
**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): May 22, 2013

PFSweb, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
Of incorporation)

000-28275
(Commission
File Number)

75-2837058
(IRS Employer
Identification No.)

505 Millennium Drive
Allen, TX
(Address of principal executive offices)

75013
(zip code)

(972) 881-2900
Registrant's telephone number, including area code

N/A
(Former name or former address, if changed since last report.)

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))
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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

Resignation of Timothy Murray

On May 23, 2013, Mr. Timothy Murray resigned from the Company's Board of Directors for personal reasons. Mr. Murray was a Class III Director.

Appointment of Shinichi Nagakura

On May 23, 2013, the Board of Directors of the Company appointed Shinichi Nagakura as a Class III Director. Such appointment was pursuant to the Securities Purchase Agreement dated May 15, 2013 (the "Purchase Agreement") between the Company and transcocosmos inc., a Japanese business processing outsourcing company ("TCI"). Under the Purchase Agreement, on May 15, 2013, the Company sold to TCI an aggregate of 3,214,369 shares (the "Shares") of its Common Stock at \$ \$4.57 per share, or gross proceeds of \$14.7 million. A description of the Purchase Agreement and the transactions contemplated thereby was disclosed in Item 1.01 the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 15, 2013 (the "May 15th 8-K"). The May 15th 8-K included as Exhibits thereto a copy of the Purchase Agreement and the Registration Rights Agreement between the Company and TCI. Reference is made to the information set forth in Item 1.01 of the May 15th 8-K and the Exhibits thereto which is incorporated herein by reference.

The Board has determined that Mr. Nagakura is an "independent director" under the NASDAQ Stock Market, Inc. listing standards.

Mr. Nagakura, age 49, has been an officer of TCI and/or its affiliates for the last 15 years, including serving as a Director of TCI since 2006, and has experience in investments, business development and sales/marketing in the US and Japan. Prior to TCI, Mr. Nagakura served for ten years with Recruit Co. Ltd., a leading Japanese publishing and Internet media and marketing services company. Mr. Nagakura also serves on the Board of Directors of Merlin Information Systems, Ltd., an international provider of high quality, personalized IT and customer support solutions, and Become, Inc., a leader in electronic commerce and online comparison shopping. He graduated from Sophia University, Tokyo, Japan with a B.A. in International Studies in 1986.

Mr. Nagakura has no family relationship with any of the executive officers or directors of the Company. There have been no transactions in the past two years to which the Company or any of its subsidiaries was or is to be a party, in which Mr. Nagakura had, or will have, a direct or indirect material interest.

Mr. Nagakura is eligible to participate in the Company's compensation programs and plans for non-employee directors, as described in the Company's Form 10-K Amendment No. 1, filed on April 30, 2013.

Compensatory Plan

On May 22, 2013, pursuant to the Company's 2005 Employee Stock and Incentive Plan, as amended and restated (the "Plan"), the Company issued Performance-Based Cash Awards and Performance Shares (as such terms are defined in the Plan) to the Company's named executive officers and other senior management. The determination of the amount of the Performance-Based Cash Awards and the number of Performance Shares which each such individual may receive is subject to, and calculated by reference to, the achievement by the Company of a performance goal measured by the Company's adjusted EBITDA for the 2013 fiscal year. The amount of the Performance-Based Cash Awards and number of Performance Shares will be calculated in 2014 upon completion of the Company's 2013 annual financial statements. The Performance Shares are subject to four year vesting based upon continued employment and the comparative performance (on an annual and cumulative basis) of the Company's common stock on NASDAQ compared to the Russell Micro Cap Index.

A copy of the form of Performance-Based Cash Award Agreement and Performance Shares Award Agreement is filed herewith and the foregoing summary of the terms thereof is not complete and is qualified in its entirety by reference thereto, which are incorporated herein by reference.

The foregoing Awards were issued pursuant to the Plan. A copy of the Plan is included in the Company's Proxy Statement dated April 30, 2012 as filed with the Securities and Exchange Commission on April 30, 2012.

The amount of the Performance-Based Cash Awards paid or payable to the Company's named executive officers and the number of Performance Shares issued or issuable to the Company's named executive officers will be disclosed in the Company's Proxy Statement for its 2014 Annual Meeting or when Item 402 of Regulation S-K otherwise requires such disclosure.

Item 8.01. Other Events.

On May 24, 2013, the Company issued a press release announcing the appointment of Mr. Nagakura to the Board. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Form of Performance-Based Cash Award Agreement.
10.2	Form of Performance Shares Award Agreement
99.1	Press Release, issued May 24, 2013.

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.

Date: May 29, 2013

PFSweb, Inc.

By: /s/ Thomas J. Madden

Name: Thomas J. Madden

Title: *Executive Vice President and
Chief Financial and Accounting Officer*

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.1	Form of Performance-Based Cash Award Agreement.
10.2	Form of Performance Shares Award Agreement
99.1	Press Release, issued May 24, 2013.

**PERFORMANCE-BASED CASH AWARD AGREEMENT
PFSWEB, INC. 2005 EMPLOYEE STOCK AND INCENTIVE PLAN**

THIS PERFORMANCE-BASED CASH AWARD AGREEMENT (“Agreement”) is made and entered into this 22nd day of May, 2013 (the “Grant Date”) by and between _____ (the “Employee”) and PFSweb, Inc., a Delaware corporation (the “Company”).

WHEREAS, the Company sponsors and maintains the PFSweb, Inc, 2005 Employee Stock and Incentive Plan, as the same may be amended from time to time (the “Plan;” terms defined in the Plan having the same meaning when used herein, except as otherwise defined herein); and

WHEREAS, the Board and Article 4 of the Plan have vested in the Committee the right to determine the type(s) and amount(s) of Award(s) to be granted to any employee and the terms and conditions thereof; and

WHEREAS, Article 9 of the Plan provides for the grant to an employee of a Performance-Based Cash Award to be paid upon the achievement of such performance goals as the Committee establishes for such Award; and

WHEREAS, the Committee has decided to grant a Performance-Based Cash Award to the Employee with respect to the Company’s performance for its fiscal year beginning on January 1, 2013 and ending on December 31, 2013 on the terms and conditions hereinafter set forth; and

WHEREAS, the Employee desires to accept the Committee’s grant of a Performance-Based Cash Award on the terms and conditions hereinafter set forth;

NOW, THEREFORE, intending to be legally bound, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Employee hereby agree as follows:

1. Definitions. The following terms (not otherwise defined herein), when used in this Agreement, shall have the following meanings, unless the context clearly requires otherwise (such definitions to be equally applicable to both the singular and plural of the defined terms):

“Adjusted EBITDA” shall mean the amount reported by the Company as its “Adjusted EBITDA” for Fiscal Year 2013 in the Company’s press release announcing its financial results for Fiscal Year 2013, but adjusted for, and without giving effect to, the grant, issuance or approval of any Performance Awards for Fiscal Year 2013.

“Base Bonus” shall mean the Performance-Based Cash Award payable to the Employee in respect of Fiscal Year 2013 upon the achievement of the Base Bonus Target as set forth in the individual Award Certificate issued by the Committee to the Employee.

“**Base Bonus Target**” shall mean Adjusted EBITDA for Fiscal Year 2013 equaling or exceeding the amounts so designated as set forth in the individual Award Certificate issued by the Committee to the Employee.

“**ERISA**” shall mean the Employee Retirement Income Security Act of 1986, as amended.

“**Fiscal Year**” shall mean the 12-consecutive-month period beginning on January 1 and ending on December 31, so that, by way of example, Fiscal Year 2013 shall mean the 12-consecutive-month period beginning on January 1, 2013 and ending on December 31, 2013.

“**Fiscal Year Date**” shall mean December 31, 2013.

“**Stretch Bonus**” shall mean the Performance-Based Cash Award payable to the Employee in respect of Fiscal Year 2013 upon the achievement of the Stretch Bonus Target as set forth in the individual Award Certificate issued by the Committee to the Employee.

“**Stretch Bonus Target**” shall mean Adjusted EBITDA for Fiscal Year 2013 equaling or exceeding the amounts so designated as set forth in the individual Award Certificate issued by the Committee to the Employee.

“**Target Bonus**” shall mean the Performance-Based Cash Award payable to the Employee upon the achievement of the Target Bonus Target as set forth in the individual Award Certificate issued by the Committee to the Employee.

“**Target Bonus Target**” shall mean Adjusted EBITDA for Fiscal Year 2013 equaling or exceeding the amounts so designated as set forth in the individual Award Certificate issued by the Committee to the Employee.

2. Performance-Based Cash Award. The amount of the Performance-Based Cash Award payable to the Employee hereunder shall be determined as follows:

(a) **Base Bonus.** If the Base Bonus Target, but neither the Target Bonus Target nor the Stretch Bonus Target, is achieved, the Performance-Based Cash Award payable to the Employee hereunder shall be the Base Bonus. If the Base Bonus Target is not achieved, the Employee shall not be entitled to payment of any Performance-Based Cash Award under this Agreement.

(b) **Target Bonus.** If the Target Bonus Target, but not the Stretch Bonus Target, is achieved, the Performance-Based Cash Award payable to the Employee hereunder shall be the Target Bonus.

(c) **Stretch Bonus.** If the Stretch Bonus Target is achieved, the Performance-Based Cash Award payable to the Employee hereunder shall be the Stretch Bonus.

3. Determination of Target Achievement. The Committee, in its sole and absolute discretion, shall determine when, whether, and if so, the extent to which, the Base Bonus Target, Target Bonus Target or Stretch Bonus Target, as applicable, has been achieved. Such determination, which shall be final and binding on all parties, shall be certified to the Board in writing as soon as administratively practicable in Fiscal Year 2014.

4. Vesting of Performance-Based Cash Award; Forfeiture. The Employee shall have no vested right in the Performance-Based Cash Award unless the Committee certifies to the Board that the Base Bonus Target, Target Bonus Target or Stretch Bonus Target, as applicable, has been achieved. Such achievement, as evidenced by such certification by the Committee, shall be construed by all parties as a condition related to the purpose of the compensation for purposes of Section 409A of the Code. Provided that such certification is made, and that the Employee is employed by the Company as of the Fiscal Year Date, vesting shall occur as of the Fiscal Year Date. If, prior to the Fiscal Year Date, the Employee voluntarily leaves employment with the Company other than for Good Reason or is terminated by the Company for Cause, the Employee shall forfeit the entirety of the Performance-Based Cash Award otherwise payable hereunder.

5. Adjustment of Performance-Based Cash Award. Notwithstanding any provision of this Agreement to the contrary, if the Employee's employment by the Company is terminated between the Grant Date and the Fiscal Year Date, other than termination by the Company for Cause or the voluntary termination by the Employee other than for Good Reason, the Employee shall be entitled to payment of a portion of the Performance-Based Cash Award equal to the amount of the Performance-Based Cash Award which the Employee would have received hereunder, but for the termination of employment, multiplied by a fraction, the numerator of which is the number of days in Fiscal Year 2013 in which the Employee is employed by the Company and the denominator of which is 365.

6. Payment of Performance-Based Cash Award. Payment of the Performance-Based Cash Award shall be made in a single lump sum in cash, less all applicable withholdings, no later than April 14, 2014. In no event shall payment of the Performance-Based Cash Award be made later than the last day of Fiscal Year 2014.

7. Provisions of Plan. Except as provided herein, the provisions of this Agreement shall be subject to the provisions of the Plan, which are hereby incorporated herein by reference and made part hereof. The Employee acknowledges and agrees that he or she has been provided with and has read the Plan and understands the provisions thereof. In the event of any conflict between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall take precedence, other than for such provisions of the Plan which, by their terms, are subject to the provisions of an Award Certificate.

8. No ERISA Plan. Neither this Agreement nor the award of the Performance-Based Cash Award hereunder shall be construed by any party as being subject to any provisions of ERISA, and shall not be so subject. Without in any way limiting the generality of the foregoing, the Performance-Based Cash Award awarded hereunder shall constitute a mere unfunded promise to pay by the Company and a bonus program within the meaning of Department of Labor Regulation Section 2510.3-2(c) promulgated under ERISA.

9. No Status of Performance-Based Cash Award as a Qualified Performance-Based Award. The Performance-Based Cash Award granted hereunder is not intended to be, nor shall it be construed by any party as being, a Qualified Performance-Based Award. For the avoidance of doubt, the Performance-Based Cash Award granted hereunder is not intended to, and shall not, constitute qualified performance-based compensation within the meaning of Section 162(m) of the Code.

10. Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Secretary of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Employee under this Agreement shall be in writing and addressed to the Employee at the Employee's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

11. Parachute Payments and Parachute Awards. If the Employee is a "disqualified individual," as defined in paragraph (c) of Code Section 280G, then, notwithstanding any other provision of this Agreement or of any other agreement, contract, or understanding heretofore or hereafter entered into by the Employee and the Company (an "Other Agreement"), except an agreement, contract, or understanding that expressly addresses Code Section 280G or Code Section 4999 (a "280G Agreement"), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Employee (or an employee group of which the Employee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Employee (a "Benefit Arrangement"), any right the Employee has in respect of payment under this Agreement, any Other Agreement or any Benefit Arrangement will be reduced or eliminated: (a) to the extent that such right to payment, taking into account all other rights, payments, or benefits to or for the Employee under all Other Agreements and all Benefit Arrangements, would cause the payment to Employee under this Agreement to be considered a "parachute payment" within the meaning of paragraph (b)(2) of Code Section 280G as then in effect (a "Parachute Payment"); and (b) if, as a result of receiving such Parachute Payment, the aggregate after-tax amounts the Employee is entitled to receive from the Company under all Other Agreements and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Employee without causing any such payment or benefit to be considered a Parachute Payment. The Company will accomplish such reduction in a manner to be mutually agreed with, and most beneficial for, the Employee. The foregoing shall not be interpreted so as to restrict, reduce, amend or modify any of the existing terms and provisions of any 280G Agreement to which the Employee and the Company may be a party and any payment hereunder shall be entitled to the benefits thereof.

12. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, such determination shall not affect the remaining provisions of this Agreement, which shall be enforced to the maximum extent permitted under applicable law.

13. Modification. Subject to the provisions of the Plan, this Agreement may be modified only in writing pursuant to an agreement by and between the Company and the Employee.

14. Headings. The headings contained herein are for convenience of reference only and shall not be construed by any party as having any substantive significance.

15. Clawback. Notwithstanding any other provisions in this Agreement, this Award is subject to recovery under any law, government regulation or stock exchange listing requirement, and is subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company at any time pursuant to any such law, government regulation or stock exchange listing requirement).

16. Section 409A of the Code. It is intended that all payments under this Agreement qualify as short-term deferrals exempt from the requirements of Section 409A of the Code. In the event that any payment hereunder does not qualify for treatment as an exempt short-term deferral, it is intended that such payment shall be paid in a manner that satisfies the requirements of Section 409A of the Code. This Agreement shall be interpreted and construed accordingly.

17. Execution and Counterparts. This Agreement shall be deemed executed and delivered by the parties upon the execution of the individual Award Certificate issued to the Employee in connection herewith, which Award Certificate shall be executed by an authorized officer of the Company and may be executed in any number of counterparts, each of which shall be deemed an original, and shall be effective when a counterpart thereof has been received from both parties.

**PERFORMANCE SHARE AGREEMENT
PFSWEB, INC. 2005 EMPLOYEE STOCK AND INCENTIVE PLAN**

THIS PERFORMANCE SHARE AGREEMENT (“Agreement”) is made and entered into this 22nd day of May, 2013 (the “Grant Date”) by and between _____ (the “Employee”) and PFSweb, Inc., a Delaware corporation (the “Company”).

WHEREAS, the Company sponsors and maintains the PFSweb, Inc, 2005 Employee Stock and Incentive Plan, as the same may be amended from time to time (the “Plan;” terms defined in the Plan having the same meaning when used herein, except as otherwise defined herein); and

WHEREAS, the Board and Article 4 of the Plan have vested in the Committee the right to determine the type(s) and amount(s) of Award(s) to be granted to any employee and the terms and conditions thereof; and

WHEREAS, Article 9 of the Plan provides for the grant to an employee of Performance Shares subject to restrictions that include the achievement of Company performance goals; and

WHEREAS, the Committee has decided to make a grant of Performance Shares to the Employee with respect to the Company’s performance for its fiscal year beginning on January 1, 2013 and ending on December 31, 2013 on the terms and conditions hereinafter set forth; and

WHEREAS, the Employee desires to accept the Committee’s grant of such Performance Shares on the terms and conditions hereinafter set forth;

NOW, THEREFORE, intending to be legally bound, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and the Employee hereby agree as follows:

1. Definitions. The following terms (not otherwise defined herein), when used in this Agreement, shall have the following meanings, unless the context clearly requires otherwise (such definitions to be equally applicable to both the singular and plural of the defined terms).

“Adjusted EBITDA” shall mean the amount reported by the Company as its “Adjusted EBITDA” for Fiscal Year 2013 in the Company’s press release announcing its financial results for Fiscal Year 2013, but adjusted for, and without giving effect to, the grant, issuance or approval of any Performance Awards for Fiscal Year 2013.

“Anniversary Date(s)” shall mean the one year, two year and three year anniversary dates of the Fiscal Year Date.

“Annual Closing Price” shall mean, for any Fiscal Year or Performance Period, the product obtained by multiplying (i) the quotient obtained by dividing the Average Closing Price by the Opening Price, by (ii) 100.

“Annual Index Targets” shall mean the First Annual Index target, the Second Annual Index target, the Third Annual Index Target and the Fourth Annual Index Target.

“Average Closing Price” shall mean, for any Fiscal Year or Performance Period, the simple arithmetic average of the daily volume-weighted average price (“VWAP”) for the Stock on NASDAQ during the 20 consecutive trading days ending on and including the last day of the Fiscal Year or Performance Period.

“Average Index Closing Price” shall mean, for any Fiscal Year or Performance Period, the simple arithmetic average of the closing index values of the Index as reported by Bloomberg or other similar reporting service during the 20 consecutive trading days ending on and including the last day of the Fiscal Year or Performance Period.

“Base Bonus” shall mean the Performance Shares payable to the Employee in respect of Fiscal Year 2013 upon the achievement of the Base Bonus Target as set forth in the individual Award Certificate issued by the Committee to the Employee.

“Base Bonus Target” shall mean Adjusted EBITDA for Fiscal Year 2013 equaling or exceeding the amounts so designated as set forth in the individual Award Certificate issued by the Committee to the Employee.

“Cumulative Index Targets,” shall mean the First Cumulative Index Target, the Second Cumulative Index Target, the Third Cumulative Index Target and the Fourth Cumulative Index Target as set forth below, which shall be deemed achieved for the Performance Periods set forth below if (i) for the First Cumulative Index Target, the Annual Closing Price equals or exceeds the Index Closing Price within the corresponding ranges set forth below, and (ii) for Cumulative Index Targets other than the First Cumulative Index Target, the Annual Closing Price exceeds the Index Closing Price within the corresponding ranges set forth below.

<u>Cumulative Index Target</u>	<u>First Performance Period</u>	<u>Second Performance Period</u>	<u>Third Performance Period</u>	<u>Fourth Performance Period</u>
First Cumulative Index Target	0.00 – 2.49	0.00 – 4.99	0.00 – 7.49	0.00 – 9.99
Second Cumulative Index Target	2.50 – 4.99	5.00 – 9.99	7.50 – 14.99	10.00 – 19.99
Third Cumulative Index Target	5.00 – 7.49	10.00 – 14.99	15.00 – 22.49	20.00 – 29.99
Fourth Cumulative Index Target	7.50 or more	15.00 or more	22.50 or more	30.00 or more

“ERISA” shall mean the Employee Retirement Income Security Act of 1986, as amended.

“First Annual Index Target” shall mean, for any Fiscal Year, the Annual Closing Price equals the Index Closing Price or exceeds the Index Closing Price by up to, but not including 2.5.

“First Performance Period” shall mean the 2013 Fiscal Year.

“Fiscal Year” shall mean the 12-consecutive-month period beginning on January 1 and ending on December 31, so that, by way of example, Fiscal Year 2013 shall mean the 12-consecutive-month period beginning on January 1, 2013 and ending on December 31, 2013.

“Fiscal Year Date” shall mean December 31, 2013.

“Fourth Annual Index Target” shall mean, for any Fiscal Year, the Annual Closing Price exceeds the Index Closing Price by 7.5 or more.

“Fourth Performance Period” shall mean the period beginning on January 1, 2013 and ending on December 31, 2016.

“Index” shall mean the Russell Microcap Index, as issued by Russell Investments, Inc., or, if such Index is no longer published or the Committee determines that such Index no longer appropriately represents the Company’s peer group (as measured by market capitalization), such other index as the Committee shall determine in its sole discretion.

“Index Closing Price” shall mean, for any Fiscal Year or Performance Period, the product obtained by multiplying (i) the quotient obtained by dividing the Average Index Closing Price by the Opening Index Price, by (ii) 100.

“Opening Price” shall mean (i) Four Dollars and Forty Two Cents (\$4.42) for purposes of determining the Annual Index Targets for Fiscal Year 2013 and the Cumulative Index Targets and (ii) for purposes of determining the Annual Index Targets for any Fiscal Year other than Fiscal Year 2013, the Average Closing Price for the immediately preceding Fiscal Year.

“Opening Index Price” shall mean (i) \$376.14 for purposes of determining the Annual Index Targets for Fiscal Year 2013 and the Cumulative Index Targets and (ii) for purposes of determining the Annual Index Targets for any Fiscal Year other than Fiscal Year 2013, the Average Index Closing Price for the immediately preceding Fiscal Year.

“Performance Period” shall mean the First Performance Period, the Second Performance Period, the Third Performance Period or the Fourth Performance Period, as applicable.

“Second Annual Index Target” shall mean, for any Fiscal Year, the Annual Closing Price exceeds the Index Closing Price by 2.5 or more up to, but not including 5.0.

“Second Performance Period” shall mean the period beginning on January 1, 2013 and ending on December 31, 2014.

“Stretch Bonus” shall mean the Performance Shares payable to the Employee in respect of Fiscal Year 2013 upon the achievement of the Stretch Bonus Target as set forth in the individual Award Certificate issued by the Committee to the Employee.

“Stretch Bonus Target” shall mean Adjusted EBITDA for Fiscal Year 2013 equaling or exceeding the amounts so designated as set forth in the individual Award Certificate issued by the Committee to the Employee.

“**Target Bonus**” shall mean the Performance Shares payable to the Employee upon the achievement of the Target Bonus Target as set forth in the individual Award Certificate issued by the Committee to the Employee.

“**Target Bonus Target**” shall mean Adjusted EBITDA for Fiscal Year 2013 equaling or exceeding the amounts so designated as set forth in the individual Award Certificate issued by the Committee to the Employee.

“**Third Annual Index Target**” shall mean, for any Fiscal Year, the Annual Closing Price exceeds the Index Closing Price by 5.0 or more up to, but not including 7.5.

“**Third Performance Period**” shall mean the period beginning on January 1, 2013 and ending on December 31, 2015.

2. Performance Shares. The number of Performance Shares payable to the Employee hereunder shall be determined as follows:

(a) **Base Bonus.** If the Base Bonus Target, but neither the Target Bonus Target nor the Stretch Bonus Target, is achieved, the number of Performance Shares payable to the Employee hereunder shall be the Base Bonus. If the Base Bonus Target is not achieved, the Employee shall not be entitled to payment of any Performance Shares under this Agreement.

(b) **Target Bonus.** If the Target Bonus Target, but not the Stretch Bonus Target, is achieved, the number of Performance Shares payable to the Employee hereunder shall be the Target Bonus.

(c) **Stretch Bonus.** If the Stretch Bonus Target is achieved, the number of Performance Shares payable to the Employee hereunder shall be the Stretch Bonus.

3. Determination of Target Achievement. The Committee, in its sole and absolute discretion, shall determine when, whether, and if so, the extent to which, the Base Bonus Target, Target Bonus Target or Stretch Bonus Target, as applicable, has been achieved. Such determination, which shall be final and binding on all parties, shall be certified to the Board in writing as soon as administratively practicable in Fiscal Year 2014.

4. Vesting of Performance Shares; Forfeiture. Each Performance Share represents an unfunded, unsecured promise by the Company to provide the Employee with the Performance Shares set forth herein, subject to the satisfaction of the vesting and other terms and conditions set forth herein. The Employee shall have no vested right in the Performance Shares unless the Committee certifies to the Board that the Base Bonus Target, Target Bonus Target or Stretch Bonus Target, as applicable, has been achieved. Such achievement, as evidenced by such certification by the Committee, shall be construed by all parties as a condition related to the purpose of the compensation for purposes of Section 409A of the Code. Provided that such certification is made, the Performance Shares shall vest and be issued and payable as follows:

4.1 Employment Vesting. A number of Performance Shares equal to one-third (1/3) of the number of Performance Shares payable hereunder shall vest in four (4) equal installments (each, an "Employment Vesting Installment"), commencing on the Fiscal Year Date and on each of the Anniversary Dates thereafter, so that the Employment Vesting Installment for Fiscal Year 2013 shall vest on the Fiscal Year Date, the Employment Vesting Installment for Fiscal Year 2014 shall vest on the first Anniversary Date, the Employment Vesting Installment for Fiscal Year 2015 shall vest on the second Anniversary Date, and the Employment Vesting Installment for Fiscal Year 2016 shall vest on the third Anniversary Date; provided that, for each such Employment Vesting Installment, as applicable, the Employee is employed by the Company as of the last day of the Fiscal Year, as applicable, for the corresponding Employment Vesting Installment for such Fiscal Year.

4.2 Annual Index Vesting. A number of Performance Shares equal to one-third (1/3) of the Performance Shares payable hereunder shall vest in four (4) equal installments (each, an "Annual Index Vesting Installment"), commencing on the Fiscal Year Date and on each of the Anniversary Dates thereafter, so that the Annual Index Vesting Installment for Fiscal Year 2013 shall vest on the Fiscal Year Date, the Annual Index Vesting Installment for Fiscal Year 2014 shall vest on the first Anniversary Date, the Annual Index Vesting Installment for Fiscal Year 2015 shall vest on the second Anniversary Date, and the Annual Index Vesting Installment for Fiscal Year 2016 shall vest on the third Anniversary Date; provided that, for each such Annual Index Vesting Installment, as applicable:

(a) the Employee is employed by the Company as of the last day of the Fiscal Year, as applicable, for the corresponding Annual Index Vesting Installment for such Fiscal Year; and

(b) for each applicable Fiscal Year: (i) the First Annual Index Target is achieved, in which event the corresponding Annual Index Vesting Installment shall vest as to twenty-five percent (25%) of the Performance Shares subject thereto and the remaining seventy five percent (75%) of such Annual Index Vesting Installment shall be forfeited; (ii) the Second Annual Index Target is achieved, in which event the corresponding Annual Index Vesting Installment shall vest as to fifty percent (50%) of the Performance Shares subject thereto and the remaining fifty percent (50%) of such Annual Index Vesting Installment shall be forfeited; (iii) the Third Annual Index Target is achieved, in which event the corresponding Annual Index Vesting Installment shall vest as to seventy-five percent (75%) of the Performance Shares subject thereto and the remaining twenty-five percent (25%) of such Annual Index Vesting Installment shall be forfeited; or (iv) the Fourth Annual Index Target is achieved, in which event the corresponding Annual Index Vesting Installment shall vest as to one hundred percent (100%) of the Performance Shares subject thereto.

The Annual Index Vesting Installment for any Fiscal Year shall not vest and shall be forfeited if none of the Annual Index Targets is achieved for such Fiscal Year.

4.3 Cumulative Index Vesting. A number of Performance Shares equal to one-third (1/3) of the Performance Shares payable hereunder shall vest in four (4) equal installments (each, a "Cumulative Index Vesting Installment"), commencing on the Fiscal Year Date and on each of the Anniversary Dates thereafter, so that the Cumulative Index Vesting Installment for Fiscal Year 2013 shall vest on the Fiscal Year Date, the Cumulative Index Vesting Installment for Fiscal Year

2014 shall vest on the first Anniversary Date, the Cumulative Index Vesting Installment for Fiscal Year 2015 shall vest on the second Anniversary Date, and the Cumulative Index Vesting Installment for Fiscal Year 2016 shall vest on the third Anniversary Date; provided that, for each such Cumulative Index Vesting Installment, as applicable:

(a) the Employee is employed by the Company as of the last day of the Fiscal Year, as applicable, for the corresponding Cumulative Index Vesting Installment for such Fiscal Year; and

(b) for each Fiscal Year whose last day corresponds to the last day of a Performance Period, as to the Cumulative Index Target Vesting Installment for such Fiscal Year: (i) the First Cumulative Index Target is achieved, in which event the corresponding Cumulative Index Vesting Installment shall vest as to twenty-five percent (25%) of the Performance Shares subject thereto and the remaining seventy five percent (75%) of such Cumulative Index Vesting Installment shall be forfeited; (ii) the Second Cumulative Index Target is achieved, in which event the corresponding Cumulative Index Vesting Installment shall vest as to fifty percent (50%) of the Performance Shares subject thereto and the remaining fifty percent (50%) of such Cumulative Index Vesting Installment shall be forfeited; (iii) the Third Cumulative Index Target is achieved, in which event the corresponding Cumulative Index Vesting Installment shall vest as to seventy-five percent (75%) of the Performance Shares subject thereto and the remaining twenty-five percent (25%) of such Cumulative Index Vesting Installment shall be forfeited; or (iv) the Fourth Cumulative Index Target is achieved, in which event the corresponding Cumulative Index Vesting Installment shall vest as to one hundred percent (100%) of the Performance Shares subject thereto.

The Cumulative Index Vesting Installment for any Fiscal Year shall not vest and shall be forfeited if none of the Cumulative Index Targets is achieved for such Fiscal Year.

4.4 If, prior to the Fiscal Year Date or any Anniversary Date, the Employee voluntarily leaves employment with the Company other than for Good Reason or is terminated by the Company for Cause, the Employee shall forfeit the entirety of the then unvested Performance Shares otherwise payable hereunder.

5. Payment of Performance Shares. Payment of the Performance Shares shall be made by book-entry or, if the Employee so directs the Company not later than 10 days prior to the issuance thereof, by the issuance of one or more certificates, less all applicable withholdings, within 120 days after the Fiscal Year Date or Anniversary Date, as applicable. The Employee acknowledges and agrees that the Company has the right to deduct from payments of any kind otherwise due to the Employee any federal, state or local taxes of any kind required by law to be withheld with respect to the grant or vesting, as applicable, of the Performance Shares.

6. No Rights as Shareholder. The Employee shall have no rights to any of the Performance Shares issuable hereunder unless and until all vesting and other conditions set forth herein have been fully satisfied, as determined by the Committee in their good faith judgment. Until the Performance Shares are vested, neither the Performance Shares nor any of the rights

relating thereto may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Employee. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Performance Shares or any of the rights related thereto prior to the vesting of such Performance Shares shall be wholly ineffective and shall not be recognized by the Company for any purpose, except that any Performance Shares which, pursuant to the terms hereof, vest following the death or Disability of the Employee may be paid to the Employee's heirs, estate, agents, beneficiaries or assigns.

7. Provisions of Plan. Except as provided herein, the provisions of this Agreement shall be subject to the provisions of the Plan, which are hereby incorporated herein by reference and made part hereof. The Employee acknowledges and agrees that he or she has been provided with and has read the Plan and understands the provisions thereof. In the event of any conflict between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall take precedence, other than for such provisions of the Plan which, by their terms, are subject to the provisions of an Award Certificate.

8. No ERISA Plan. Neither this Agreement nor the award of the Performance-Shares hereunder shall be construed by any party as being subject to any provisions of ERISA, and shall not be so subject. Without in any way limiting the generality of the foregoing, the Performance Shares awarded hereunder shall constitute a mere unfunded promise to pay by the Company and a bonus program within the meaning of Department of Labor Regulation Section 2510.3-2(c) promulgated under ERISA.

9. Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Secretary of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Employee under this Agreement shall be in writing and addressed to the Employee at the Employee's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

10. Change in Control. Notwithstanding anything contained herein, all unvested Performance Shares shall accelerate and immediately vest upon the occurrence of a Change in Control, such acceleration and vesting to be deemed to have occurred at such time as may be necessary or required in order for the Employee to be deemed the lawful owner and holder of record as of the effective date and time of the Change in Control. For purposes of this paragraph, the term "unvested Performance Shares" shall mean, (i) as of any date of determination following the last day of Fiscal Year 2013, the maximum number of Performance Shares then payable hereunder or subject to vesting hereunder, as determined under Section 2 above, assuming that all conditions to issuance and vesting hereunder have been satisfied and (ii) as of any date of determination prior to or as of the last day of Fiscal Year 2013, the maximum number of Performance Shares then payable hereunder or subject to vesting hereunder, as determined under Section 2 above, assuming that the minimum Target Bonus Target has been achieved and all conditions to issuance and vesting hereunder have been satisfied.

11. Parachute Payments and Parachute Awards. If the Employee is a “disqualified individual,” as defined in paragraph (c) of Code Section 280G, then, notwithstanding any other provision of this Agreement or of any other agreement, contract, or understanding heretofore or hereafter entered into by the Employee and the Company (an “Other Agreement”), except an agreement, contract, or understanding that expressly addresses Code Section 280G or Code Section 4999 (a “280G Agreement”), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Employee (or an employee group of which the Employee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Employee (a “Benefit Arrangement”), any right the Employee has in respect of payment under this Agreement, any Other Agreement or any Benefit Arrangement will be reduced or eliminated: (a) to the extent that such right to payment, taking into account all other rights, payments, or benefits to or for the Employee under all Other Agreements and all Benefit Arrangements, would cause the payment to Employee under this Agreement to be considered a “parachute payment” within the meaning of paragraph (b)(2) of Code Section 280G as then in effect (a “Parachute Payment”); and (b) if, as a result of receiving such Parachute Payment, the aggregate after-tax amounts the Employee is entitled to receive from the Company under all Other Agreements and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Employee without causing any such payment or benefit to be considered a Parachute Payment. The Company will accomplish such reduction in a manner to be mutually agreed with, and most beneficial for, the Employee. The foregoing shall not be interpreted so as to restrict, reduce, amend or modify any of the existing terms and provisions of any 280G Agreement to which the Employee and the Company may be a party, and any payment hereunder shall be entitled to the benefits thereof.

12. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, such determination shall not affect the remaining provisions of this Agreement, which shall be enforced to the maximum extent permitted under applicable law.

13. Modification. Subject to the provisions of the Plan, this Agreement may be modified only in writing pursuant to an agreement by and between the Company and the Employee.

14. Headings. The headings contained herein are for convenience of reference only and shall not be construed by any party as having any substantive significance.

15. Clawback. Notwithstanding any other provisions in this Agreement, this Award is subject to recovery under any law, government regulation or stock exchange listing requirement, and is subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company at any time pursuant to any such law, government regulation or stock exchange listing requirement).

16. Section 409A of the Code. It is intended that all payments under this Agreement qualify as short-term deferrals exempt from the requirements of Section 409A of the Code. In the event that any payment hereunder does not qualify for treatment as an exempt short-term deferral, it is intended that such payment shall be paid in a manner that satisfies the requirements of Section 409A of the Code. This Agreement shall be interpreted and construed accordingly.

17. Execution and Counterparts. This Agreement shall be deemed executed and delivered by the parties upon the execution of the individual Award Certificate issued to the Employee in connection herewith, which Award Certificate shall be executed by an authorized officer of the Company and may be executed in any number of counterparts, each of which shall be deemed an original, and shall be effective when a counterpart thereof has been received from both parties.



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Shin Nagakura Appointed to PFSweb Board of Directors

ALLEN, Texas, May 24, 2013 –PFSweb, Inc. (Nasdaq: PFSW), an international provider of end-to-end eCommerce solutions, today announced the appointment of Shin Nagakura to the Company’s Board of Directors. In addition, the Company announced that Timothy W. Murray, a non-employee Director, is retiring from the Board. The changes are effective immediately.

Mr. Nagakura is a Director of transcocosmos inc. (TSE: 9715) (“TCI”), a leading Japanese business process outsourcing company. His appointment fulfills a condition of the strategic relationship that TCI and PFSweb entered into on May 15, 2013, which states that a TCI representative sit on PFSweb’s Board.

“Adding Mr. Nagakura to the Board is an important step in building and maximizing our relationship with transcocosmos,” said Mike Willoughby, CEO of PFSweb. “His presence will help us execute on our goal to become a truly global end-to-end multi-channel eCommerce service provider. By combining our iCommerce solution with TCI’s market capabilities, we will not only create opportunities for PFSweb clients to enter the fast-growing Asian market, but also drive revenue growth by providing eCommerce services for Asian companies looking to expand into the U.S and Europe.”

Based in TCI’s Silicon Valley office, Mr. Nagakura brings over 15 years of experience investing in and advising technologies companies, including RealNetworks, Brightcove and AskJeeves. Prior to TCI, Mr. Nagakura worked for ten years at Recruit Co. Ltd., a leading Japanese publishing and Internet media and marketing services company. Mr. Nagakura also serves on the Board of Directors of Merlin Information Systems, Ltd., an international provider of high quality, personalized IT and customer support solutions, and Become, Inc., a leader in electronic commerce and online comparison shopping. He graduated from Sophia University in Tokyo in 1986 with a B.A. in International Studies.

About PFSweb, Inc.

PFSweb is engaged by iconic brands to enable and manage customized eCommerce and omni-channel commerce initiatives. PFSweb's iCommerce Hub(SM) technology ecosystem offers retailers a multi-channel order management system that allows partner/client data integration and international payment processing. PFSweb's iCommerce Professional Service(SM) provides interactive marketing services, eCommerce web site development and support services, IT development services, content management, customer intelligence and relationship and account management services. PFSweb's iCommerce Centers of Excellence(SM) provides global fulfillment and logistics, high-touch customer care, client financial services and technology hosting.

Together, PFSweb's iCommerce Solutions allow for international reach and expertise in both direct-to-consumer and business-to-business initiatives. PFSweb supports organizations across multiple industries including Procter & Gamble, L'Oreal, LEGO, Columbia Sportswear, Sorel, Carter's, AAFES, Riverbed, Ricoh, Hawker Beechcraft Corp, Roots Canada Ltd., Diageo, BCBGMAXAZRIA, BCBGENERATION and HERVÉ LÉGER BY MAX AZRIA. PFSweb is headquartered in Allen, TX with additional locations in Tennessee, Mississippi, Canada, Belgium, and the Philippines.

To find out more about PFSweb (NASDAQ: PFSW), visit the company's website at <http://www.PFSweb.com>.

The matters discussed herein consist of forward-looking information under the Private Securities Litigation Reform Act of 1995 and is subject to and involves risks and uncertainties, which could cause actual results to differ materially from the forward-looking information. PFSweb's Annual Report on Form 10-K for the year ended December 31, 2012 and Quarterly Report on Form 10-Q for the three months ended March 31, 2013 identify certain factors that could cause actual results to differ materially from those projected in any forward looking statements made and investors are advised to review the Annual and Quarterly Reports of the Company and the Risk Factors described therein. PFSweb undertakes no obligation to update publicly any forward-looking statement for any reason, even if new information becomes available or other events occur in the future. There may be additional risks that we do not currently view as material or that are not presently known.

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