Destination Maternity Corp
Form 8-K
December 30, 2010

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): December 28, 2010

DESTINATION MATERNITY CORPORATION

(Exact name of Registrant as specified in Charter)

Delaware	**0-21196**	**13-3045573**
(State or Other Jurisdiction of	**Commission**	**(I.R.S. Employer**
Incorporation or Organization)	**File number**	**Identification Number)**

456 North 5th Street

Philadelphia, PA 19123

(Address of Principal Executive Offices)

(215) 873-2200

(Registrant s telephone number, including area code)

Check the appropriate box below if the Form 8-K 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

¨ 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 Compensatory Arrangements of Certain Officers.

On December 28, 2010 the Compensation Committee (the ***Committee***) of the Board of Directors (the ***Board***) of Destination Maternity Corporation (the ***Company***) established the performance goals for the annual cash bonus opportunity under the Company s Management Incentive Program (the ***MIP***) for the 2011 fiscal year for each of Edward M. Krell, the Company s Chief Executive Officer & President, Lisa Hendrickson, the Company s Chief Merchandising Officer, and Judd P. Tirnauer, the Company s Senior Vice President & Chief Financial Officer (each an ***Executive***). The Company s 2011 fiscal year ends on September 30, 2011.

For each of the annual cash bonus awards, the performance goals are specified levels of Adjusted EBITDA, which represents earnings before interest, taxes, depreciation and amortization, adjusted to exclude the impact of: (a) loss on impairment of tangible or intangible assets; (b) gain or loss on disposal of assets; (c) gain or loss from the early extinguishment, redemption or repurchase of debt; and (d) stock-based compensation expense. The Committee also determined that Adjusted EBITDA will be adjusted to exclude: (i) any expenses incurred by the Company in connection with certain extraordinary, unusual or infrequently occurring events reported in the Company s public filings, and (ii) the impact of any changes to accounting principles that become effective during fiscal year 2011.

The following levels of Adjusted EBITDA for fiscal year 2011 will be used to determine threshold, target and maximum potential bonuses payable under the MIP:

Threshold		**Target**		**Maximum**	
Threshold Level of Adjusted EBITDA (1)	**% change from prior FY Adjusted EBITDA**	**Target Level of Adjusted EBITDA (2)**	**% change from prior FY Adjusted EBITDA**	**Maximum Level of Adjusted EBITDA (3)**	**% change from prior FY Adjusted EBITDA**
$53,326,000	10.3%	$ 59,333,000	22.7%	$ 66,008,000	36.5%

(1) Below this level of Adjusted EBITDA no bonus is payable.
(2) At this level of Adjusted EBITDA, the target level of bonus is potentially payable.
(3) At this level of Adjusted EBITDA, the maximum level of bonus is potentially payable.

The following table sets forth the minimum, threshold, target and maximum annual cash bonuses payable to each Executive upon achievement of the above specified levels of Adjusted EBITDA under the MIP and pursuant to each Executive s currently effective employment and/or letter agreement:

Executive	**Target Bonus Opportunity (% of Base Salary)**	**Minimum ($)**	**Threshold ($)**	**Target ($)**	**Maximum ($)**
Edward M. Krell	100%	0	65,000	650,000	1,300,000
Lisa Hendrickson	50%(1)	0	21,688	216,884	433,768
Judd P. Tirnauer	50%(2)	0	16,575	165,750	331,500

(1) In addition to the MIP bonus opportunity for Ms. Hendrickson specified above for fiscal year 2011, as previously disclosed in November 2010, the Committee has established an opportunity for Ms. Hendrickson to earn an additional special bonus of $100,000. Ms. Hendrickson will be entitled to receive this special bonus on December 10, 2011 if she remains continuously employed by the Company through December 10, 2011. This special bonus would also be paid to Ms. Hendrickson if her employment is terminated by the Company without cause prior to December 10, 2011.

(2) In addition to the MIP bonus opportunity for Mr. Tirnauer specified above for fiscal year 2011, as previously disclosed in November 2010, the Committee has established an opportunity for Mr. Tirnauer to earn an additional special bonus of $45,084. Mr. Tirnauer will be entitled to receive this special bonus on December 10, 2011 if he remains continuously employed by the Company through December 10, 2011. This special bonus would also be paid to Mr. Tirnauer if his employment is terminated by the Company without cause prior to December 10, 2011.

In the event of termination of employment under certain circumstances during fiscal year 2011, in accordance with each of their respective employment agreements, each of Mr. Krell and Mr. Tirnauer would be entitled to a pro-rata payout of his annual cash bonus (determined with reference to the actual performance of the Company for the full fiscal year).

Cash incentives potentially payable under the MIP to the Executives with respect to the Company s fiscal year 2011 are intended to constitute qualified performance-based compensation under Section 162(m) of the Internal Revenue Code (***Section 162(m)***). Because payouts under the MIP depend on future corporate performance, the actual amounts the Company will pay under the MIP for fiscal year 2011 are not yet determinable.

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 duly authorized.

Date: December 30, 2010	DESTINATION MATERNITY CORPORATION
	By: /s/ Judd P. Tirnauer
	Judd P. Tirnauer
	Senior Vice President & Chief Financial Officer