

PHOENIX FOOTWEAR GROUP INC

Form 8-K

October 04, 2006

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**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 4, 2006 (September 28, 2006)

PHOENIX FOOTWEAR GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-31309

15-0327010

(Commission File Number)

(IRS Employer Identification No.)

5840 El Camino Real, Suite 106, Carlsbad, California

92008

(Address of Principal Executive Offices)

(Zip Code)

(760) 602-9688

(Registrant's Telephone Number, Including Area Code)

5759 Fleet Street, Suite 220, Carlsbad, California 92008

(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 (see General Instruction A.2. below):

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Table of Contents**INFORMATION TO BE INCLUDED IN THE REPORT****Section 1. Registration s Business and Operations****Item 1.01 Entry Into a Material Definitive Agreement**

On September 28, 2006, Phoenix Footwear Group, Inc. (the Company) entered into award agreements for performance based deferred stock awards under its Amended and Restated 2001 Long-Term Incentive Plan (the Plan) with the following executive officers and directors:

| Name and Title | Number of Shares of Common Stock Underlying Award |
|---|--|
| James R. Riedman, Chairman, President and Chief Executive Officer | 75,000 |
| Kenneth E. Wolf, Chief Financial Officer and Secretary | 45,000 |
| Steven DePerrior, Director | 5,000 |
| Robert Gunst, Director | 5,000 |
| Gregory Harden, Director | 5,000 |
| John Kratzer, Director | 5,000 |
| Fred Port, Director | 5,000 |
| John Robbins, Director | 5,000 |

The performance-based awards vest upon the achievement, on or before May 31, 2009, of Company annual net revenue and before tax net income goals measured on a twelve month trailing basis. The underlying shares are issued following the vesting of award. The Compensation Committee of the Company s Board of Directors approved the forms of award agreement for these performance-based deferred stock awards on August 3, 2006. A copy of the forms of award agreement for executive officers and directors are attached hereto as Exhibit 10.1 and Exhibit 10.2, respectively.

The Company has sought to realign its equity compensation structure by using performance-based deferred stock awards. The Company had in the past primarily utilized stock options as equity compensation under the Plan. Now with performance-based deferred stock awards, the Company will begin recognizing compensation expense for these awards based on the fair value when vesting becomes probable. Since the cost is not recognized until the time that the awards cliff vest, no compensation cost would be recognized on awards for which employees do not render the requisite service. Additionally, the vesting opportunity would expire if the performance targets are not achieved by May 31, 2009. This is distinguished from stock option compensation under the Plan where the cost is recognized over the period during which an employee is required to provide service in exchange for the stock option grant.

Section 9 Financial Statement and Exhibits**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

10.1 Form of Deferred Stock Award Agreement for Executive Officers

10.2 Form of Deferred Stock Award Agreement for Non-Employee Directors

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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.

PHOENIX FOOTWEAR GROUP, INC.

Date: October 4, 2006

By: /s/ Kenneth E. Wolf

Name: Kenneth E. Wolf

Title: Chief Financial Officer

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| Exhibit Number | Description |
|----------------|---|
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