. Freeman

10900 Red Circle Drive • Minnetonka MN 55343 • 1-800-268-5130 • 952-996-1674 • www.commsystems.com

SUTLE

AT AUSTIN
TAYLOR

TRANSITION
NETWORKS

jbl
TECHNOLOGIES