

**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): **March 8, 2017**

**TACTILE SYSTEMS TECHNOLOGY, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-37799**  
(Commission  
File Number)

**41-1801204**  
(I.R.S. Employer  
Identification No.)

**1331 Tyler Street NE, Suite 200, Minneapolis, MN 55413**  
(Address of principal executive offices) (Zip Code)

**(612) 355-5100**  
(Registrant's telephone number, include area code)

**N/A**  
(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))

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

*Approval of Bonus Payments*

On March 8, 2017, the Compensation and Organization Committee of our Board of Directors approved the following compensation for our executive officers:

- payment of amounts under our 2016 Bonus Plan and an individual executive's incentive plan; and
- payment of one-time bonuses due to performance in 2016.

Our 2016 Bonus Plan applied to Gerald Mattys, our Chief Executive Officer, Lynn Blake, our Chief Financial Officer and Robert Folkes, our Chief Operating Officer, among other employees, and incorporated company financial objectives. Our performance against objectives based on 2016 revenue and 2016 operating income excluding specific board approved expenditures would determine the degree to which a bonus pool would be funded. Individual payouts from the bonus pool for our officers and certain other employees were based on pre-approved percentages. On March 8, 2017, our Compensation and Organization Committee determined that the 2016 operating income and 2016 revenue goals under the 2016 Bonus Plan were achieved to the degree to warrant payment of the maximum upside of the target aggregate bonus amount previously approved (\$3,552,000). Actual payouts for 2016 for Mr. Mattys, Ms. Blake and Mr. Folkes were as follows:

<u>Name</u>	<u>2016 Bonus Plan Payment</u>
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Gerald R. Mattys	\$	339,467
Lynn L. Blake	\$	118,307
Robert J. Folkes	\$	137,841

Bryan Rishe, our Vice President, Sales, did not participate in our 2016 Bonus Plan, but instead was eligible to earn commissions based on sales-related metrics in 2016. The Compensation and Organization Committee ratified and approved the commissions earned in 2016 by Mr. Rishe of \$152,500.

The one-time bonuses were approved by the Compensation and Organization Committee as a result of our company performance during 2016 exceeding expectations and the maximum bonus pool amount under the 2016 Bonus Plan. The Compensation and Organization Committee recognized the strong financial performance of our company in 2016, as well as the successful completion of our initial public offering in 2016. The amounts of the one-time bonuses were: Gerald R. Mattys: \$60,000; Lynn L. Blake: \$25,000; Robert J. Folkes: \$50,000; and Bryan F. Rishe: \$40,000. Ms. Blake's one-time bonus amount reflected the fact that she joined our company in April 2016.

*Adoption of Management Incentive Plan*

On March 8, 2017, our Compensation and Organization Committee also adopted a Management Incentive Plan (the "Plan") pursuant to which annual cash incentive opportunities will be provided to our executive officers and other employees during 2017 and subsequent years.

The Plan provides that any of our employees is eligible to participate in the Plan, and that the Compensation and Organization Committee will designate which employees will participate in the Plan and be granted an award for each calendar year performance period. When an award is made, the Compensation and Organization Committee will specify the terms and conditions of the award, which will include that the award will be earned upon, and to the extent that, one or more performance goals based on one or more of the performance measures specified in the Plan have been attained over the course of the applicable performance period. The performance measures specified in the Plan involve a variety of financial and operational measures, and performance goals based on these measures may relate to company, subsidiary, business unit or individual performance.

In connection with establishing or applying the performance goals applicable to any performance period, the Compensation and Organization Committee may adjust the performance goals or the performance measures on which they are based to equitably reflect, in the Compensation and Organization Committee's judgment, the impact of events during the performance period that are unusual in nature or infrequently occurring (such as acquisitions, divestitures, restructuring activities or asset write-downs), changes in applicable tax laws or accounting principles, equity restructurings, reorganizations or other changes in corporate capitalization.

Following the completion of each performance period, the Compensation and Organization Committee will determine the degree to which the applicable performance goals were attained and the corresponding award amounts that would be payable to participants based on such attainment. The Compensation and Organization Committee retains the discretion, based on factors it deems relevant, to increase or decrease (including to zero) the amount of an award that would otherwise be payable to any participant based on attainment of applicable performance goals. The amount of any award determined by the Compensation and Organization Committee to be payable will be paid to the participant in a lump sum cash payment no later than March 15 of the calendar year immediately following the applicable performance period. A participant must continue to be employed by us on the date of payment to receive payment of an award.

This description of the Plan does not purport to be complete and is qualified in its entirety by reference to the Management Incentive Plan document which is attached as Exhibit 10.1 to this report and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

Exhibit No.	Description
10.1	Tactile Systems Technology, Inc. Management Incentive Plan

**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.

TACTILE SYSTEMS TECHNOLOGY, INC.

Date: March 10, 2017

By: /s/ Lynn L. Blake  
 Lynn L. Blake  
 Chief Financial Officer

Exhibit No.	Description	Method of Filing
10.1	Tactile Systems Technology, Inc. Management Incentive Plan	Filed electronically

**TACTILE SYSTEMS TECHNOLOGY, INC.**  
**MANAGEMENT INCENTIVE PLAN**

**Adopted March 8, 2017**

In order to provide an additional incentive to eligible employees to contribute to the success of Tactile Systems Technology, Inc. (the “Company”), the Company has adopted this Management Incentive Plan (the “Plan”) under which annual cash bonus awards (the “Awards”) may be provided to eligible employees. As set forth in this Plan, the grant of Awards is within the discretion of the Compensation and Organization Committee (the “Committee”) of the Company’s Board of Directors (the “Board”), and the payment of these Awards is subject to several contingencies, including the attainment of performance goals approved by the Committee that are based on one or more performance measures described below.

1. **Eligibility.** Any employee of the Company or any of its subsidiaries is eligible to participate in the Plan. The Committee will designate those employees who are to be participants in the Plan for each calendar year performance period. Designation by the Committee as a participant for a specific performance period does not confer on an employee the right to participate in the Plan during any other performance periods.
  2. **Grant of Performance Awards.** The Committee will designate which employees may participate in the Plan and be granted Awards for each performance period. Awards may be granted to participants in such amounts and on such terms as may be determined by the Committee, consistent with the terms of the Plan. At the time an Award is made, the Committee will specify the terms and conditions that will govern the Award, which will include that the Award will be earned upon, and to the extent that, one or more performance goals based on one or more of the performance measures specified in Section 3 have been attained over the course of the applicable performance period. Different terms and conditions may be established by the Committee for different Awards and for different participants. The terms of individual Awards will be set forth in such written or electronic notices as the Committee may prescribe.
  3. **Performance Measures.** The performance measures upon which performance goals applicable to Awards under the Plan may be based shall be one or a combination of two or more of the following: (i) net income; (ii) earnings before one or more of interest, taxes, depreciation, amortization and stock-based compensation expense; (iii) revenue; (iv) gross profit; (v) operating income; (vi) profitability as measured by return ratios (including, but not limited to, return on assets, return on equity, return on invested capital and return on revenue); (vii) cash flow (including, but not limited to, operating cash flow, free cash flow and cash flow return on capital); (viii) market share; (ix) margins (including, but not limited to, one or more of gross, operating and net earnings margins); (x) stock price; (xi) total stockholder return; (xii) orders; (xiii) cost and expense management; (xiv) economic value added or similar value added measurements; and (xv) implementation or completion of critical projects. Any performance goal based on one or more of the foregoing performance measures may be expressed in absolute amounts, on a per share basis (basic or diluted), relative to one or more other performance measures, as a growth rate or change from preceding periods, or as a comparison to the performance of specified companies, indices or other external measures, and may relate to one or any combination of Company, subsidiary, business unit or individual performance.
  4. **Adjustments to Performance Measures or Goals.** In connection with establishing or applying the performance goals applicable to any performance period, the Committee may adjust the performance goals or the performance measures on which they are based to equitably reflect, in the Committee’s judgment, the impact of (i) events during the performance period that are unusual in nature or infrequently occurring (such as acquisitions, divestitures, restructuring activities or asset write-downs), (ii) changes in applicable tax laws or accounting principles, or (iii) equity restructurings, reorganizations or other changes in corporate capitalization.
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5. **Determination of Award Amounts Payable.** Following the completion of each performance period, the Committee will determine the degree to which the applicable performance goals were attained and the corresponding Award amounts that would be payable to participants based on such attainment. The Committee is authorized, in its sole and absolute discretion and based on such factors as it deems relevant, to increase or decrease (including to zero) the amount of an Award that would otherwise be payable to any participant based on attainment of applicable performance goals.
  6. **Payment of Awards.** The amount of any Award determined by the Committee to be payable to a participant will be paid to the participant in a lump sum cash payment (less applicable withholding taxes) no later than March 15 of the calendar year immediately following the applicable performance period. As a condition to receiving any payment of an Award under this Plan, a participant must continue to be employed by the Company or one of its subsidiaries on the date of payment. If a participant’s employment with the Company and its subsidiaries terminates for any reason (whether voluntary, involuntary, as a result of death or disability, or with or without cause) at any time prior to the date of payment, no payment under the Plan will be made.
  7. **Administration.** The Committee shall have power to make Awards and to determine when and to whom Awards will be granted, and the form, amount and other terms and conditions of each Award, subject to the provisions of this Plan. The Committee shall have the authority to interpret this Plan and any Award made under this Plan, to establish, amend, waive and rescind any rules relating to the administration of this Plan, and to make all other determinations necessary or advisable for the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent it shall deem desirable. The determinations of the Committee in the administration of this Plan shall be final, binding and conclusive. The Committee may delegate all or any portion of its authority under the Plan to any one or more of its members or, as to Awards to participants or eligible employees who are not executive officers of the Company, to one or more executive officers of the Company.
  8. **Miscellaneous.**
    - (a) **Effective Date and Term.** The Plan shall become effective as of the date first written above, and shall remain in effect until it has been terminated pursuant to Section 8(d).
    - (b) **No Right to Employment.** Nothing in the Plan or any Award notice constitutes or implies (i) any obligation or undertaking to employ or retain a participant for any period of time or in any position, or (ii) any limitation on the right of the Company to terminate a participant’s employment at any time with or without notice or cause.
    - (c) **Tax and Other Withholding.** Any payments under the Plan will be subject to withholding of all taxes and other amounts required by law to be withheld or paid to others. The Company may, in its discretion and to the full extent permitted by law, apply a payment otherwise payable to a

participant under the Plan to pay any amounts, debts or claims owed to the Company by such participant, until all such amounts, debts and claims are paid in full.

(d) Amendment, Modification and Termination of the Plan. The Board or Committee may at any time terminate, suspend or modify the Plan and the terms and provisions of any Award to any participant which has not yet been paid. No Award may be granted during any suspension of the Plan or after its termination.

(e) Unfunded Plan. The Plan shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by Awards under the Plan. No participant shall, by virtue of this Plan, have any interest in any specific assets of the Company.

(f) Other Benefit Programs. Payments received by a participant under an Award made pursuant to the Plan shall not be deemed a part of the participant's regular recurring compensation

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for purposes of the termination, indemnity or severance pay law of any state and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company unless expressly so provided by such other plan, contract or arrangement, or unless the Committee expressly determines otherwise.

(g) Governing Law. The Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Minnesota without regard to its conflicts-of-law principles, and shall be construed accordingly.

(h) Non-Transferability. No Award may be sold, assigned, transferred, exchanged or encumbered, voluntarily or involuntarily.

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