

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 14, 2016

**OPTEX SYSTEMS HOLDINGS, INC.**  
(Exact Name of Registrant as Specified in Charter)

Delaware	<b>000-54114</b>	<b>90-0609531</b>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
1420 Presidential Drive, Richardson, TX		75081-2439
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: (972) 644-0722

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 DFR 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 Compensatory Arrangements for Certain Officers

On June 14, 2016, the Compensation Committee (“Committee”) of the Board of Directors of Optex Systems Holdings, Inc. approved the Company’s 2016 Restricted Stock Unit Plan (the “Plan”). The Plan provides for the issuance of stock units (“RSU”) for up to 1,000,000 shares of the Company’s common stock. Each RSU constitutes a right to receive one share of the Company’s common stock, subject to vesting, which unless otherwise stated in an RSU agreement, shall vest in equal amounts on the first, second and third anniversary of the grant date. Shares of the Company’s common stock underlying the number of vested RSUs will be delivered as soon as practicable after vesting. During the period between grant and vesting, the RSUs may not be transferred, and the grantee has no rights as a shareholder until vesting has occurred. If the grantee’s employment is terminated for any reason (other than following a change in control of the Company or a termination of an officer other than for cause), then any unvested RSUs under the award will automatically terminate and be forfeited. If an officer grantee’s employment is terminated by the Company without cause or by the grantee for good reason, then, provided that the RSUs have not been previously forfeited, the remaining unvested portion of the RSUs will immediately vest as of the officer grantee’s termination date. In the event of a change in control, the Company’s obligations regarding outstanding RSUs shall, on such terms as may be approved by the Committee prior to such event, immediately vest, be assumed by the surviving or continuing company or cancelled in exchange for property (including cash).

On June 15, 2016, the Company issued 150,000 RSUs to its Chief Executive Officer, Danny Schoening, and 50,000 RSUs to its Chief Financial Officer, Karen Hawkins. The RSUs issued to Mr. Schoening and Ms. Hawkins vest as follows: 34% on January 1, 2017, 33% on January 1, 2018 and 33% on January 1, 2019.

The foregoing description does not purport to be a complete description of the parties’ rights and obligations under the Plan or the RSU agreements, which are incorporated herein by reference as Exhibits 10.1 and 10.2, to this Current Report on Form 8-K.

## Item 9.01 Exhibit

Exhibit 10.1 2016 Restricted Stock Unit Plan  
Exhibit 10.2 Form of RSU Agreement

## 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.

Optex Systems Holdings, Inc.  
(Registrant)

By:           /s/ Danny Schoening            
          Danny Schoening  
Title: Chief Executive Officer

Date: June 17, 2016

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**RESTRICTED STOCK UNIT PLAN**

Dated June 15, 2016

**Optex Systems Holdings Inc.****RESTRICTED STOCK UNIT PLAN****1. Purpose**

The purpose of Optex Systems Holdings Inc. Restricted Stock Unit Plan (the "Plan") is to secure for Optex Systems Holdings Inc. and its successors and assigns (the "Company") and its stockholders the benefits of the additional incentive inherent in the ownership of the Company's common stock, par value \$0.001 per share (the "Common Stock"), by selected officers and employees of the Company and its subsidiaries who are important to the success and growth of the business of the Company and its subsidiaries and to help the Company and its subsidiaries secure and retain the services of such persons. The Plan provides for discretionary awards of stock units ("Restricted Stock Units") to or for the benefit of participating officers and employees of the Company and its subsidiaries, which grants shall be subject to the terms and conditions set forth in the Plan and in the agreement evidencing such Award. Such units can be granted by the Committee, as hereinafter defined, based upon both future and past services.

**2. Committee.****2.1 Administration.**

The Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board of Directors"). Any vacancy on the Committee, whether due to action of the Board of Directors or due to any other cause, may be filled by resolution adopted by the Board of Directors. The full Board of Directors may perform any function of the Committee hereunder, in which case the term "Committee" shall refer to the Board. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company or any subsidiary or affiliate, or committees thereof, authority, other than authority to make grants under the Plan, to perform such functions as the Committee may determine, including administrative functions, subject to such terms as the Committee shall determine.

**2.2 Interpretation.**

The Committee shall have full power and authority to interpret the provisions of the Plan and any agreement evidencing or relating to an award of Restricted Stock Units ("Award") under the Plan, and to determine any and all questions arising under the Plan, and its decisions shall be final and binding on all participants in the Plan.

## **RESTRICTED STOCK UNIT PLAN**

**Dated June 15, 2016**

### **3. Shares Subject to Grants.**

#### **3.1 Number of Shares.**

Subject to the adjustment provisions of Section 3.3, the number of shares of Common Stock that may be issued or delivered in connection with awards of Restricted Stock Units under the Plan shall not exceed 1,000,000 shares. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting and make adjustments if the number of shares actually delivered differs from the number of shares previously counted in connection with an Award. Shares subject to an Award that is canceled, expired, forfeited, settled in cash or otherwise terminated without a delivery of shares to the participant will again be available for Awards, and shares withheld or surrendered in payment of the taxes relating to an Award shall be deemed to constitute shares not delivered to the participant and shall be deemed again to be available for Awards under the Plan.

#### **3.2 Character of Shares; Reservation of Shares.**

Shares of Common Stock delivered under the Plan shall be authorized and unissued Common Stock, or issued Common Stock which shall have been reacquired by the company and held in the Company's treasury. The Company, during the term of this Plan, shall at all times reserve and keep available such number of shares of Common Stock as shall be sufficient to satisfy the maximum number of shares set forth in Section 3.1, reduced by such number of shares that have been previously issued or delivered as a result of this Plan.

#### **3.3 Adjustments.**

The Plan and any Awards granted under the plan shall be appropriately adjusted in the event that any recapitalization, forward or reverse split, stock dividend, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event that affects the Common Stock with a similar substantive effect upon the Plan or Awards granted under the plan. If such an adjustment is determined by the Committee to be appropriate under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of the number and kind of shares reserved and available for Awards under the Plan and the number and kind of shares subject to outstanding Restricted Stock Units.

## **RESTRICTED STOCK UNIT PLAN**

**Dated June 15, 2016**

### **4. Employees Eligible.**

Awards may be granted to or for the benefit of any officer, employed by the Company, or other Company employee whom the Committee selects for participation for a given performance year. Officers shall be eligible to be granted Awards under the Plan at amounts directed by the Committee. Other employees (non officer) may be granted Award amounts recommended by Officers and senior management, with the total Award amounts for non-officer employees subsequently approved by the Committee in aggregate. Any individual receiving an Award under the Plan is referred to herein as a "participant." Any reference herein to the employment of a participant by the Company shall include his or her employment by the Company or any of its subsidiaries. Neither service as a director, nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

### **5. Restricted Stock Units.**

#### **5.1 In General.**

The Committees' designation of a Participant in any year shall not require the Committee to designate such person to receive Restricted Stock Units in any other year. The Committee shall consider such factors as it deems pertinent in selecting Participants and determining any amounts of Awards. Each Award shall be evidenced by an agreement which shall set forth the terms and conditions of such Award, including without limitation, the date or dates upon which such Award shall vest and the circumstances (including, without limitation, Termination of Employment, as defined in Section 6.2, or failure to satisfy one or more restrictive covenants or other ongoing obligations) under which such Award shall not vest. The Award shall also be subject to such other terms and conditions not inconsistent herewith as the Committee shall determine.

#### **5.2 Nature of Restricted Stock Units; Accounts.**

Each Restricted Stock Unit represents a right for one share of Common Stock to be delivered upon settlement (act of receiving shares upon exercise of a Restricted Stock Unit) at the end of the Deferral Period (as defined below), subject to a risk of cancellation and to the other terms and conditions set forth in the Plan, the agreement evidencing the Award and any additional terms and conditions set by the Committee. The Company shall establish and maintain an account for the participant to record Restricted Stock Units and transactions and events affecting such units. Restricted Stock Units and other items reflected in the account will represent only bookkeeping entries by the Company to evidence unfunded obligations of the Company.

## RESTRICTED STOCK UNIT PLAN

Dated June 15, 2016

### 5.3 Deferral Period and Settlement Date.

Except as otherwise provided in this Section 5.3, Section 6 or Section 7, Restricted Stock Units (if not previously cancelled) will be automatically settled, in accordance with the applicable vesting schedule, on or about the date or dates set forth in the agreement evidencing the Awards. The period from the date of the Award through the date of settlement is referred to as the "Deferral Period." The Committee may permit the participant to elect to further defer settlement (thereby extending the Deferral Period), subject to such terms and conditions as the Committee may specify. In addition, unless otherwise determined by the Committee, if the Committee reasonably determines that any settlement of Restricted Stock Units would result in payment of compensation to a participant which is not deductible by the Company under Code Section 162(m), such settlement shall be automatically deferred to the extent necessary to avoid payment of such non-deductible compensation, with this automatic deferral of each Restricted Stock Unit continuing only until such date as settlement can be effected without loss of deductibility by the Company under Section 162(m).

### 5.4 Vesting of Restricted Stock Units.

In the event that an Award agreement does not provide for a vesting schedule, the Restricted Stock Units thereby shall become vested as to (a) one third of the units vesting on the first anniversary of the Award, (b) one third of the units vesting on the second anniversary of the Award, (c) one third of the units vesting on the third anniversary of the Award. Unless otherwise determined by the Committee or unless otherwise provided in the agreement evidencing the Award, in the event of the participant's Termination of Employment (as defined in Section 6.2), the participant's Restricted Stock Units which are not vested as of the date of such Termination of Employment, shall not vest and shall be immediately cancelled for no value.

### 5.5 Rights as a Shareholder.

A Participant shall have no rights as a shareholder with respect to Common Stock covered by a Restricted Stock Units Award until the Common Shares have been vested and issued in settlement, pursuant to the Award agreement and applicable deferral period. No participant shall have voting rights, and no adjustment shall be made for dividends in cash or other property or distributions or other rights with respect to any such common stock for which the record date is prior to the date on which the Participant shall have become the holder of record of any such shares covered by the Award agreement; provided, however, that Participants are entitled to share adjustments to reflect capital changes under Section 3.3.

## RESTRICTED STOCK UNIT PLAN

Dated June 15, 2016

### **5.6 Restriction on Transferability during Deferral Period.**

During the Deferral Period, the participant shall not be permitted to sell, transfer, pledge, or otherwise encumber the Restricted Stock Units or the shares issuable in settlement thereof, except to the extent specifically approved by the Committee or as provided in the agreement evidencing the Award.

### **5.7 Delivery of Shares in Settlement of Restricted Stock Units; Fractional Shares.**

The Company may make delivery of shares hereunder in settlement of Restricted Stock Units by either delivering one or more certificates representing such shares to the participant, registered in the name of the participant (and any joint name, if so directed by the participant), by depositing such shares into an account maintained for the participant (or of which the participant is a joint owner, with the consent of the participant) by a broker-dealer affiliated with the Company or any such account established in connection with any Company plan or arrangement providing for investment in Common Stock and under which the participant's rights are similar in nature to those under a stock brokerage account or by delivering such shares to the Trustee ("Trustee") of a pension plan of which the participant is a member. If the Committee determines to settle Restricted Stock Units by making a deposit of shares into such an account, the Company may settle any fractional Restricted Stock Unit by means of such deposit. In other circumstances or if so determined by the Committee, the Company shall instead pay cash in lieu of fractional shares, on such basis as the Committee may determine. In no event will the Company in fact issue fractional shares. The Committee may determine whether, prior to settlement, Restricted Stock Units will be reflected as whole units only or include fractional units, and related terms.

### **5.8 Definition of "Fair Market Value."**

Unless otherwise determined by the Committee, "Fair Market Value" of a share of Common Stock on any date means (i), if the Common Stock is listed on a national securities exchange or quotation system reporting last-sale information, the closing sales price on such exchange or quotation system on such date or, in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported; (ii), if the Common Stock is not listed on a national securities exchange or quotation system providing last-sale information, the mean between the bid and offered prices as quoted by the Nasdaq System for such date; or (iii), if the fair market value cannot be determined under clause (i) or (ii) hereof, the fair value as determined by such other method as the Committee determines in good faith to be reasonable.

## RESTRICTED STOCK UNIT PLAN

Dated June 15, 2016

### 6. Certain Termination Provisions.

In the event of a participant's Termination of Employment the following provisions shall apply. The consequences of a participant's Termination of Employment shall also be set forth in the agreement evidencing the Award.

#### 6.1 Death, Permanent Disability or Retirement.

In the event of a participant's Termination of Employment due to death, permanent disability or retirement after attainment of age 65, Restricted Stock Units Awards that would otherwise have vested by the 90<sup>th</sup> day subsequent to the termination date, shall become fully vested at the date of such Termination of Employment, and the Deferral Period applicable to such Restricted Stock Units shall end and such units shall be settled in full by delivery of shares as promptly as practicable following such Termination of Employment. Any portion of the participant's unvested Restricted Stock Units which have a vesting date beyond 90 days from the date of such Termination of Employment shall not vest and shall be immediately cancelled for no value.

#### 6.2 Termination of Employment Other than Death, Permanent Disability or Retirement

For purposes of this Plan: "Termination of Employment" means the event by which participant ceases to be employed by the Company or any subsidiary of the Company and, immediately thereafter, is not employed by or providing substantial services to any of the Company or a subsidiary of the Company. Neither (i) a transfer of an employee from the Company to a subsidiary or other affiliate of the Company to another, nor (ii) a duly authorized leave of absence, shall be deemed a Termination of Employment.

##### 6.2.1 Involuntary Termination of Employment - Officers

Involuntary Termination will be deemed to occur upon (i) the Officers involuntary dismissal or discharge by the Committee, the Company or its subsidiaries or their successors for reasons other than cause or (ii) such Officers voluntary resignation following (i) a reduction in his or her level of compensation (including base salary, fringe benefits and any corporate-performance based bonus or incentive programs) by more than ten percent or (ii) a relocation of such individual's place of employment by more than fifty (50) miles, provided and only if such reduction or relocation is effected by the Company or its subsidiaries or their successor without the Officers written consent.

In the event of the involuntary termination of an Officer (Participant) all unvested Restricted Stock Units shall become fully vested at the date of such Termination of Employment, and the Deferral Period applicable to all Restricted Stock Units shall end and such units shall be settled in full by delivery of shares, net of any shares withheld to satisfy the officer's tax requirement, as promptly as practicable following such Termination of Employment.



## **RESTRICTED STOCK UNIT PLAN**

**Dated June 15, 2016**

### **6.2.2 Other Termination of Employment**

In the event of the termination of employment of the Participant by the Participant or the Company and its subsidiaries for any reason whatsoever other than death, permanent disability or retirement (as defined in Section 6.1), or involuntary termination of an officer (as defined in Section 6.2.1) any Restricted Stock Units that were not vested prior to the date of such termination of employment shall not vest and shall be immediately cancelled for no value. Any vested but undistributed Restricted Stock Unit Shares will be distributed as promptly as practicable, net of any shares withheld to satisfy the employee's tax requirement.

## **7. Change in Control.**

### **7.1 Effect of a Change in Control.**

In the event of a Change in Control of the Company, as defined below, the Committee shall provide that one of the following actions, at the Committee's discretion, shall be taken as a result, or in anticipation, of any such event to assure fair and equitable treatment of participants:

(i) acceleration of vesting of the Restricted Stock Units and/or acceleration of the termination of the Deferral Period and settlement of Restricted Stock Units under the Plan;

(ii) offer to purchase any outstanding Restricted Stock Units under the Plan from the participant or the Trustee for the award's equivalent cash value, as determined by the Committee, as of the date of the Change in Control or another specified date; or

(iii) make adjustments or modifications, such as providing for the assumption of the Restricted Stock Units by an acquirer and conversion of the underlying Common Stock to securities of the acquirer, as the Committee deems appropriate to maintain and protect the rights and interests of the participants following such Change in Control.

Any such action approved by the Committee shall be conclusive and binding on the Company, its subsidiaries and all participants.

## RESTRICTED STOCK UNIT PLAN

Dated June 15, 2016

### 7.2 Definitions Relating to Change in Control.

To the extent not otherwise defined in this Plan, the following terms used in this Section 7 shall have the following meanings:

**"Affiliate"** of a Person means any other person or entity which controls, is controlled by, or under common control with, the Person.

**"Associate"** of a Person means (a) any corporation or organization of which such Person is an officer or partner or is, directly or indirectly, the Beneficial Owner of 10% or more of any class of equity securities, (b) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person or who is a director or officer of such Person or any of its parents or subsidiaries.

**"Beneficial Owner"** has the meaning ascribed thereto in Rule 13d-3 under the Exchange Act, except that, in any case, a Person shall be deemed the Beneficial Owner of any securities owned, directly or indirectly, by the Affiliates and Associates of such Person.

**"Change in Control"** means (a) a majority of the Board of Directors ceases to consist of Continuing Directors; (b) any Person is or becomes the Beneficial Owner of 50% or more of the outstanding voting power of the Company unless such acquisition is approved by a majority of the Continuing Directors; (c) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation with respect to which requirements of clauses (A) and (B) below are satisfied: (A) the voting securities of the Company outstanding immediately prior to such merger or consolidation continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof (as the case may be) outstanding immediately after such merger or consolidation and (B) individuals who constitute the Board of Directors immediately prior to the execution of the definitive agreement pertaining to such merger or consolidation continue immediately following such merger or consolidation to represent at least a majority of the membership of the Board of Directors of the Company or such surviving entity or any parent thereof (as the case may be); (d) the stockholders of the Company approve an agreement to dispose of all or substantially all of the assets of the Company, unless such disposition is approved by a majority of the Continuing Directors.

**"Continuing Director"** means any member of the Board of Directors who is a member on the effective date of the Plan or who is elected to the Board of Directors after such date upon the recommendation or with the approval of a majority of the Continuing Directors at the time of such recommendation or approval.

## RESTRICTED STOCK UNIT PLAN

Dated June 15, 2016

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or a political subdivision thereof.

### 8. General Provisions.

#### 8.1 Limitation on Rights Conferred Under Plan.

Neither the Plan nor any action taken hereunder shall be construed as (i) giving any eligible employee or participant the right to continue in the employ or service of the Company or a subsidiary or affiliate, (ii) interfering in any way with the right of the Company or a subsidiary or affiliate to terminate such eligible employee's or participant's employment or service at any time, (iii) giving an eligible employee or participant any claim to be granted any Award under the Plan or to be treated uniformly with other participants and employees, or (iv) conferring on a participant any of the rights of a stockholder of the Company unless and until the participant is duly issued or transferred shares of Common Stock in accordance with the terms of an Award. Except as expressly provided in the Plan and an Award agreement, neither the Plan nor any Award agreement shall confer on any person other than the Company and the participant any rights or remedies thereunder.

#### 8.2 Committee May impose Conditions; Right of Setoff.

The Company or any subsidiary may, to the extent permitted by applicable law, deduct from and set off against any amounts the Company or a subsidiary or affiliate may owe to a participant from time to time pursuant to any Award under the Plan, any amounts owed by the participant to the Company or any subsidiary or affiliate, although the participant shall remain liable for any part of the participant's payment obligation not satisfied through such deduction and setoff.

#### 8.3 Tax Withholding Obligation.

Whenever under the Plan a participant or a Trustee incurs federal income tax liability, obligations with respect to Social Security and Medicare taxes, or other tax obligations in connection with an Award, whether at the time of grant, vesting or settlement of Restricted Stock Units, the Company shall be entitled to require, as a condition of grant, vesting, or settlement of the award, that the participant remit or, in appropriate cases, agree to remit when due, an amount sufficient to satisfy all federal, state and local withholding tax requirements relating thereto. At the election of the participant, such mandatory withholding amounts may be remitted by check payable to the Company, by the Company's withholding of shares of Common Stock issuable or deliverable hereunder "net share holdback", or any combination thereof; provided, however, that in no event may shares be withheld to satisfy a tax obligation of a participant in excess of the mandatory tax withholding obligations arising in connection with the participant's Award.

## RESTRICTED STOCK UNIT PLAN

Dated June 15, 2016

### **8.4 Governing Law.**

The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan and any Award agreement shall be determined in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable provisions of federal law.

### **8.5 Non-exclusivity of the Plan.**

The adoption of the Plan by the Board of Directors shall not be construed as creating any limitations on the power of the Board of Directors or a committee thereof to adopt such other incentive arrangements, apart from the Plan, as it may deem desirable, and such other arrangements may be either applicable generally or only in specific cases.

### **8.6 Changes to the Plan and Awards.**

The Board of Directors may amend, suspend or terminate the Plan or the Committee's authority to grant Awards under the Plan without the consent of participants; provided, however, that, without the consent of an affected participant, no such Board action may materially and adversely affect the rights of such participant under any outstanding Award. The Committee may amend any outstanding Award without the consent of the affected participant; provided, however, that, without such consent, no such action may materially and adversely affect the rights of such participant under any outstanding Award. For purposes of this Section 8.6, accelerated settlement of an Award shall not be considered a materially adverse effect on the rights of a participant, regardless of the tax consequences to such participant.

### **8.7 Compliance with Legal and Other Requirements.**

The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of shares or payment of other benefits under any Award until completion of registration or qualification of the Common Stock or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Common Stock or other securities of the Company are listed or quoted, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

## **RESTRICTED STOCK UNIT PLAN**

**Dated June 15, 2016**

### **9. Plan Effective Date and Termination.**

The Plan became effective on June 15, 2016. Unless earlier terminated by action of the Board of Directors, the Plan will remain in effect until such time as no shares of Common Stock remain available for delivery under the Plan and the Company has no further rights or obligations with respect to outstanding Awards under the Plan.

OPTEX SYSTEMS HOLDINGS, INC.  
RESTRICTED STOCK UNIT (RSU) AGREEMENT

as of June 15, 2016

The parties to this Restricted Stock Unit (RSU) Agreement (this “Agreement”) are Optex Systems Holdings, Inc., a Delaware corporation, having its principal place of business in Richardson, TX (the “Company”) and Danny Schoening, an Officer of the Company (the “Participant”).

The Company desires to have the Participant to continue to serve as an Officer of the Company and to provide the Participant with an incentive to put forth maximum effort for the success of the business.

The Company has adopted the 2016 Restricted Stock Unit Plan (the “Plan”) to attract qualified personnel to accept and to continue to hold positions as employees with the Company. Capitalized terms used in this Agreement, unless otherwise defined herein, shall have the meanings given to such terms in the Plan.

This Agreement sets forth the terms and conditions applicable to Restricted Stock Units to purchase shares of the Common Stock of the Company (the “Common Stock”), awarded to the Participant under the Plan as of the date first above written (the “Award Date”).

Accordingly, intending to be legally bound hereby, the parties agree as follows:

**ARTICLE I**

**Award of Restricted Stock Units**

1.1 Subject to the terms and conditions of this Agreement and the Plan, the Company hereby awards to the Participant as of the Award Date 150,000 Restricted Stock Units.

**ARTICLE II**

**Vesting, Settlement and Tax Withholding**

2.1 Unless sooner vested or terminated pursuant to this Agreement and the Plan, the Restricted Stock Units awarded to the Participant hereunder shall vest in accordance with the following schedule:

<u>DATE ON AND AFTER WHICH RSU IS VESTED</u>	<u>Portion Vested</u>
January 1, 2017	34%
January 1, 2018	33%
January 1, 2019	33%

2.3 The Company, subject to Committee approval, shall have the right to vest the Restricted Stock Units, in whole or in part, prior to the time the Restricted Stock Units would otherwise vest under the terms of this Agreement in accordance with the 2016 Restricted Stock Unit Plan.

2.4 Restricted Stock Units (if not previously cancelled) will be automatically settled and distributed, in accordance with the applicable vesting schedule within 30 calendar days of vesting. The period from the date of the Award through the date of settlement is referred to as the "Deferral Period." The Committee may permit the participant to elect to further defer settlement (thereby extending the Deferral Period), subject to such terms and conditions as the Committee may specify. In addition, unless otherwise determined by the Committee, if the Committee reasonably determines that any settlement of Restricted Stock Units would result in payment of compensation to a participant which is not deductible by the Company under Code Section 162(m), such settlement shall be automatically deferred to the extent necessary to avoid payment of such non-deductible compensation, with this automatic deferral of each Restricted Stock Unit continuing only until such date as settlement can be effected without loss of deductibility by the Company under Section 162(m).

2.5 All shares of Common Stock received upon vesting and distribution shall be restricted from resale under Section 4(2) of the Securities Act of 1933 and Rule 144 promulgated thereunder and shall bear an appropriate legend to that effect.

2.6 The total value of the vested shares is taxable as ordinary income for the calendar vesting year. The Company shall notify the Participant of the amount of withholding tax or other tax, that must be paid under federal and, where applicable, state and local law in connection with the vesting of the Restricted Stock Units and distribution of shares. For purposes of federal income tax withholding, the computation will be based on the supplemental federal income tax rate of 25% plus the FICA tax rate of 7.65%. The taxes on the vested shares are calculated based on the Fair Market Value (FMV) of the vested shares (calculated based on the current market price of the vested shares as of the vesting date multiplied by the vested share quantity). The FMV is then multiplied against the federal tax withholding rate of 32.65%. The Participant shall meet his or her withholding requirement (i) by the Company's withholding of shares of Common Stock issuable or deliverable hereunder "net share holdback" to satisfy the participants tax withholding requirement, or (ii) by direct payment to the Company by check or cash in the amount of any taxes required to be withheld with respect to such vested shares. If the participant chooses to make a payment, the participant should advise the company of his selected method in writing no later than seven (7) days subsequent to the vesting date. Absent written notification of the participant's intent to pay by check or cash, the Company shall satisfy the withholding requirement using the "net share holdback" whereby the calculated tax liability from above is divided by the vested date current market price to determine the number of shares to be 'held back' to cover the federal tax liability. The remaining shares, net of the tax liability shares, are delivered to the participant.

## ARTICLE III

### Termination of Employment

In the event of a participant's Termination of Employment the following provisions shall apply.

3.1 Death, Permanent Disability or Retirement. In the event of a participant's Termination of Employment due to death, permanent disability or retirement after attainment of age 65, Restricted Stock Units Awards that would otherwise have vested by the 90<sup>th</sup> day subsequent to the termination date, shall become fully vested at the date of such Termination of Employment, and the Deferral Period applicable to such Restricted Stock Units shall end and such units shall be settled in full by delivery of shares as promptly as practicable following such Termination of Employment. Any portion of the participant's unvested Restricted Stock Units which have a vesting date beyond 90 days from the date of such Termination of Employment shall not vest and shall be immediately cancelled for no value.

3.2 Termination of Employment Other than Death, Permanent Disability or Retirement. For purposes of this Agreement: "Termination of Employment" means the event by which participant ceases to be employed by the Company or any subsidiary of the Company and, immediately thereafter, is not employed by or providing substantial services to any of the Company or a subsidiary of the Company. Neither (i) a transfer of an employee from the Company to a subsidiary or other affiliate of the Company to another, nor (ii) a duly authorized leave of absence, shall be deemed a Termination of Employment.

3.2.1 Involuntary Termination of Employment – Officers. Involuntary Termination will be deemed to occur upon (i) the Officers involuntary dismissal or discharge by the Committee, the Company or its subsidiaries or their successors for reasons other than cause or (ii) such Officers voluntary resignation following (i) a reduction in his or her level of compensation (including base salary, fringe benefits and any corporate-performance based bonus or incentive programs) by more than ten percent or (ii) a relocation of such individual's place of employment by more than fifty (50) miles, provided and only if such reduction or relocation is effected by the Company or its subsidiaries or their successor without the Officers written consent.

In the event of the involuntary termination of an Officer (Participant) all unvested Restricted Stock Units shall become fully vested at the date of such Termination of Employment, and the Deferral Period applicable to all Restricted Stock Units shall end and such units shall be settled in full by delivery of shares, net of any shares withheld to satisfy the officer's tax requirement, as promptly as practicable following such Termination of Employment.



3.2.2 Other Termination of Employment. In the event of the termination of employment of the Participant by the Participant or the Company and its subsidiaries for any reason whatsoever other than death, permanent disability or retirement (as defined in Section 3.1), or involuntary termination of an officer (as defined in Section 3.2.1) any Restricted Stock Units that were not vested prior to the date of such termination of employment shall not vest and shall be immediately cancelled for no value. Any vested but undistributed Restricted Stock Unit Shares will be distributed as promptly as practicable, net of any shares withheld to satisfy the employee's tax requirement.

#### ARTICLE IV

##### Miscellaneous

4.1 The number and kind of shares subject to outstanding Restricted Stock Units and the Restricted Stock Unit price for such shares shall be appropriately adjusted to reflect any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other change in capitalization with a similar substantive effect upon the Restricted Stock Units in accordance with the 2016 Restricted Stock Unit Plan.

4.2 In the event of a Change in Control of the Company, as defined by the 2016 Restricted Stock Unit Plan, the Committee shall provide that one of the following actions, at the Committee's discretion, shall be taken as a result, or in anticipation, of any such event to assure fair and equitable treatment of participants:

- (i) acceleration of vesting of the Restricted Stock Units and/or acceleration of the termination of the Deferral Period and settlement of Restricted Stock Units under the Plan;
- (ii) offer to purchase any outstanding Restricted Stock Units under the Plan from the participant or the Trustee for the award's equivalent cash value, as determined by the Committee, as of the date of the Change in Control or another specified date; or
- (iii) make adjustments or modifications, such as providing for the assumption of the Restricted Stock Units by an acquirer and conversion of the underlying Common Stock to securities of the acquirer, as the Committee deems appropriate to maintain and protect the rights and interests of the participants following such Change in Control.

Any such action approved by the Committee shall be conclusive and binding on the Company, its subsidiaries and all participants.

4.3 The Board of Directors may amend, suspend or terminate the Plan or the Committee's authority to grant Awards under the 2016 Restricted Stock Unit Plan without the consent of participants; provided, however, that, without the consent of an affected participant, no such Board action may materially and adversely affect the rights of such participant under this outstanding Award. The Committee may amend this outstanding Award without the consent of the affected participant; provided, however, that, without such consent, no such action may materially and adversely affect the rights of such participant under any outstanding Award. For purposes of this Section, accelerated settlement of an Award shall not be considered a materially adverse effect on the rights of a participant, regardless of the tax consequences to such participant.

4.4 The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of shares or payment of other benefits under any Award until completion of registration or qualification of the Common Stock or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Common Stock or other securities of the Company are listed or quoted, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

4.5 Neither the Plan nor any action taken hereunder shall be construed as (i) giving any eligible employee or participant the right to continue in the employ or service of the Company or a subsidiary or affiliate, (ii) interfering in any way with the right of the Company or a subsidiary or affiliate to terminate such eligible employee's or participant's employment or service at any time, (iii) giving an eligible employee or participant any claim to be granted any Award under the Plan or to be treated uniformly with other participants and employees, or (iv) conferring on a participant any of the rights of a stockholder of the Company unless and until the participant is duly issued or transferred shares of Common Stock in accordance with the terms of an Award. Except as expressly provided in the Plan and an Award agreement, neither the Plan nor any Award agreement shall confer on any person other than the Company and the participant any rights or remedies thereunder.

4.6 A Participant shall have no rights as a shareholder with respect to Common Stock covered by a Restricted Stock Units Award until the Common Shares have been vested and issued in settlement, pursuant to the Award agreement and applicable deferral period. No participant shall have voting rights, and no adjustment shall be made for dividends in cash or other property or distributions or other rights with respect to any such common stock for which the record date is prior to the date on which the Participant shall have become the holder of record of any such shares covered by the Award agreement; provided, however, that Participants are entitled to share adjustments to reflect capital changes under Section 4.1 and the 2016 Restricted Stock Unit Plan.

4.7 No amounts of income received by the Participant pursuant to this Agreement shall be considered compensation for purposes of any pension or retirement plan, insurance plan or any other employee benefit plan of the Company or its subsidiaries, unless otherwise provided in such plan.

4.8 Every notice or other communication relating to this Agreement shall be in writing and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, however, that unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the CEO of Company at its headquarters in Richardson, TX and all notices or communications by the Company to Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's home address as reflected in the Company's records.

4.9 This Agreement shall be governed by the laws of the State of Delaware applicable to agreements made and performed wholly within the State of Delaware (regardless of the laws that might otherwise govern under applicable conflicts of laws principles).

4.10 As used in this Agreement, unless the context otherwise requires (i) references to "Articles" or "Sections" are to articles or sections of this Agreement, (ii) "hereof", "hereunder", "hereunder" and comparable tends refer to this Agreement in its entirety and not to any particular part of this Agreement, (iii) references to any gender include references to all genders, (iv) "including" means including without limitation, and (v) headings of the various articles and sections are for convenience of reference only.

4.11 This Agreement and the 2016 Restricted Stock Unit Plan (the terms of which are incorporated by reference herein) sets forth a complete understanding between the parties with respect to its subject matter and supersedes all prior and contemporaneous agreements and understandings with respect thereto. Except as expressly set forth in this Agreement, the Company makes no representations, warranties or covenants to the Participant with respect to this Agreement or its subject matter, including with respect to (i) the current or future value of the shares subject to the Restricted Stock Units and (ii) whether the Restricted Stock Unit value is equal to less than or greater than the fair market value of a share of Common Stock. Any modification, amendment or waiver of this Agreement will be effective only if it is in writing signed by the Company and the Participant. The failure of any party to enforce at any time any provision of this Agreement shall not be construed to be a waiver of that or any other provision of this Agreement.

By the Participant's signature and the signature of the Company's representative below, the Participant and the Company agree that this Grant is awarded under and governed by the terms and conditions of the Plan and this Restricted Stock Unit Agreement. The Participant has reviewed the 2016 Restricted Stock Unit Plan and this Restricted Stock Unit Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Restricted Stock Unit Agreement and fully understands all provisions of the Plan and this Restricted Stock Unit Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Restricted Stock Unit Agreement. The Participant further agrees to notify the Company upon any change in the Participant's residence address.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

OPTEX SYSTEMS HOLDINGS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PARTICIPANT:

\_\_\_\_\_  
Name: \_\_\_\_\_