
**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): June 18, 2014 (June 12, 2014)

HC2 HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35210
(Commission
File Number)

54-1708481
(IRS. Employer
Identification No.)

**460 Herndon Parkway, Suite 150
Herndon, VA 20170**
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (703) 456-4100

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:

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

(e)

HC2 Holdings, Inc. 2014 Omnibus Equity Award Plan

At the Annual Meeting of the Stockholders (the “Annual Meeting”) of HC2 Holdings, Inc. (the “Company”) held on June 12, 2014, the Company’s stockholders approved the adoption of the HC2 Holdings, Inc. 2014 Omnibus Equity Award Plan (the “2014 Plan”) pursuant to which incentive compensation and performance compensation awards may be provided to employees, directors, officers and consultants of the Company or of its subsidiaries or their respective affiliates. The Plan authorizes the issuance of up to 5,000,000 shares of common stock, par value \$0.001 per share, of the Company. A description of the material terms of the 2014 Plan and the text of the 2014 Plan was included in the Company’s Definitive Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on April 30, 2014 (File No. 001-35210) (the “Proxy Statement”).

The description of the 2014 Plan above and the portions of the Proxy Statement containing a description of the 2014 Plan are qualified in their entirety by reference to the full text of the 2014 Plan.

2014 Executive Bonus Plan

The Compensation Committee adopted a 2014 Executive Bonus Plan (“2014 Bonus Plan”), which is subject to, and governed by the terms of the 2014 Bonus Plan. Certain key employees will participate in the 2014 Bonus Plan. The 2014 Bonus Plan is designed to (i) offer target variable compensation that provide competitive levels of total pay to executives if they achieve target results and (ii) reward and encourage value creation by executives. It provides for annual bonuses comprised of two components. The first component is an individual bonus (the “*individual bonus*”) based on the achievement of individual performance goals. The second component is a corporate bonus (the “*corporate bonus*”) based on the achievement of corporate performance measured in terms of the change in the Company’s “Net Asset Value” (as defined below) from the beginning of the Company’s fiscal year to the end of the Company’s fiscal year end (“*NAV Return*”), in excess of a threshold NAV Return, which for 2014 was set at zero (the “*2014 Threshold NAV Return*”).

For Fiscal 2014, NAV Return was based on the amount calculated as the product of (i) the percentage increase in the Net Asset Value per share of the Company from the beginning of Fiscal 2014 to the end of Fiscal 2014 multiplied by (ii) the Net Asset Value at the beginning of 2014. The 2014 Bonus Plan provides that 12% of the excess, if any, of the NAV Return for 2014 over zero is to be allocated to fund the corporate bonus pool for bonuses to all named executive officers and other key employees. Pursuant to the 2014 Bonus Plan, this amount may be reduced by the Compensation Committee pursuant to its exercise of its negative discretion.

For the purpose of the foregoing calculation, the Company’s “Net Asset Value” is generally calculated by (i) starting with the value of the Company’s “Net Asset Value,” as such term is defined in the certificate of designation governing our Series A Convertible Participating Convertible Preferred Stock, dated May 29, 2014 (“Preferred Stock Certificate”), (ii) then subtracting from such amount the Company’s deferred tax liabilities, (iii) then adding to such amount the Company’s capital contributions to fund start-up businesses, which is subject to a \$10 million cap, (iv) then adding to such amount the Company’s deferred financing costs, (v) then adding to such amount the value of the Company’s assets that have not been appraised, which is subject to a \$20 million cap, (vi) then eliminating the effect of any settling of legacy liabilities associated with our predecessor businesses, which is subject to a \$5 million cap, (vii) then adding to such amount expenses incurred in connection with completing any acquisitions by the Company within the past twelve months, and (viii) excluding any accretion on preferred stock (calculated in the manner contained in the Preferred Stock Certificate). The Company then makes adjustments to eliminate the effects of any conversion of preferred stock into common stock.

Pursuant to the 2014 Bonus Plan, awards are paid out in a mix of cash (40%) and equity (60%). The 2014 Bonus Plan was designed such that all awards for 2014 greater than two times the target bonus for each plan participant are deferred to subsequent years, in each case, in the proportions as set forth in the charts below. Deferred cash payments may be reduced in subsequent years, if the NAV Return in such years is below a threshold return.

This description of the 2014 Bonus Plan is qualified in its entirety by reference to the 2014 Bonus Plan, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

As noted in Item 5.07 of this Current Report on Form 8-K, at the Annual Meeting, the Company’s stockholders approved amendments to the Company’s Second Amended and Restated Certificate of Incorporation (the “Charter”) to (i) renounce the Company’s expectancy regarding certain corporate opportunities and clarify the duty of loyalty of certain persons regarding corporate

opportunities by adding a new Article Twelfth to the Certificate of Incorporation; and (ii) eliminate the restriction on the issuance of nonvoting equity securities by deleting Section (e) of Article Fourth of the Certificate of Incorporation. In connection with the approval of these amendments to the Charter, and as disclosed in the Company's Proxy Statement, the Board amended the Charter and filed the Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation ("Certificate of Amendment") with the Secretary of State of the State of Delaware on June 12, 2014.

This description of the Certificate of Amendment is qualified in its entirety by reference to the Certificate of Amendment, a copy of which is attached to this Current Report on Form 8-K as Exhibit 3.1 and is incorporated herein by reference.

Item 5.07. Submission of Matters to a Vote of Security Holders.

At the Annual Meeting, of the 15,436,865 shares of common stock issued and outstanding and eligible to vote as of the record date of April 15, 2014, a quorum of 10,321,083 shares, or 66.85% of the eligible shares, was present in person or represented by proxy.

The final results of voting on each of the matters submitted to a vote of stockholders during the Annual Meeting are as follows:

1. *Election of Directors*

The following three directors were elected as members of the Board of Directors of the Company to serve a one-year term until the Company's 2015 Annual Meeting of Stockholders or until their successors are duly elected and qualified: Philip Falcone, Wayne Barr, Jr., and Robert M. Pons, based on the following votes:

<u>Nominee</u>	<u>Voted For</u>	<u>Withheld Authority</u>
Philip Falcone	10,038,215	282,868
Wayne Barr, Jr.	9,686,044	635,039
Robert M. Pons	9,711,600	609,483

2. *Say on Pay Proposal*

The stockholders voted to approve the non-binding, advisory proposal on the compensation of the Company's executive officers. The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
8,751,158	671,203	898,722

3. *HC2 Holdings, Inc. 2014 Omnibus Equity Award Plan*

The stockholders voted to approve the 2014 Plan. The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
8,248,489	2,052,229	20,365

4. *Amendment to Charter - Corporate Opportunities*

The stockholders voted to approve an amendment to the Charter to renounce the Company's expectancy regarding certain corporate opportunities and clarify the duty of loyalty of certain persons regarding corporate opportunities. The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
8,756,151	681,446	883,486

5. *Amendment to Charter - Eliminating Restriction on NonVoting Equity Securities*

The stockholders voted to approve an amendment to the Charter to eliminate the restriction on issuance of nonvoting equity securities. The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
9,085,029	1,219,265	16,789

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Amendment
10.1	2014 HC2 Executive Bonus Plan

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 hereunto duly authorized.

HC2 Holdings, Inc.
(Registrant)

Date: June 18, 2014

By: /s/ Andrea L. Mancuso
Name: Andrea L. Mancuso
Title: Acting General Counsel and Corporate Secretary

**CERTIFICATE OF AMENDMENT
TO
SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
HC2 HOLDINGS, INC.**

HC2 Holdings, Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

(a) The name of the Corporation is HC2 Holdings, Inc.

(b) This Certificate of Amendment to Second Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

(c) This Certificate of Amendment to Second Amended and Restated Certificate of Incorporation amends the Second Amended and Restated Certificate of Incorporation of the Corporation, as follows:

(i) Section (e) of Article FOURTH of the Second Amended and Restated Certificate of Incorporation of the Corporation is hereby eliminated in its entirety.

(ii) A new Article TWELFTH is hereby added, as follows:

TWELFTH: (a) Corporate Opportunities; Certain Acknowledgements. In recognition and anticipation that (i) one or more directors of the Corporation may now serve and may in the future serve as a director, officer, partner, manager, representative, agent or employee of one or more Other Entities (as defined below) (each such director serving in such capacity, an "Overlap Person"), (ii) an Overlap Person may be presented with opportunities whether in his or her capacity as a director, officer, partner, manager, representative, agent or employee of the Corporation, one or more Other Entities or otherwise, (iii) the Corporation, directly or indirectly, may engage in the same, similar or related lines of business as those engaged in by an Other Entity, (iv) from time to time, the Corporation or its subsidiaries may be interested, or potentially interested, in the same or similar business opportunities as an Other Entity, (v) the Corporation will derive substantial benefits from the service of the Overlap Persons as directors of the Corporation and its subsidiaries, and (vi) it is in the best interests of the Corporation that the rights of the Corporation, and the duties of any Overlap Person, be determined and delineated as provided in this Article TWELFTH in respect of any Potential Business Opportunities (as defined below) and in respect of the agreements and transactions referred to herein. The provisions of this Article TWELFTH will, to the fullest extent permitted by law, regulate and define the conduct of the business and affairs of the Corporation and its directors who are Overlap Persons in connection with any Potential Business Opportunities. Any Person purchasing or otherwise acquiring any shares of capital stock of the Corporation, or any interest therein, will be deemed to have notice of and to have consented to the provisions of this Article TWELFTH.

(b) As used in this Article TWELFTH, the term or terms:

(i) “directors,” “officers,” “employees” and “agents” of any Person will be deemed to include those Persons who hold similar positions or exercise similar powers and authority with respect to any Other Entity that is a non-corporate Person.

(ii) “Disqualified Opportunity” means a Potential Business Opportunity that meets any of the following criteria: (A) the acquisition of an equity interest in a Person that does not entitle the Corporation to elect a majority of the members of the board of directors, general partner, managing member or similar governing body of such Person, (B) the extension of credit to any Person, or the acquisition of any interest or participation in any debt, (C) the acquisition of debt, equity or other interests in a Person or business that is reasonably believed by an Other Entity or an Overlap Person to be distressed or insolvent or to be in default with respect to any debt, (D) the extension of credit to, or the acquisition of debt or equity or other interests or assets in, a Person or business that is in a bankruptcy or insolvency proceeding, including, but not limited to, providing debtor-in-possession financing or the purchase of interests in a Person, assets or business in connection with a bankruptcy or insolvency proceeding or reorganization or liquidation relating to or arising from a bankruptcy or insolvency proceeding, (E) an acquisition of assets that does not constitute a whole company, operating division of a Person or line of business, or (F) investments in any other industry in which the Corporation is not then engaged and that the Board of Directors designates from time to time as being a Disqualified Opportunity.

(iii) “Other Entity” means any Person (other than the Corporation and any Person that is controlled by the Corporation) for which an Overlap Person serves as a director, officer, partner, member, manager, representative, agent, adviser, fiduciary or employee, including, but not limited to, any Person, investment fund, managed account or special purpose entity which is directly or indirectly controlled or managed by, or is under common control with, or controls, Harbinger Holdings, LLC and/or each of its affiliates and/or subsidiaries, or any successor thereto, or is otherwise controlled or managed, directly or indirectly, by Philip A. Falcone.

(iv) “Person” means an individual, corporation, partnership, unincorporated association or other entity.

(v) “Potential Business Opportunity” means a potential transaction or matter (and any such actual or potential business opportunity) that may constitute or present a business opportunity for the Corporation or any of its subsidiaries, in which the Corporation or any of its subsidiaries could, but for the provisions of this Article TWELFTH, have an interest or expectancy.

(vi) “Restricted Potential Business Opportunity” means a Potential Business Opportunity that satisfies all of the following conditions: (A) such Potential Business Opportunity was expressly presented or offered to the Overlap Person solely in his or her capacity as a director or officer of the Corporation; (B) the Corporation possessed, or would reasonably be expected to be able to possess, the resources, including cash, necessary to exploit such Potential Business Opportunity; (C) such Potential Business Opportunity relates exclusively to the business of the Corporation as the business of the Corporation at such time is determined by the Board of Directors from time to time in good faith; and (D) such Potential Business Opportunity does not constitute a Disqualified Opportunity.

(c) Duties of Directors Regarding Potential Business Opportunities; Renunciation of Interest in Potential Business Opportunities. If a director of the Corporation who is an Overlap Person is presented or offered, or otherwise acquires knowledge of, a Potential Business Opportunity (other than a Restricted Potential Business Opportunity): (i) such Overlap Person will, to the fullest extent permitted by law, have no duty or obligation to refrain from referring such Potential Business Opportunity to any Other Entity and, if such Overlap Person refers such Potential Business Opportunity to an Other Entity, such Overlap Person shall have no duty or obligation to refer such Potential Business Opportunity to the Corporation or to any of its subsidiaries or to give any notice to the Corporation or to any of its subsidiaries regarding such Potential Business Opportunity (or any matter related thereto); (ii) any Other Entity may participate, engage or invest in any such Potential Business Opportunity notwithstanding that such Potential Business Opportunity may have been referred to such Other Entity by an Overlap Person; and (iii) if a director who is an Overlap Person refers a Potential Business Opportunity to an Other Entity then, as between the Corporation and such Other Entity, the Corporation shall not have any interest, expectancy or right in or to such Potential Business Opportunity or to receive any income or proceeds derived therefrom solely as a result of such Overlap Person having been presented or offered, or otherwise acquiring knowledge of such Potential Business Opportunity. The Corporation hereby renounces, to the fullest extent permitted by law, any interest or expectancy in any Potential Business Opportunity that is not a Restricted Potential Business Opportunity. In the event the Board of Directors declines to pursue a Restricted Potential Business Opportunity, any Overlap Person shall be free to refer such Restricted Potential Business Opportunity to an Other Entity.

(d) Certain Agreements and Transactions Permitted. To the fullest extent permitted by law, no contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof) entered into between the Corporation and/or any of its subsidiaries, on the one hand, and any Other Entity, on the other hand, shall be void or voidable or be considered unfair to the

Corporation or any of its subsidiaries because an Other Entity is a party thereto, or because any directors, officers, partners, managers, representatives, agents or employees of an Other Entity were present at or participated in any meeting of the Board of Directors, or a committee thereof, of the Corporation, or the Board of Directors, or committee thereof, of any subsidiary of the Corporation, that authorized the contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof), or because his, her or their votes were counted for such purpose. The Corporation may, from time to time, enter into and perform, and cause or permit any of its subsidiaries to enter into and perform, one or more contracts, agreements, arrangements or transactions (or amendments, modifications or supplements thereto) with an Other Entity. To the fullest extent permitted by law, no such contract, agreement, arrangement or transaction (nor any such amendments, modifications or supplements), nor the performance thereof by the Corporation, an Other Entity or any subsidiary thereof, shall be considered contrary to any fiduciary duty owed to the Corporation (or to any subsidiary of the Corporation, or to any stockholder of the Corporation or any of its subsidiaries) by any director or officer of the Corporation (or by any director or officer of any subsidiary of the Corporation) who is an Overlap Person. To the fullest extent permitted by law, no director or officer of the Corporation or any subsidiary of the Corporation who is an Overlap Person thereof shall have or be under any fiduciary duty to the Corporation (or to any subsidiary of the Corporation, or to any stockholder of the Corporation or any of its subsidiaries) to refrain from acting on behalf of the Corporation or an Other Entity, or any of their respective subsidiaries, in respect of any such contract, agreement, arrangement or transaction or performing any such contract, agreement, arrangement or transaction in accordance with its terms and shall be deemed (i) not to have breached his or her duties of loyalty to the Corporation or to any of its subsidiaries or to any stockholder of the Corporation or any of its subsidiaries, and (ii) not to have derived an improper personal benefit therefrom.

(e) Amendment of Article TWELFTH. No alteration, amendment or repeal, or adoption of any provision inconsistent with, any provision of this Article TWELFTH, whether by amendment to this Certificate of Incorporation or by merger, reorganization, recapitalization or other corporate transaction having the effect of amending this Certificate of Incorporation, will have any effect upon: (i) any agreement between the Corporation or a subsidiary thereof and any Other Entity thereof, that was entered into before the time of such alteration, amendment or repeal or adoption of any such inconsistent provision (the "Amendment Time"), or any transaction entered into in connection with the performance of any such agreement, whether such transaction is entered into before or after the Amendment Time; (ii) any transaction entered into between the Corporation or a subsidiary thereof and any Other Entity, before the Amendment Time; (iii) the allocation of any business opportunity between the Corporation or any subsidiary thereof and any Other Entity before the Amendment Time; or (iv) any duty or obligation owed by any director of the Corporation or any subsidiary of the Corporation (or the absence of any such duty or obligation) with respect to any Potential Business Opportunity which such director was offered, or of which such

director or officer otherwise became aware, before the Amendment Time (regardless of whether any proceeding relating to any of the above is commenced before or after the Amendment Time).

(d) This Certificate of Amendment shall be effective upon the filing of such instrument with the Secretary of State of the State of Delaware.

* * * * *

IN WITNESS WHEREOF, HC2 Holdings, Inc. has caused this Certificate of Amendment to be signed by its Corporate Secretary on and as of June 12, 2014.

By: /s/ Andrea L. Mancuso
Title: Corporate Secretary
Name: Andrea L. Mancuso

2014 HC2 Executive Bonus Plan

The bonus plan shall be subject to, and governed by, the terms of the HC2 Holdings, Inc. 2014 Omnibus Equity Award Plan (or any successor plan intended to qualify under Section 162(m) of the Internal Revenue Code of 1986, as amended).

Corporate Bonus and Individual Bonus

Each plan participant will have two bonus components (i) a component based on growth in the Company's Net Asset Value (NAV) the ("Corporate Bonus") and (ii) a component based on individual performance ("Individual Bonus"). For top executives, individual performance will be measured against goals established by the Compensation Committee at the beginning of each fiscal year.

Each plan participant shall have been communicated their Target Corporate Bonus and Target Individual Bonus at the beginning of the fiscal year, or upon hiring or promotion.

Corporate Bonus Funding

All Corporate Bonus awards will be funded from a bonus pool ("Corporate Bonus Pool") to be determined as follows. The Company will establish a target bonus pool for all plan participants ("Target Pool") and establish the beginning of year compensation net asset value ("Compensation NAV") and Compensation NAV per share. Promptly following the end of the fiscal year, the company will determine the company's end of year Compensation NAV per share, to be certified by the Compensation Committee.

The Company will fund a Corporate Bonus Pool up to 12% of the excess, if any, of (A) end of year Compensation NAV per share divided by (B) beginning of year Compensation NAV per share, and subtracting one from the quotient (NAV Return) less (C) the required threshold return of seven percent (Threshold Return) and, if this net amount is positive, it will be multiplied by (D) beginning of year Compensation NAV. For 2014 only, the Threshold Return shall be zero.

Threshold Performance and High-Water Mark

Notwithstanding any provision of this Plan to the contrary, if the NAV Return is less than the Threshold Return, then no Corporate Bonus shall be awarded for the fiscal year. In addition, if the NAV Return is less than the Threshold Return, then the Corporate Bonus Pool for the next two fiscal years shall be based on a NAV Return using the end of year Compensation NAV per share as compared to the highest end of year Compensation NAV per share for the preceding two fiscal years as the beginning of year Compensation NAV per share, per the formula above.

Corporate Bonus Distribution

If the NAV Return is above the Threshold Return, then the named executive officers (NEOs) will, at the discretion of the Compensation Committee, each be awarded a Corporate Bonus up to the amount of (A) their Target Corporate Bonus divided by (B) the Target Pool times (C) the Corporate Bonus Pool. Top management shall make a recommendation to the Compensation Committee for the allocation of the bonus pool to the remaining plan participants, based upon its judgment of the relative contribution of each participant, including amounts that are not allocated and returned to the company. The Compensation Committee shall approve the amounts of each plan participant's Corporate Bonus, if any, and authorize its payout.

Payouts, Deferrals, Grants, and Vesting

For each plan participant, their Corporate Bonus up to two times their Target Corporate Bonus, shall be awarded as follows: (a) 40 percent of the award value will be paid in cash within 74 days after the end of the fiscal year for which it is awarded (the Award Date); (b) 25.5% of the award value will be in an unrestricted stock grant, (c) 25.5% of the award value will be granted as restricted stock, which restrictions will lapse on the first anniversary of the date of grant (the "Grant Date"), and (d) 9% of the award will consist of a grant of stock options, half of which will vest and be exercisable on the Grant Date, and the other half of which will vest and be exercisable on the first anniversary of the Grant Date, in each case subject to continued employment on the relevant anniversary, except for any acceleration of vesting under conditions set forth in the participant's employment agreement. All cash payments, vesting of stock, or exercise of options are subject to withholding and deductions as required by applicable laws.

For each plan participant, their Corporate Bonus in excess of two times their Target Corporate Bonus (Excess Award Value), shall be awarded as follows: (a) 20 percent of the Excess Award Value will be paid in cash at the end of the first anniversary of the Award Date, and 20 percent of the Excess Award Value will be paid in cash at the end of the second anniversary of the Award Date (Deferred Cash), unless Compensation NAV at the end of any of the next two years falls below ending Compensation NAV of the year in which awards are made, as described below; (b) 51% of the Excess Award Value will be granted as restricted stock, which restrictions will lapse in substantially equal installments based on continued service with the Company on each of the second and third anniversary of the Grant Date; and (c) 9% of the Excess Award Value will consist of a grant of stock options which will vest in substantially equal installments on the second and third anniversary of the Grant Date, in each case subject to continued employment on the relevant anniversary, except for any acceleration of vesting under conditions set forth in the participant's employment agreement. All cash payments, vesting of stock, or exercise of options are subject to withholding and deductions as required by applicable laws.

Malus on Deferrals

If Compensation NAV in either of the two years following a Corporate Bonus award falls below the ending Compensation NAV for the year of the award, then a portion of the Deferred Cash that would otherwise be paid for the fiscal year shall be reduced (and not paid), corresponding to (a) the ending Compensation NAV per share of the year in which the award was earned (b) divided by the ending Compensation NAV per share of the year in which the award was to be paid out, and subtracting one from the quotient, less (c) the Threshold Return. For illustrative purposes only, if the Compensation NAV per share in the first fiscal year after an award of Deferred Cash increases by only 1% over the Compensation NAV per share for the prior fiscal year, then the portion of the Deferred Cash that would otherwise be payable on the first anniversary of the Award Date will be reduced by 6% (NAV Return of 1% less the Threshold Return of 7%); if the Compensation NAV per share in the second fiscal year after an award of Deferred Cash decreases by 10% from the Compensation NAV per share for the fiscal year for which the Deferred Cash was awarded, then the portion of the Deferred Cash that would otherwise be payable on the second anniversary of the Award Date will be reduced by 17% (NAV Return of -10% less the Threshold Award of 7%). Unvested equity is not subject to reduction pursuant to this paragraph.

Individual Bonus

Each plan participant's achievement of his or her Individual Bonus goals, and the amount of such Individual Bonus, shall be determined by top management or, in the case of top management, by the Compensation Committee. The maximum amount of Individual Bonus shall not exceed two times the Target Individual Bonus. The Compensation Committee shall certify the amounts of each participant's Individual Bonus, if any, and authorize the payout of the Individual Bonus, which shall be paid within 74 days after the end of the fiscal year for which it is awarded.