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# EXECUTIVE EMPLOYMENT CONTRACT

Employment Agreement



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Title: EXECUTIVE EMPLOYMENT CONTRACT

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EXHIBIT 10

EXECUTIVE EMPLOYMENT CONTRACT

THIS EXECUTIVE EMPLOYMENT CONTRACT (this "Agreement") is made on this 24th day of February, 2005, by and between R. G. BARRY CORPORATION, an Ohio corporation having a principal place of business located at 13405 Yarmouth Road, N.W., Pickerington, Ohio 43147 (the "Company"), and THOMAS M. VON LEHMAN, an individual having an address of 223 Fourth Avenue, Suite 1700, Pittsburgh, Pennsylvania 15222 (the "Executive").

WITNESSETH:

WHEREAS, the Executive has been employed by the Company since March 10,

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2004 in the position of interim President and interim Chief Executive Officer, and the Company and the Executive are currently parties to that certain Executive Employment Contract dated March 10, 2004, as amended (the "Original Employment Contract"), which expires on March 9, 2005;

WHEREAS, the Company desires by this Agreement to provide for the continued employment of the Executive by the Company as the President and Chief Executive Officer of the Company ("the Position") in accordance with the terms and conditions hereof;

WHEREAS, the Executive desires to continue his employment with the Company in the Position upon the terms and conditions set forth herein;

WHEREAS, except as otherwise expressly provided herein, the Company and the Executive desire for this Agreement to supersede the Original Employment Contract in its entirety;

NOW, THEREFORE, in consideration of the mutual covenants of the parties expressed in this Agreement, the parties hereto make the following agreement, intending to be legally bound hereby:

#### 1. EMPLOYMENT.

(a) Term. The Company hereby agrees to continue the Executive in its employ and Executive hereby agrees to remain in the employ of the Company in accordance with the terms and conditions hereof, for the period commencing on the date hereof and ending on March 31, 2006, unless sooner terminated as hereinafter set forth (the "Term"). During the Term, the Executive shall serve as the President and Chief Executive Officer of the Company. The Executive's principal office shall be located in Central Ohio. During the Term, the

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Executive shall report to the Board of Directors of the Company by reporting directly to the specified Director(s) as the point(s) of contact for the Board of Directors. The initially specified Directors are Edward Stan and Harvey Weinberg.

(b) Original Employment Contract Superseded. Upon the execution of this Agreement by the Company and the Executive, this Agreement shall supersede the Original Employment Contract in its entirety and the Original Employment Contract shall be of no further force or effect except that the Executive shall be entitled to receive the cash bonus provided in Paragraph 3(d) of the Original Employment Contract upon satisfaction of the requirements set forth therein.

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## 2. DUTIES AND RESPONSIBILITIES OF THE POSITION.

(a) The Executive will be primarily responsible for the operations of the Company including, but not limited to, production, sourcing, planning, distribution, marketing and sales. In addition, the Executive shall oversee the functional departments within the Company, such as finance, communications, information technology and other administrative staff, and all such departments shall report directly to the Executive.

(b) In connection with the performance of his duties and responsibilities, the Executive shall have the authority and the power to hire, reassign and fire employees, professionals and consultants and shall have the authority to re-align the reporting relationships within the Company, subject to prior Board approval for actions affecting senior executives. Board approval is required to:

(i) engage or make changes to the terms of any engagement by the Company of The

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Meridian Group or any other firm in which the Executive has an interest or affiliation; (ii) make any decision in regard to the Company's independent auditors; (iii) enter into any engagement involving material expenditures; and (iv) carry out programs or actions that require specific Board approval under applicable law or an established Board policy as communicated to Executive.

(c) Further, in connection with the performance of his duties and responsibilities, the Executive shall have the right to receive any and all notices of, and to attend, any and all meetings of the Board of Directors of the Company and each of its committees, except for certain matters for which the Board or the committee may specifically ask the Executive to excuse himself, and, in addition thereto, to receive true and correct copies of the minutes of all such meetings.

(d) The Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge his duties and responsibilities to the Company, to use the Executive's reasonable best efforts to perform faithfully and efficiently such duties and responsibilities. Notwithstanding the foregoing, during the Term the Executive shall be permitted, as he may determine in his discretion, to spend up to 25% of his working time on matters related to The Meridian Group so long as such service to The Meridian Group does not adversely impair the ability of the Executive to perform his duties under this Agreement in any material respect.

3. COMPENSATION. The terms of the Executive's total compensation during the Term shall be as follows:

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(a) Base Salary: The Executive shall be paid by the Company a base salary of THIRTY-SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$37,500.00) per month

(the "Base Salary") for the Term.

(b) Options: In addition to the Base Salary, the Executive shall be granted a non-qualified option for 100,000 of the Company's common shares at a price per share equal to the closing price per common share on the date the option is granted (the "Option"). The option shall be granted in 2005 at the time that options are granted by the Company to members of its management, but in any event the option shall be granted no later than March 15, 2005. The Option shall vest in full on the earlier of (1) December 31, 2005, if Executive is employed by the Company on that day, (2) the date on which the Company terminates Executive's employment for any reason other than for Cause (as defined below), (3) the date on which Executive terminates his employment for Good Reason (as defined below), or (4) the date of a Sale Transaction of the Company (as defined in Paragraph 4 below). Unless earlier terminated in connection with a Sale Transaction or the termination of employment, the Option, if it becomes vested, shall be

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exercisable by the Executive, at his sole discretion, for a period of three years from the date of grant. The Option will be granted pursuant to the Company's 2002 Stock Incentive Plan and shall be on the same general terms and conditions and the same form of option award agreement as options previously granted to the Executive under such plan.

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(c) Benefit Plans: The Executive shall be entitled to participate in any and all benefit plans made available to other senior executive officers of the Company (other than plans that have been frozen or terminated).

(d) Cash Bonus: For the 2005 fiscal year, the Executive shall be entitled to participate in the Company's Annual Incentive Plan ("AIP"), as the same is adopted by the Board of Directors at a range of 20% to 80% of his annualized Base Salary of FOUR HUNDRED AND FIFTY THOUSAND AND NO/100 DOLLARS (\$450,000), with the level of 40% being the target if the Annual Operating Plan is achieved.

If the Executive is employed by the Company on December 31, 2005, and provided that no bonus is paid or payable to the Executive under the AIP as described in the first sentence of this Paragraph 3(d), the Executive shall nevertheless receive a bonus payment of NINETY THOUSAND AND NO/100 DOLLARS (\$90,000.00). If the Executive is terminated by the Company without Cause or if he terminates his employment for Good Reason prior to payment of the 2005 bonus, if any, under the AIP, the Executive shall be entitled to receive the bonus payment that he would have received pursuant to this Paragraph 3(d) had he remained an employee of the Company through December 31, 2005.

4. TRANSACTION SUCCESS FEE. In the event of a sale, merger, consolidation or any other business combination, in one or a series of related transactions, involving all or a substantial amount of the business, securities or assets (including related real estate assets) of the Company or any recapitalization of the Company or any spin-off, split-off or other extraordinary dividend of cash, securities or other assets to the equity holders of the Company (a "Sale Transaction") that is consummated during the Transaction Period (as defined

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below), the Company shall pay to Executive a Sale Transaction Success Fee (as defined below). Notwithstanding anything to the contrary set forth herein, the Executive shall not be entitled to receive more than one Sale Transaction Success Fee.

The Transaction Period shall begin on the date of this Agreement and end on March 31, 2008 unless during the Term Executive terminates his employment with the Company other than for Good Reason, or Executive is terminated for Cause, in which event the Transition Period shall end on September 10, 2006.

The Sale Transaction Success Fee shall be one (1%) percent of the aggregate amount of consideration ("Sale Consideration") received or to be received by the Company and/or its shareholders (treating any shares issuable upon exercise of options, warrants or other rights of conversion as outstanding), plus the amount of any debt assumed, acquired, remaining outstanding, retired or defeased or preferred stock redeemed or remaining outstanding in connection with the Sale Transaction (the "Sale Transaction Success Fee"). Such consideration may include, but is not limited to, payments in cash, stock, real and personal property, warrants and options, fees, notes, debentures or other debt assumption or relief of any debt (including guarantees), earn-outs, royalties, the total amount of non-compete, employment, consulting and lease agreements or amendments thereto, and all other elements of value exchanged, or to be exchanged, in connection with the Sale Transaction.

The Sale Transaction Success Fee shall be payable in cash at consummation of a Sale Transaction. For purposes of this Agreement, a Sale Transaction shall be deemed to have been consummated upon the earliest of any of the following

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