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Form 8-K

YTB International, Inc. - YTBLA

Filed: July 21, 2010 (period: July 19, 2010)

Report of unscheduled material events or corporate changes.

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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): July 19, 2010

YTB International, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

000-18412

(Commission File Number)

20-2181181

(IRS Employer Identification No.)

**1901 East Edwardsville Road
Wood River, Illinois**

(Address of Principal Executive Offices)

62095

(Zip Code)

(618) 655-9477

(Registrant's Telephone Number, Including Area Code)

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

Incentive Plan

On July 20, 2010, the Board of Directors (the “Board”) of YTB International, Inc. (the “Company”) announced that on July 19, 2010, the Board adopted the YTB International, Inc. Fiscal 2010 Incentive Plan (the “Incentive Plan”). A copy of the press release announcing adoption of the Incentive Plan, among other things, is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Executive officers and certain other Company employees are eligible to participate in the Incentive Plan. Pursuant to the Incentive Plan, participants are eligible to receive an award equal to a percentage of the participant’s base pay for achievement of certain objectives. A participant will receive incentive compensation if (i) the Company achieves growth in the number of business owners for the fiscal year, (ii) the Company meets or exceeds certain financial objectives for the fiscal year, or (iii) the participant meets or exceeds certain personal or departmental financial and budgetary objectives for the fiscal year. The objectives under the Incentive Plan will be in the following categories:

Growth in business owners	-	25%
Free cash flow	-	25%
Earnings before interest, taxes, depreciation, amortization, discontinued operations and excluding impairment charges	-	25%
Discretionary objectives	-	25%

The discretionary objectives represent a list of specific tasks to be accomplished by the participant during the year. The discretionary award target will track the weighted average of the Company’s free cash flow target and the pre-tax operating income target.

Each objective is assigned a points allocation. Actual performance will be compared to the objectives and a percent of completion will be calculated. The total percent completed based on a 100% total will be multiplied by the award level and then multiplied by the base pay of the participant to determine the total award. The total award cannot exceed 25% of the Company’s free cash flow for the year. Executive officers’ awards are based on 50% to 75% of the respective executive officer’s base salary. A participant can earn up to 150% of the target award if actual performance exceeds the established objectives by 150%.

A copy of the Incentive Plan is filed as Exhibit 10.1 to this Current Report on Form 8-K, and is incorporated herein by reference.

Severance Program

Also on July 19, 2010, the Board adopted the YTB International, Inc. Severance Compensation Program (the “Severance Program”). Pursuant to the terms of the Severance Program, certain Company officers are entitled to receive compensation if their employment with the Company is terminated under certain specified circumstances, within one year after (or in some cases before) a Change of Control (as defined in the Severance Program) or for termination without Cause (as such term is defined in the Severance Program). The term of the Severance Program is two years. The Board may renew the Severance Program for subsequent two year terms.

The beneficiaries of the Program are to be designated by the Compensation Committee and approved by the Board. The initial executive officer beneficiaries of the Program are Mr. Lloyd Tomer, Mr. J. Scott Tomer and Mr. J. Kim Sorensen.

Pursuant to the terms of the Severance Program, following certain employment terminations (including terminations by the Company for any reason other than Cause and terminations by the beneficiary for Good Reason (as such term is defined in the Severance Program)) within one year after a Change of Control, a beneficiary will receive a lump-sum payment equal to the beneficiary’s annual base salary rate in effect immediately before the Change of Control or termination. Pursuant to the Severance Program, Messrs. Tomer, Tomer and Sorensen would receive an amount equal to two years’ annual base salary. A beneficiary would also be paid a pro-rated amount of any earned bonus through the date of the Change of Control. In addition, all outstanding unvested options would immediately vest and the beneficiary would be permitted to exercise all stock options outstanding.

A copy of the Severance Program is filed as Exhibit 10.2 to this Current Report on Form 8-K, and is incorporated herein by reference.

Employment Agreement Terminations

In exchange for participation in the Incentive Plan and the Severance Program, Mr. J. Kim Sorensen entered into a Termination of Employment Agreement with the Company dated July 19, 2010, pursuant to which Mr. Sorensen’s employment agreement with the Company dated January 1, 2008 was terminated (the “Sorensen Agreement”). In addition, in exchange for participation in the Incentive Plan and the Severance Program, Mr. J. Scott Tomer entered into a Termination of Employment Agreement with the Company dated July 19, 2010, pursuant to which Mr. Tomer’s employment agreement with the Company dated January 1, 2008 and the modification thereto dated April 6, 2010 and effective February 1, 2010 were terminated (the “Tomer Agreement”).

A copy of the Sorensen Agreement is filed as Exhibit 10.3 to this Current Report on Form 8-K, and is incorporated herein by reference. A copy of the Tomer Agreement is filed as Exhibit 10.4 to this Current Report on Form 8-K, and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

No.	Description
10.1	YTB International, Inc. Fiscal 2010 Incentive Plan.
10.2	YTB International, Inc. Severance Compensation Program.
10.3	Termination of Employment Agreement date July 19, 2010 between J. Kim Sorensen and the Company.
10.4	Termination of Employment Agreement dated July 19, 2010 between J. Scott Tomer and the Company.
99.1	Press release dated July 20, 2010.

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.

YTB INTERNATIONAL, INC.

Date: July 20, 2010

By: /s/ Robert M. Van Patten

Name: Robert M. Van Patten
Title: Chief Executive Officer and
Interim Chief Financial Officer

EXHIBIT INDEX

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99.1	Press release dated July 20, 2010.

YTB International, Inc.
Fiscal 2010

Incentive Plan

Objective: YTB International, Inc. (the “Company”) has established this Incentive Plan to provide additional compensation to the Executive for achieving specific goals and/or targets by the end of a fiscal year.

Award: The Incentive Plan will pay out up to a percentage of base pay at the start of each incentive period for achieving budget. Excluded from the calculation are car allowances, club dues, pension contributions or other forms of compensation received. The award can reach 150% of the target for achieving beyond budget.

Calculation

Of Award: Each objective outlined in the Incentive Plan will be assigned a points allocation. All objectives should be quantifiable and not subjective. The actual performance of the Company will be compared to the objectives and a percent of completion will be calculated. The total percent completed based on a 100% total will be multiplied by the award level and then multiplied by the base pay to determine the total award.

Discretionary

Objectives: The Executive will complete a list of discretionary objectives representing specific tasks to be accomplished during the year. These objectives should address specific problem areas to be corrected or performance enhancement issues that can be quantified and measured. Normal job duties should be excluded since those are expected to be completed as compensation for base pay.

Payout: The incentive award should be paid no later than March 15th following the close of a fiscal year end of December 31st. The total award cannot exceed 25% of the free cash flow of the Company for the year. The payout may be made on a monthly basis if adequate credit lines are not available to make a lump sum distribution.

Achievement

Categories: The achievement will be measured against the following criteria:

- Growth in Business Owners 25%
 - Free Cash Flow 25%
-

- Earnings Before Interest, Taxes, Depreciation, Amortization, Discontinued Operations and Excluding Impairment Charges 25%
- Discretionary Objectives 25%

Eligible

Participants: The eligible participants will be awarded compensation based on the following percent of annual base salary:

- Directors 12.5% to 18.75%
- Vice Presidents 25.0% to 37.5%
- Executive Officers** 50.0% to 75.0%

** Executive Officers' awarded compensation will be reduced by commissions/overrides earned during the fiscal year.

The participant can earn up to 150% of the target award if actual performance exceeds the goals and objectives for the year by 150%. The Discretionary target of the award will track with the weighted average of the Free Cash Flow target and the Pre-tax Operating Income target.

Company

Discretion: This plan is a voluntary plan on behalf of the Company and may be modified or cancelled on an annual basis if the performance of the Company does not warrant such a plan.

YTB International, Inc.

Severance Compensation Program

YTB International, Inc.'s ("YTB") Board of Directors ("the Board") has adopted this severance compensation program (the "Program") under which specified officers of YTB would receive compensation if their employment with YTB were terminated, under circumstances set forth in the Program, within one year after (or in some cases before) control of YTB changed hands or for termination without cause. The term of this arrangement will be for a period of two (2) years with the option of the Board to renew for subsequent two (2) year intervals.

The beneficiaries of the Program would be designated by the Compensation Committee and approved by the Board. The initial beneficiaries of the Program are included as Attachment A hereto. The Board would be entitled to add other officers (including officers of a subsidiary) to the beneficiary group at a future date, but has no present plans to do so.

The Program would provide lump-sum payments to the beneficiaries following certain terminations of their employment within one year after a change of control of YTB including terminations by YTB for any reason other than cause and terminations by the beneficiary if the beneficiary had good reason to leave YTB. Payments would also be made to any beneficiary whose employment similarly terminated, but before the change of control, if the termination occurred after commencement of discussions between YTB and a third party that ultimately resulted in a change of control. However, in that case, the beneficiary would receive the payment only if his termination (or the "good reason" giving rise to his termination) took place at the insistence or upon the suggestion of the third party.

For purposes of the Program, "cause" is defined as acts which are materially detrimental to the best interests of YTB and which constitute common law fraud, a felony or other gross malfeasance. "Cause" also includes the beneficiary's permanent disability. "Good reason" is a reduction, without the beneficiary's consent, of the beneficiary's duties, responsibilities or base salary, or his relocation by more than 50 miles, as compared to his duties, responsibilities, base salary or location of employment immediately before the change of control (or immediately before commencement of the change-of-control discussions in the case of termination of employment before the change of control). Accordingly, a beneficiary under no circumstances would receive any payment under the Program if he left YTB without good reason or was terminated for cause.

For purposes of the Program, “change of control” is defined as an acquisition of 50% or more YTB’s outstanding voting securities by any person or entity (or group of persons or entities acting together); a merger or consolidation in which YTB does not survive as a publicly-held company or YTB’s shareholders immediately before the merger or consolidation hold less than 50% of the outstanding voting securities of the surviving corporation immediately after the merger or consolidation; or a sale of 50% or more of YTB’s assets (as measured by consolidated book value) except to an entity in which YTB then holds at least 50% of the equity interests. Only the consummation of such a transaction would constitute a change of control. An attempt to effect such a transaction (for example, a failed or terminated tender offer) would not be a change of control.

Benefits under the Program would consist of a lump-sum cash payment equal to the beneficiary’s annual base salary rate (excluding all other compensation such as bonuses and fringe benefits) in effect immediately before the change of control (or commencement of the change-of-control discussions in the case of termination of employment before a change of control). This payment would be in lieu of other severance benefits to which the beneficiary otherwise might be entitled. The beneficiary would also be paid a pro-rated payment of any earned bonus to the date of the change of control and would be permitted to exercise all stock options outstanding with the options immediately vested.

YTB International, Inc.
Severance Compensation Program

Beneficiaries as of July 19, 2010 as approved by the Board of Directors:

Lloyd Tomer	2 years
Scott Tomer	2 years
J. Kim Sorensen	2 years
R. M. Van Patten	1 year

TERMINATION OF EMPLOYMENT AGREEMENT

This agreement terminates the Employment Agreement dated January 1, 2008 between J. Kim Sorensen and YTB International, Inc. (the "Company") in consideration for participation in the Company's 2010 Incentive Plan and Severance Compensation Program.

Agreed to:

/s/ J. Kim Sorensen

Date: 7/19/2010

J. Kim Sorensen

/s/ Robert M. Van Patten

Date: 7/19/2010

Robert M. Van Patten - CEO

YTB International, Inc.

TERMINATION OF EMPLOYMENT AGREEMENT

This agreement terminates the Employment Agreement dated January 1, 2008 between J. Scott Tomer and YTB International, Inc. (the "Company") and the April 6, 2010 modification effective February 1, 2010 between J. Scott Tomer and the Company in consideration for participation in the Company's 2010 Incentive Plan and Severance Compensation Program.

Agreed to:

/s/ J. Scott Tomer Date: 7/19/2010
J. Scott Tomer

/s/ Robert M. Van Patten Date: 7/19/2010
Robert M. Van Patten - CEO
YTB International, Inc.



YTB INTERNATIONAL ANNOUNCES CHANGE TO EXECUTIVE COMPENSATION PROGRAM

WOOD RIVER, Ill., July 20, 2010 – YTB International, Inc. (OTC BB: YTBIA) (“YTB” or the “ Company ”), a provider of e-commerce business solutions for individual consumers and home-based independent representatives in the United States, Puerto Rico, Bermuda, the Bahamas, the U.S. Virgin Islands, and Canada, today announced a change in the Company’s executive compensation program.

In order to ensure the Company continues its best practices related to executive compensation, YTB is transitioning to a performance-based incentive compensation program. Effective for the 2010 fiscal year, certain Company executives are entitled to incentive compensation if the Company achieves growth in the number of Business Owners at fiscal year end compared to the beginning of the fiscal year; if the Company meets or exceeds certain financial objectives established at the beginning of the fiscal year; or if the executives meet or exceed certain personal or departmental financial and budgetary objectives established at the beginning of each fiscal year.

Robert M. Van Patten, YTB Chief Executive Officer commented, “The changes to the compensation structure are a sign to our Independent Marketing Representatives and Business Owners that we are focused on being financially responsible and are indicators of YTB’s commitment toward success. This program places more responsibility and accountability on each executive and motivates the Company’s executives to continue to strive toward increasing shareholder value.”

About YTB International

YTB International, Inc. was recognized as the 29th largest seller of travel in the U.S. in *Travel Weekly’s* 2010 Power List, based on 2009 annual retail value of travel services booked.

YTB provides e-commerce business solutions for individual consumers and home-based independent representatives in the United States, Puerto Rico, the Bahamas, Canada, Bermuda, and the U.S. Virgin Islands. The Company operates through two subsidiaries: ZamZuu, Inc. (formerly YTB Marketing, Inc. and YourTravelBiz.com, Inc.) and YTB Travel Network, Inc.

For more information about YTB visit <http://www.ytb.com> or <http://www.thefactsaboutytb.com>.

Certain matters set forth in this news release may contain forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. However, such performance involves risks and uncertainties that may cause actual results to differ materially from those in such statements. For a discussion of certain factors that may cause such forward-looking statements to differ materially from the Company's actual results, see the Company's reports filed from time to time with the Securities and Exchange Commission including the Company's Annual Report on Form 10-K for the year ended December 31, 2009. The Company undertakes no obligation to update forward-looking statements to reflect subsequently occurring events or circumstances.

For: YTB International, Inc.

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SOURCE YTB International, Inc.

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