
**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): May 28, 2013

**01-34219
(Commission File Number)**

DESTINATION XL GROUP, INC.

(Exact name of registrant as specified in its charter)

**Delaware
(State of Incorporation)**

**04-2623104
(IRS Employer Identification Number)**

**555 Turnpike Street, Canton, Massachusetts 02021
(Address of registrant's principal executive office)**

**(781) 828-9300
(Registrant's telephone number)**

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))
-
-

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

Compensatory Arrangements of Certain Officers

On May 28, 2013, the Compensation Committee of Destination XL Group, Inc. (the “Company”), having received full Board approval on May 9, 2013, approved the 2013-2016 Destination XL Group, Inc. Long-Term Incentive Plan (the “2013-2016 LTIP”), pursuant to which the Company’s executives (which include its Named Executive Officers) and certain other members of management are eligible to participate. The 2013-2016 LTIP is issued pursuant to the Company’s shareholder approved 2006 Incentive Compensation Plan, as amended (the “2006 Plan”). In connection with the approval of the 2013-2016 LTIP, the Company’s 2008 Long-Term Incentive Plan, as amended and restated on May 3, 2010, was terminated (with the exception of unvested awards which are still in existence and shall continue to vest or be forfeited as set forth in that plan). As the Company disclosed in its Annual Report on Form 10-K for the fiscal year ended February 2, 2013, the Company is in the process of transitioning to its Destination XL® (“DXL®”) concept over a three-to-four year period. As the Company further disclosed, by the end of fiscal 2016, the transition is expected to be complete, at which time the Company is projecting that revenues could exceed \$600 million with projected operating margins greater than 10%. The primary purpose of the 2013-2016 LTIP is to help retain the Company’s management team during this transition while tying any reward earned to the achievement of this long-term objective. Under the Company’s previous long-term incentive plan, the performance targets were based solely on current year performance, with time-based vesting over the four years following the achievement of the performance target. Unlike that plan, the 2013-2016 LTIP is based on this long-term objective with grants at the outset, half of which are time-vested and the other half of which vest only if certain performance targets are met.

On May 28, 2013, each participant was granted an unearned and unvested award equal in value to four times their annual salary multiplied by their long-term incentive program percentage, which is 100% for the Company’s executive officers, 70% for its senior executives and 50% for other participants in the plan, which we refer to as the “Projected Benefit Amount.” Each participant was granted 50% of the Projected Benefit Amount in shares of restricted stock, 25% in stock options and the remaining 25% in cash. The closing price of the Company’s common stock on May 28, 2013 of \$5.04 per share was used to determine the number of shares of restricted stock and to determine the Black-Scholes value in calculating the number of stock options issued.

Of the stock options granted to senior executives and the other participants, approximately 50% are subject to obtaining shareholder approval of an amendment to our 2006 Plan to increase the shares available for issuance under the plan by 1,250,000 shares. If the amendment to increase the authorized shares under the 2006 Plan does not receive approval, the options subject to such approval shall be cancelled and the participants will instead receive a right to receive cash (the value of which is equal to 12.75% of the Projected Benefit Amount) subject to the same vesting schedule and performance targets.

Of the total Projected Benefit Amount, 50% is subject to time-based vesting and 50% is subject to performance-based vesting. The time-vested portion of the award (half of the shares of restricted stock, options and cash) will vest in three installments with 20% of the time-vested portion vesting at the end of fiscal 2014, 40% at the end of fiscal 2015 and the remaining 40% vesting at the end of fiscal 2016.

For the performance-based portion of the award to vest, the Company must achieve, during any rolling four fiscal quarter period that ends on or before the end of fiscal 2015, revenue of at least \$550 million and an operating margin of not less than 8.0%. In the event that the Company achieves its target of \$550 million in revenue with an operating margin of not less than 8.0% during any rolling fiscal four quarters prior to fiscal 2016, then the total Projected Benefit Amount vests in full.

If the targets for vesting of the performance-based portion of the award are not met by the end of fiscal 2015, then the performance-based target can still be met in fiscal 2016. In fiscal 2016, the Company must achieve revenue of at least \$600 million and an operating margin of not less than 8.0% for participants to receive 100% vesting of the performance-based portion of the Projected Benefit Amount. If the Company does not meet the performance target at the end of fiscal 2016, but the Company is able to achieve revenue equal to or greater than \$510 million at the end of fiscal 2016 and the operating margin is not less than 8.0%, then the participants will receive a pro-rata portion of the performance-based award based on minimum sales of \$510 million (50% payout) and \$600 million (100% payout).

In addition, because of the long-term nature of the 2013-2016 LTIP, the plan includes provisions regarding the impact on unvested awards after fiscal 2013 of the termination of employment of a participant due to retirement, death, or disability of the participant, termination by the Company of a participant without justifiable cause (as defined in the plan) and termination by the participant for good reason (as defined in the plan) and termination in connection with a change in control of the Company. The impact on unvested awards differs depending on the nature and timing of the termination. The 2013-2016 LTIP includes a “double trigger” change in control provision that requires payment in the event of termination of a participant in connection with a change in control in the Company. In the event of a change in control, if a participant is terminated, for any reason other than retirement or by the Company for cause, within 6 months before or within 18 months after the change in control, the unvested portion of the participant’s award (both time-based and performance-based) will immediately vest and be paid out as calculated in accordance with the plan (as of the date of the change in control or the termination, whichever occurred last).

Unlike the Company’s prior long-term incentive plan, the participants are not able to achieve greater than 100% of the Projected Benefit Amount. With the awards being granted on May 28, 2013, participants will be aligned with shareholders and any upside to be gained by participants for their efforts during this three-to-four year transition to the Destination XL concept will come only from any increase in the value of the equity which was granted to participants at May 28, 2013.

Assuming the Company achieves the performance target and 100% of the Projected Benefit Amount vests, without forfeiture, the total potential payout over this four-year period will be approximately \$21.8 million. The \$21.8 million is subject to being expensed throughout the vesting periods extending over forty-four months from the approval date.

The foregoing description of the 2013-2016 LTIP and is qualified in its entirety by reference to the full text of the plan, which is filed herewith as Exhibit 10.1 and incorporated herein by this reference.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits

10.1 2013-2016 Destination XL Group, Inc. Long-Term Incentive Plan

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, thereunto duly authorized.

DESTINATION XL GROUP, INC.

By: /s/ Dennis R. Hernreich

Name: Dennis R. Hernreich

Title: Executive Vice President and Chief Financial Officer

Date: June 3, 2013

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	2013-2016 Destination XL Group, Inc. Long-Term Incentive Plan

DXL GROUP
2013-2016 Destination XL Group, Inc.
Long-Term Incentive Plan

1. **Establishment and Purpose.** Destination XL Group, Inc., f/k/a Casual Male Retail Group, Inc. (the "Company") established a long-term incentive plan named the 2008 Casual Male Retail Group, Inc. Long-Term Incentive Plan, for the purpose of supporting the Company's ongoing efforts to attract, retain and develop exceptional talent and enable the Company to provide incentives directly linked to the Company's short and long-term objectives and increases in shareholder value. Effective May 3, 2010, the 2008 Casual Male Retail Group, Inc. Long-Term Incentive Plan was amended and restated in its entirety. The Casual Male Retail Group, Inc. Long-Term Incentive Plan is hereby terminated (excluding payouts of awards which were already granted, but not yet vested) and is superseded by this 2013-2016 Destination XL Group, Inc. Long-Term Incentive Plan (the "Plan"), which is designed for the specific purpose of retaining and rewarding the efforts required to transition the Company to the Destination XL concept over the next 3-4 years.

2. **Definitions.** When used herein, the following capitalized terms shall have the meanings assigned to them, unless the context clearly indicates otherwise. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Incentive Compensation Plan.

(a) **Affiliate** means any entity that controls, is controlled by, or is under common control with, the Company.

(b) **Applicable Performance Target** means the following:

(i) For the period from the Effective Date through FYE 2015, the Applicable Performance Target shall be achieved if, during any consecutive 12-month period that begins on the first day of a Fiscal Quarter on or after the Effective Date and that ends on the last day of any Fiscal Quarter that ends on or before FYE 2015, (1) the Company has Sales of at least \$550,000,000, and (2) the Company's Operating Margin is not less than 8.0%; and

(ii) For the fiscal year of the Company ending on FYE 2016, the Applicable Performance Target shall be achieved if (1) the Company has Sales of at least \$600,000,000, and (2) the Company's Operating Margin is not less than 8.0%.

(c) **Award** means an award under the Plan that is payable in the form of Cash, Options and Restricted Stock pursuant to the terms and conditions set forth in this Plan.

(d) **Black-Scholes Value** means the value of an Option as of the date of the valuation calculated utilizing the same formula and assumptions as the Company utilized for the purpose of valuing outstanding options in its most recently (meaning at the time of the valuation) prepared audited annual financial statement.

(e) **Board** means the Board of Directors of the Company.

(f) **Cash** means U.S. dollars.

(g) **Committee** means the Compensation Committee of the Board.

(h) **Effective Date** means the date on which the Plan has been finally approved by the Committee, or such later date as shall be designated by the Committee.

(i) **Effective Date of Participation** means the date on which a Participant became a Participant in the Plan.

(j) **Fiscal Quarter** means each fiscal quarter that ends within a fiscal year of the Company.

(k) **FYE** means the last day of each fiscal year of the Company that ends during the Plan Period. FYE 2013 shall mean February 1, 2014, FYE 2014 shall mean January 31, 2015, FYE 2015 shall mean January 30, 2016, and FYE 2016 shall mean January 28, 2017.

(l) **Gain** means (i) to the extent that the Award was satisfied with a grant of Options, the amount by which the Fair Market Value per share of the Shares underlying such Option as of the date on which the Participant exercised the Option exceeded the exercise price of the Option; (ii) to the extent that the Award was satisfied by the grant of Restricted Stock that became vested, the Fair Market Value of those vested Shares on the earlier of the date on which the Participant incurred a Termination of Employment or the date on which the Participant sold those Shares; and (iii) to the extent that the Award was satisfied in Cash, the amount of Cash paid to satisfy the Award.

(m) **Good Reason** means the same definition of Good Reason, or any substantially similar term, in the Participant's employment agreement with the Company, if any, that is in effect at the time the determination is being made. If the Participant does not have an employment agreement with the Company at that time, or there is no definition of Good Reason, or any substantially similar term, in the Participant's employment agreement at that time, or the Committee determines, in its sole and absolute discretion, that the right to any payment or benefit under this Plan pursuant to a Termination of Employment by a Participant for Good Reason would not be treated as a right to a payment or benefit pursuant to an involuntary separation from service for purposes of Section 409A (as defined in Section 15(a) of this Plan) if the definition of Good Reason, or any substantially similar term, in the Participant's employment agreement at that time is applied to the Participant's Termination of Employment, then Good Reason means the occurrence of any of the following in the absence of Justifiable Cause by the Company: (i) a material diminution in the Participant's base salary, unless such material diminution in the Participant's base salary is made pursuant to a reduction in base salary that affects all similarly situated employees in a similar manner and is made at least six months prior to a Change in Control, in which case such material diminution in the Participant's base salary shall not constitute Good Reason; (ii) a material change in the geographic location at which the Participant must perform his or her job functions to which the Participant does not agree; or (iii) solely in the case of a Section 16 Officer, a material diminution in the Participant's authority, duties, or responsibilities. For purposes of this Plan, Good Reason shall not be deemed to exist unless the Termination of Employment by a Participant for Good Reason occurs within 180 days following the initial existence of one of the conditions specified in clauses (i) through (iii) above, the Participant provides the Company with written notice of the existence of such condition within 90 days after the initial existence of the condition, and the Company fails to remedy the condition within 30 days after its receipt of such notice.

(n) **Grant Date** means the date on which an Award is granted to a Participant under the Plan, or such later date as shall be determined by the Committee.

(o) **Incentive Compensation Plan** means the Company's 2006 Incentive Compensation Plan, as amended and restated effective August 5, 2010, as the same may hereinafter be amended from time to time.

(p) **Justifiable Cause** means the same definition as used in the Participant's employment agreement, if any, that is in effect at the time the determination is being made. If the Participant does not have an employment agreement at that time, or there is no definition of Justifiable Cause, or any substantially similar term, in the Participant's employment agreement at that time, then Justifiable Cause means any material failure by the Participant in performing his or her necessary job functions; any breach of any material written policies, rules or regulations which have been adopted by the Company; the Participant's performance of any act or failure to act, as to which if the Participant were prosecuted and convicted, a crime or offense involving money or property of the Company or its Subsidiaries or Affiliates, or a crime or offense constituting a felony in the jurisdiction involved, would have occurred; the Participant's embezzlement of funds or assets of the Company or any of its Subsidiaries or Affiliates; the Participant's conviction of, plea of guilty to, or plea of nolo contendere to any felony; the Participant's unauthorized disclosure to any person, firm or corporation of any confidential information of the Company or any of its Subsidiaries or Affiliates; the Participant's usurpation of a corporate opportunity of the Company or any of its Subsidiaries or Affiliates; or the Participant's engaging in any business other than the business of the Company or its Subsidiaries or Affiliates which materially interferes with the performance of his or her duties.

(q) **Operating Margin** for any period means the Company's operating income, as reported on the Company's consolidated financial statements for that period, divided by Sales for that period.

(r) **Performance-Vesting Benefit Amount** has the meaning given to that term in Section 6(b) hereof.

(s) **Plan** means this 2013-2016 Destination XL Group, Inc. Long-Term Incentive Plan, as it may be amended from time to time.

(t) **Plan Period** means the period from the Effective Date until FYE 2016.

(u) **Projected Benefit Amount** has the meaning given to that term in Section 4 hereof.

(v) **Pro-Rata Vesting Percentage** means the percentage that (1) the number of days from the Participant's Effective Date of Participation until the date of the Participant's Termination of Employment bears to (2) the number of days from the Participant's Effective Date of Participation until FYE 2016. If the Participant receives more than one Award pursuant to Section 5(b) hereof, then the Pro-Rata Percentage shall be determined separately with respect to each separate Award based upon the particular Grant Date (which is to be treated as the Participant's Effective Date of Participation with respect to that Award) and Performance-Based Vesting Amount for each such Award.

(w) **Retirement** means the Termination of Employment of the Participant, other than by reason of the Participant's death or Disability and other than by the Company for Justifiable Cause or by the Participant for Good Reason, after the Participant has attained age 65 and completed at least 5 years of employment with the Company and its Subsidiaries and Affiliates.

(x) **Sales** for any period mean the sales of the Company consistent with the calculation as reported on the Company's consolidated financial statements for that period.

(y) **Section 16 Officer** means an officer of the Company who is subject to the requirements of Section 16 of the Securities and Exchange Act of 1934.

(z) **Subsidiary** means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

(aa) **Target Cash Value** means an amount determined by: multiplying (i) the Participant's annual base salary in effect on the Participant's Effective Date of Participation by (ii) the long-term incentive program percentage designated in the Participant's executed employment agreement with the Company (or the percentage as otherwise designated in the Company's records).

(bb) **Termination of Employment** means the termination of the Participant's employment with the Company and its Subsidiaries and Affiliates for any reason.

(cc) **Time-Vesting Benefit Amount** has the meaning given to that term in Section 6(a) hereof.

3. **Eligibility**. The Committee shall designate those employees of the Company and its Subsidiaries and Affiliates who shall be eligible to become Participants in the Plan and the date during the Plan Period on which they shall become Participants. The initial Participants shall become Participants on the Effective Date. Except as otherwise provided in Section 6(d) hereof, unless otherwise determined by the Committee, no portion of any Award shall become vested pursuant to Section 6 hereof, unless and until a Participant has completed at least 1 year of employment with the Company and its Subsidiaries and Affiliates.

4. **Amount of Benefit.** The benefit payable to a Participant pursuant to an Award under this Plan shall be equal to the vested portion, if any, of an amount equal to the product of (i) the Participant's Target Cash Value multiplied by (ii) 4 (or, in the case of an individual that becomes a Participant after the Effective Date, an amount equal to 4 multiplied by a fraction, the numerator of which shall be the number of calendar days from the Participant's Effective Date of Participation to the end of the Plan Period and the denominator of which shall be the total number of days in Plan Period) (the "Projected Benefit Amount").

5. **Form of Payment.**

(a) **Grant of Awards.** Upon a Participant's Effective Date of Participation, the Committee shall grant to the Participant the following:

(i) A number of Shares of Restricted Stock having a Fair Market Value on the Grant Date equal to 50% of the Participant's Projected Benefit Amount;

(ii) Options having a Black-Scholes Value on the Grant Date equal to 25% of the Participant's Projected Benefit Amount, each with an exercise price equal to the Fair Market Value of a Share on the Grant Date; and

(iii) A right to receive Cash equal to 25% of the Projected Benefit Amount if and when the Award vests.

(b) **Additional Grants for Promotions.** If a Participant is promoted during the Plan Period and entitled to a higher long-term incentive program percentage as a result of such promotion, then the Committee shall grant the Participant an additional Award determined as if the Participant had become a Participant on the Grant Date of the additional Award, with the amount of the additional Award being equal to the excess, if any, of (i) Participant's Projected Benefit Amount determined as if the Participant had become a Participant on the Grant Date of the additional Award, over (ii) the Participant's original Projected Benefit Amount multiplied by a fraction, the numerator of which shall be equal to the total number of calendar days from the Grant Date of the additional Award to the last day of the Plan Period and the denominator of which shall be the total number of days from the Participant's Effective Date of Participation to the last day of the Plan Period. In the event that a Participant is promoted and entitled to a higher long-term incentive program percentage as a result of such promotion more than once during the Plan Period, each additional Award shall be determined by the Committee, in its sole and absolute discretion, under the principles set forth above in this Section 5(b).

(c) **Forms of Award Agreements.** The Restricted Stock and Options granted pursuant to Section 5(a) or Section 5(b) hereof shall be made pursuant to the forms of Restricted Stock Agreement and Stock Option Agreement, respectively, attached as Exhibits A and B hereto (with such modifications as the Committee may deem to be appropriate); and

(d) **Payment of Cash.** The portion of any Projected Benefit Amount that vests and is payable in Cash shall be payable as soon as practicable after the date on which that portion of the benefit vests and, in the case of the Cash attributable to the Performance-Based Vesting Award, the Committee certifies in writing that the Applicable Performance Target has been met (but in either case, in no event more than 2 1/2 months after the end of the calendar year in which the portion of the Projected Benefit Amount vests).

(e) **If Insufficient Shares Available.** Notwithstanding the foregoing, if and to the extent that, at the time an Award is granted, the Company does not have a sufficient number of Shares remaining available for Awards under the Incentive Compensation Plan to issue such Award in the form of Restricted Stock and/or Options, or the Shares are available for Awards under the Incentive Compensation Plan subject to shareholder approval, and such approval is not obtained and the grant of Restricted Stock and/or Options therefore are cancelled, then such Award shall be settled in Cash to the extent of such insufficiency.

6. Vesting of Benefit.

(a) Vesting of Time-Vesting Benefit Amount:

(i) 50% of the Projected Benefit Amount (and thus 50% of the Restricted Stock, Options and rights to receive Cash potentially payable with respect to an Award) shall vest according to the following vesting schedule (and is sometimes referred to as the “Time-Vesting Benefit Amount”), provided that the Participant does not have a Termination of Employment on or before the applicable vesting date:

<u>Vesting Date</u>	<u>Percentage of Time-Vesting Benefit Amount that Vests</u>
FYE 2014	20%
FYE 2015	40%
FYE 2016	40%

(ii) Notwithstanding the foregoing, if a Participant has a Termination of Employment after FYE 2013, then notwithstanding anything to the contrary in the Participant’s employment agreement, if any:

(A) If such Termination of Employment is by reason of the Participant’s death or Disability, then:

(1) If such Termination of Employment is after FYE 2013 and on or before FYE 2014, the Participant shall become vested upon such Termination of Employment in the Pro-Rata Vesting Percentage of the Time-Vesting Benefit Amount, and

(2) If such Termination of Employment occurs after FYE 2014, then the Participant shall become fully vested in the Time-Vesting Benefit Amount upon such Termination of Employment;

(B) If such Termination of Employment is by reason of the Participant’s Retirement after FYE 2013, then the Participant shall become vested in the Pro-Rata Vesting Percentage of the portion of the Time-Vesting Benefit Amount that would have vested in the year of such Termination of Employment if the Participant had continued to be employed by the Company and its Subsidiaries until the last day of that year (in addition to any portion of the Time-Vesting Benefit Amount that previously vested); and

(C) If such Termination of Employment is by reason of a termination by the Company without Justifiable Cause (and other than by reason of the Participant’s Disability) or is by the Participant for Good Reason, then:

(1) if such Termination of Employment occurs after FYE 2013 and on or before FYE 2014, then the Participant shall become vested in the Pro-Rata Vesting Percentage of the Time-Vesting Benefit Amount upon such Termination of Employment; and

(2) if such Termination of Employment occurs after FYE 2014, then the Participant shall become fully vested in the Time-Vesting Benefit Amount upon such Termination of Employment.

(iii) In the event that, prior to a Participant's Termination of Employment, the Applicable Performance Target is met during the Plan Period, any portion of the Time-Vesting Benefit Amount that had not previously vested shall become immediately vested.

(iv) In the event that a Participant has a Termination of Employment after FYE 2014 and before FYE 2015, and such Termination of Employment was for any reason other than (A) by the Company without Justifiable Cause, (B) by the Participant for Good Reason, or (C) by reason of the Participant's death, Disability or Retirement, then in addition to any other remedy that may be available to the Company in law or in equity, and/or pursuant to the provisions of the Participant's employment agreement, if any, the Participant also shall be required to pay to the Company, immediately upon written demand by the Committee or the Board, any Gains resulting from the grant, vesting, exercise or payment of any Award.

(b) Vesting of Performance-Based Vesting Amount.

(i) 50% of the Projected Benefit Amount (and thus 50% of the Restricted Stock, Options and rights to receive Cash potentially payable with respect to an Award) shall vest in the event that, prior to the Participant's Termination of Employment, the Applicable Performance Target is met during the Plan Period (such amount is sometimes referred to herein as the "Performance-Vesting Benefit Amount").

(ii) If the Applicable Performance Target is not met on or before FYE 2015, but (x) the Company has Sales for the fiscal year of the Company ending on FYE 2016 that are \$510,000,000, (y) the Company's Operating Margin for the fiscal year of the Company ending on FYE 2016 is not less than 8.0%, and (z) the Participant has not had a Termination of Employment prior to FYE 2016, then 50% of the Performance-Vesting Benefit Amount shall vest on FYE 2016.

(iii) If the Applicable Performance Target is not met on or before FYE 2015, but (x) the Company has Sales for the fiscal year of the Company ending on FYE 2016 that are greater than \$510,000,000, (y) the Company's Operating Margin for the fiscal year of the Company ending on FYE 2016 is not less than 8.0%, and (z) the Participant has not had a Termination of Employment prior to FYE 2016, then the percentage of the Performance-Vesting Benefit Amount that vests on FYE 2016 shall be the percentage that is between 50% and 100% determined by straight-line interpolation based upon the relationship of the Company's Sales for the fiscal year of the Company ending on FYE 2016 to the \$510,000,000 minimum and \$600,000,000 maximum Sales targets. For example, if the Sales for FYE 2016 were \$580,000,000, the percentage would be 88.85% (50% + 38.85% [(x) \$70,000,000 (\$580,000,000 - \$510,000,000) divided by (y) \$90,000,000 (\$600,000,000 - \$510,000,000), multiplied by (z) 50%].

(iv) Notwithstanding the foregoing, if a Participant has a Termination of Employment after FYE 2013, then notwithstanding anything to the contrary in the Participant's employment agreement, if any:

(A) If such Termination of Employment is by reason of the Participant's death or Disability, then,

(1) If such Termination of Employment is after FYE 2013 and on or before FYE 2014, then the Participant shall become vested in the Pro-Rata Vesting Percentage of the Performance-Based Vesting Amount as though the Applicable Performance Target is met; and

(2) If such Termination of Employment is after FYE 2014, and on or before FYE 2016, then the Participant shall become fully vested (x) in the Performance-Based Vesting Amount if and when the Applicable Performance Target is met, or (y) if neither Applicable Performance Target is met, on FYE 2016, in the portion, if any, of the Performance-Based Vesting Amount that is earned and otherwise would have vested pursuant to Sections 6(b)(ii) or (iii) hereof if such Termination of Employment had not occurred.

(B) If such Termination of Employment is after FYE 2013 and on or before FYE 2016 and is by reason of the Participant's Retirement, then the Participant shall become vested in the Pro-Rata Vesting Percentage of (x) the Performance-Based Vesting Amount if and when the Applicable Performance Target is met, or (y) if neither Applicable Performance Target is met, on FYE 2016, the portion, if any, of the Performance-Based Vesting Amount that is earned and otherwise would have vested pursuant to Sections 6(b)(ii) or (iii) hereof if such Termination of Employment had not occurred; and

(C) If such Termination of Employment is by reason of a termination by the Company without Justifiable Cause (and other than by reason of the Participant's Disability) or by the Participant for Good Reason, then:

(1) If such Termination of Employment is after FYE 2013 and on or before FYE 2014, then the Participant shall become vested in the Pro-Rata Vesting Percentage of the Performance-Based Vesting Amount as though the Applicable Performance Target is met; and

(2) If such Termination of Employment occurs after FYE 2014 and on or before FYE 2016, then the Participant shall become fully vested (x) in the Performance-Based Vesting Amount if and when the Applicable Performance Target is met, or (y) if neither Applicable Performance Target is met, on FYE 2016, in the portion, if any, of the Performance-Based Vesting Amount that is earned and otherwise would have vested pursuant to Sections 6(b)(ii) or (iii) hereof if such Termination of Employment had not occurred.

(c) **Forfeitures.** Except as otherwise provided in Section 6(b)(iv) hereof, any portion of any Projected Benefit Amount that was not vested on the date on which the Participant incurs a Termination of Employment and that does not vest on account of the Participant's Termination of Employment shall automatically and without any further action by the Committee immediately be forfeited and become null and void. In the event that the Participant's Termination of Employment is by the Company for Justifiable Cause, then any

portion of the Participant's Award that has not previously vested and been exercised (in the case of any Options), or paid (in the case of any amount payable in cash) shall automatically and without further action by the Committee immediately be forfeited and become null and void.

(d) **Change in Control.** In the event of a Change in Control and within 6 months before or 18 months after the Change in Control, the Participant is terminated by the Company without Justifiable Cause or by the Participant for Good Reason, or there is a Termination of Employment because of the Participant's death or Disability, the portion of the Participant's Award that has not previously been vested or paid to the Participant shall immediately vest (in the case of Restricted Stock and Options) and the Cash payable as a result of such vesting shall be paid to the Participant, as soon as practicable (but in no event more than 5 business days) after the later of the Change in Control or the Participant's Termination of Employment. Each Share of Restricted Stock that vests pursuant to this Section 6(d) shall be immediately redeemed by the Company (or its successor) for cash payable by the Company (or its successor) in an amount (the "Redemption Price Per Share") equal to, as applicable, (x) if the Shares have not been cancelled, exchanged or converted into other securities or property as a result of the Change in Control and are publicly-traded, the Fair Market Value of a Share on the date of the Participant's Termination of Employment, or (y) if the Shares have been cancelled, exchanged or converted into other securities or property as a result of the Change in Control, the greater of (i) the fair market value per Share of the consideration received pursuant to the Change in Control by the holders of Shares on the date of the Change in Control and (ii) if the consideration received by the holders of Shares pursuant to the Change in Control consisted, in whole or in part, of other securities which are publicly traded, the sum of (A) the fair market value of the number of such securities received for each Share pursuant to the Change in Control on the date of the Participant's Termination of Employment and (B) the fair market value of any other consideration received for each Share pursuant to the Change of Control. Each Option that vests pursuant to this Section 6(d) shall be immediately cancelled in exchange for cash payable by the Company for each Share subject to the cancelled Option equal to the amount, if any, by which the Redemption Price Per Share exceeds the exercise price per Share of the Option.

7. Administration.

(a) **Authority of the Committee.** The Plan shall be administered by the Committee. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select persons to become Participants, grant Awards, determine the amount of any Participant's Award and all other matters relating to Awards, prescribe rules and regulations for the administration of the Plan, construe and interpret the Plan and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Participant in a manner consistent with the treatment of any other Participants. Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Subsidiary, any Affiliate or any Participant or Beneficiary.

(b) **Manner of Exercise of Committee Authority.** The Committee may delegate to members of the Board, or officers or managers of the Company or any Subsidiary, or committees thereof, the authority, subject to such terms and limitations as the Committee shall

determine, to perform such functions, including administrative functions as the Committee may determine to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Securities and Exchange Act of 1934, as amended, in respect of the Company and will not cause Awards intended to qualify as “performance-based compensation” under Code Section 162(m) to fail to so qualify. The Committee may appoint agents to assist it in administering the Plan.

(c) **Limitation of Liability.** The Committee, and each member thereof, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or employee, the Company’s independent auditors, consultants or any other agents assisting in the administration of the Plan. Members of the Committee, and any other member of the Board and any officer or employee acting at the direction or on behalf of the Committee, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

(d) **No Claim for Benefits Required.** Benefits due and owing to a Participant under the Plan shall be paid when due without any requirement that a claim for benefits be filed. However, any Participant who has not received the benefits to which Participant believes himself or herself entitled may file a written claim with the Committee, which shall act on the claim within thirty days. If a Participant’s employment agreement conflicts with any provision of this Plan, the language of the Plan shall govern.

(e) **Payments to Beneficiary.** Any vested benefits payable to any Participant that have not been paid as of the date of the Participant’s death, shall be paid to the Participant’s Beneficiary.

8. **Awards Subject to Plans.** The Awards under this Plan, and the grants of Restricted Stock and Options pursuant to this Plan, are being granted pursuant to and in accordance with the terms and conditions of this Plan and the Incentive Compensation Plan, and the Award Agreements.

9. **No Acceleration of Benefits.** In no event shall the acceleration of the time or schedule of any payment under the Plan be permitted, except to the extent that such acceleration would not violate Section 409A of the Code and the Treasury Regulations and other applicable guidance issued thereunder.

10. **Amendment and Termination.** This Plan may be amended or terminated in any respect at any time by the Committee; provided, however, that no amendment or termination of the Plan shall be effective to reduce any benefits payable to a Participant that may accrue or vest under the terms of this Plan without the Participant’s prior written consent. If and to the extent permitted without violating the requirements of Section 409A of the Code, the Committee may require that the Awards of all Participants be distributed as soon as practicable after such termination. If and to the extent that the Committee does not accelerate the timing of distributions on account of the termination of the Plan pursuant to the preceding sentence, payment of any remaining benefits under the Plan shall be made at the same times and in the same manner as such distributions would have been made under the terms of the Plan, as in effect at the time the Plan is terminated.

11. **Unfunded Obligation.** The obligations of the Company to pay any benefits under the Plan shall be unfunded and unsecured, and any payments under the Plan shall be made from the general assets of the Company. Participants' rights under the Plan are not assignable or transferable except to the extent that such assignment or transfer is permitted under the terms of the Incentive Compensation Plan.

12. **Withholding.** The Participants and personal representatives shall bear any and all federal, state, local or other taxes imposed on benefits under the Plan. The Company may deduct from any distributions under the Plan the amount of any taxes required to be withheld from such distribution by any federal, state, local or foreign government, and may deduct from any compensation or other amounts payable to the Participant the amount of any taxes required to be withheld with respect to any other amounts under the Plan by any federal, state, local or foreign government.

13. **Applicable Law.** This Plan shall be construed and enforced in accordance with the laws of the State of Delaware, except to the extent superseded by federal law.

14. **No Right to Continued Employment.** No Award shall confer upon any Participant any right to continued service with the Company or any of its Affiliates.

15. **Code Section 409A.**

(a) **Interpretation of Plan.** It is intended that the Awards granted pursuant to this Plan be exempt from Section 409A of the Code ("Section 409A") because it is believed (i) the Awards payable in cash should qualify for the short-term deferral exception contained in Treasury Regulation §1.409A-1(a)(4), (ii) any Options granted pursuant to the Plan will have an exercise price that may never be less than the Fair Market Value of a Share on the Grant Date and the other requirements for the exemption of such options under Treasury Regulation §1.409A-1(a)(5)(i)(A) should be met; and (iii) any Shares of Restricted Stock granted under the Plan should be exempt as an award of restricted property pursuant to Treasury Regulation §1.409A-1(a)(6). The provisions of the Plan shall be interpreted in a manner consistent with that intent.

(b) **Section 409A Amendments.** The Committee, in its sole discretion, and without the consent of any Participant or Beneficiary, may amend the provisions of this Plan to the extent that the Committee determines that such amendment is necessary or appropriate in order for the Awards made pursuant to the Plan to be exempt from the requirements of Section 409A, or if and to the extent that the Committee determines that Awards are not so exempt, to amend the Plan (and any agreements relating to any Awards) in such manner as the Committee shall deem necessary or appropriate to comply with the requirements of Section 409A.

(c) **No Right to Section 409A Indemnification.** Notwithstanding the foregoing, the Company does not make any representation to any Participant or Beneficiary that the Awards made pursuant to this Plan are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless any Participant or Beneficiary for any tax, additional tax, interest or penalties that the Participant or Beneficiary may incur in the event that any provision of the Plan or any Award agreement, or any amendment or any modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

(d) **Six Month Delay for Specified Employees.** If a Participant is a “specified employee,” as that term is defined for purposes of Section 409A, then no payment or benefit that is payable on account of the Participant’s “separation from service,” as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Participant’s “separation from service” (or, if earlier, the date of the Participant’s death) if and to the extent that such payment or benefit constitutes nonqualified deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

16. **No Assignment.** Neither any Participant nor any Beneficiary nor any other person shall have any right to assign the rights to receive any payments or benefits hereunder, in whole or in part, which payments and benefits are non-assignable and non-transferable, whether voluntarily, or involuntarily.