

ROCKY SHOES & BOOTS INC

Form 8-K

January 27, 2006

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) January 23, 2006

ROCKY SHOES & BOOTS, INC.

(Exact name of registrant as specified in its charter)

Ohio

0-21026

31-1364046

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

39 East Canal Street, Nelsonville,
Ohio

45764

(Address of principal executive
offices)

(Zip Code)

Registrant's telephone number, including area code (740) 753-1951

Not Applicable

(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):

- 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 1.01. Entry into a Material Definitive Agreement.

On January 23, 2006, the Compensation Committee of the Board of Directors (the "Compensation Committee") of Rocky Shoes & Boots, Inc. (the "Company") took the following action, which action was ratified by the Board of Directors on the same date:

2006 Base Salary Increases

Effective January 1, 2006, the Compensation Committee recommended, and the Board approved, increases in the base salaries of the named executive officers of the Company (as defined by Item 402(a)(3) of Regulation S-K) for purposes of the Company's proxy statement for the 2006 annual meeting of shareholders. The base salaries of the Company's named executive officers for 2006 are as follows:

| Name | 2006 Base Salary |
|--|------------------|
| Mike Brooks Chairman of the Board and Chief Executive Officer | \$475,000 |
| David Sharp President and Chief Operating Officer | \$385,000 |
| James E. McDonald Executive Vice President and Chief Financial Officer | \$280,000 |
| Thomas R. Morrison Senior Vice President of Sales-Wholesale | \$215,000 |

Awards under Bonus Plan for Fiscal 2006

Messrs. Brooks, Sharp, McDonald, and Morrison are eligible to receive cash bonuses under the Bonus Plan for the fiscal year ending December 31, 2006 (Fiscal 2006) based upon one or more objective financial performance criteria selected by the Compensation Committee. The cash bonus is based on a percentage of base salary if performance goals are met for Fiscal 2006. Payment of cash bonuses shall be prorated based on the percentage of the performance level achieved, and the bonus amounts shall be interpolated between performance levels. The Compensation Committee determined that the performance criterion for Fiscal 2006 will be operating income, excluding earnings from military sales and stock option expenses (the Operating Income), and approved the following threshold, target, and goal payouts based on specified levels of Operating Income:

| | Payout as a Percentage of Base Salary | | |
|--------------------|---------------------------------------|--------|------|
| | Threshold | Target | Goal |
| Mike Brooks | 0% | 75% | 175% |
| David Sharp | 0% | 60% | 140% |
| James E. McDonald | 0% | 50% | 115% |
| Thomas R. Morrison | 0% | 30% | 60% |

A minimum of 35% of any cash bonus earned by Messrs. Brooks, Sharp, and McDonald shall be paid in shares of restricted stock of the Company (the Restricted Stock), which will vest immediately but will not be tradable in the public markets for one year. Each of Messrs. Brooks, Sharp, and McDonald may choose, with approval of the Board, to receive an additional portion of his cash bonus in the form of Restricted Stock.

No payment will be made for performance below the threshold level of Operating Income.

In addition to the foregoing, assuming that the threshold level of performance is attained, 10% of any earnings from military sales made during Fiscal 2006 will go into a pool to be distributed to plan participants, including the four named executive officers, at the discretion of the Board. Also, to the extent that the goal level of performance is exceeded for Fiscal 2006, 10% of such excess Operating Income above the goal level shall go into a pool to be distributed to plan participants, including the four named executive officers, at the discretion of the Board.

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.

Rocky Shoes & Boots, Inc.

Date: January 27, 2006

By: /s/ James E. McDonald
James E. McDonald, Executive Vice
President and Chief Financial Officer