

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): **November 10, 2015**

**JACK HENRY & ASSOCIATES, INC.**

(Exact name of registrant as specified in its charter)

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

**0-14112**  
(Commission  
File Number)

**43-1128385**  
(I.R.S. Employer  
Identification No.)

**663 Highway 60, P.O. Box 807**  
**Monett, Missouri 65708**  
(Address of principal executive office) (Zip Code)

**(417) 235-6652**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

(e) On November 10, 2015, the stockholders voted to approve the Jack Henry & Associates, Inc. 2015 Equity Incentive Plan (the "Plan"). The Plan had previously been approved by the Board of Directors and replaces prior plans which had expired in 2015. The Plan provides a framework for equity incentive awards to employees and non-employee directors of the Company from November 2015 through November 2025. A description of the material terms of the Plan is set forth in Proposal 3 of the Company's definitive Proxy Statement filed with the SEC on October 6, 2015 (the "Proxy") and is incorporated herein by reference. The description of the Plan set forth in the Proxy is only a summary of the Plan and is qualified in its entirety by reference to the Plan, which is filed as Exhibit 10.56 to this Current Report on Form 8-K and incorporated by reference herein.

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

On November 10, 2015, the Board of Directors amended the Restated and Amended Bylaws of the Company (the "Bylaws"), effective immediately upon adoption, by adding a new Article XI providing an exclusive forum provision for the adjudication of certain disputes. This new Article XI provides that, unless the Company consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of a breach of fiduciary duty owed by any director, officer, or other employee of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim against the Corporation or any director, officer, or other employee of the Company arising pursuant to any provision of the Delaware General Corporation Law or the Company's certificate of incorporation or bylaws, or (iv) any action asserting a claim governed by the internal affairs doctrine, shall be the applicable state court located in Delaware or, if no such state court has jurisdiction, any federal court located within the State of Delaware, subject to the court having personal jurisdiction over the indispensable parties named as defendants.

The foregoing description is a summary of the amendment to the Bylaws and is qualified in its entirety by reference to the amendment to the Bylaws filed herewith as Exhibit 3.2.4 and incorporated by reference. The full Restated and Amended Bylaws of Jack Henry & Associates, Inc., reflecting the addition of Article XI, is also filed herewith as Exhibit 3.2.5

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

- (a) The Annual Meeting of Stockholders of the "Company" was held on November 10, 2015.
- (b) The Company's stockholders elected all of the Company's nominees for director, and voted on other matters, with final voting results as follows:
  - (1) Elected the following directors to hold office for one-year terms ending at the 2016 Annual Meeting of Stockholders or until their successors are elected and qualified:

| <u>Name</u>         | <u>For</u> | <u>Withheld</u> | <u>Broker Non-Votes</u> |
|---------------------|------------|-----------------|-------------------------|
| Matthew C. Flanigan | 56,695,070 | 11,853,016      | 7,139,385               |
| John F. Prim        | 67,064,669 | 1,483,416       | 7,139,385               |
| Thomas H. Wilson    | 56,691,756 | 11,856,329      | 7,139,385               |
| Jacque R. Fiegel    | 68,019,909 | 528,176         | 7,139,385               |
| Thomas A. Wimsett   | 56,695,671 | 11,852,414      | 7,139,385               |
| Laura G. Kelly      | 68,021,584 | 526,501         | 7,139,385               |
| Shruti Miyashiro    | 68,307,841 | 240,244         | 7,139,385               |
| Wes Brown           | 68,305,814 | 242,271         | 7,139,385               |

(2) Approved the compensation of the Company's named executive officers:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> | <u>Broker Non-Votes</u> |
|------------|----------------|----------------|-------------------------|
| 67,915,192 | 389,057        | 243,836        | 7,139,385               |

(3) Approved the 2015 Equity Incentive Plan:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> | <u>Broker Non-Votes</u> |
|------------|----------------|----------------|-------------------------|
| 65,739,311 | 1,367,096      | 1,441,678      | 7,139,385               |

(4) Ratified the selection of Deloitte & Touche, LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2016:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> |
|------------|----------------|----------------|
| 74,053,372 | 1,499,711      | 134,387        |

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

Exhibits

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 3.2.4              | Bylaw Article XI  |
| 3.2.5              | Restated and Amended Bylaws, as amended November 10, 2015 |
| 10.56              | Jack Henry & Associates, Inc. 2015 Equity Incentive Plan  |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**JACK HENRY & ASSOCIATES, INC.**  
(Registrant)

Date: November 13, 2015

By: /s/ Kevin D. Williams

Kevin D. Williams  
Chief Financial Officer

## Exhibit 3.2.4

### Article XI

#### Forum for Disputes

Section 11.1 Forum for Adjudication of Disputes. Unless the corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the corporation, (ii) any action asserting a claim of a breach of fiduciary duty owed by any director, officer, or other employee of the corporation to the corporation or the corporation's stockholders, (iii) any action asserting a claim against the corporation or any director, officer or other employee of the corporation arising pursuant to any provision of the Delaware General Corporation Law or the corporation's certificate of incorporation or by-laws (as any may be amended from time to time), or (iv) any action asserting a claim against the corporation or any director, officer, or other employee of the corporation governed by the internal affairs doctrine, shall be the applicable state court located within the State of Delaware (including the Delaware Court of Chancery) or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware, in all cases subject to the court having personal jurisdiction over the indispensable parties named as defendants.

## Exhibit 3.2.5

**RESTATED AND AMENDED  
BYLAWS OF  
JACK HENRY & ASSOCIATES, INC.**

**(Effective October 31, 2006 and Amended November 13, 2008, August 23, 2013, and November 10, 2015)**

ARTICLE I

Section 1.1 Registered Office. The registered office of the corporation shall be Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, State of Delaware.

Section 1.2 Corporate Office. The corporation may have its office (or offices) at such place (or places) as the board of directors, in its discretion, may from time to time determine, or wherever the business of the corporation may require.

ARTICLE II

Meeting of Stockholders

Section 2.1 Time and Place. Any meeting of the stockholders may be held at such time and place, either within or outside the State of Delaware, as shall be designated from time to time by resolution of the board of directors or as shall be stated in a duly authorized notice, or in a duly executed waiver of notice, of the meeting.

Section 2.2 Annual Meeting. The annual meeting of the stockholders shall be held on the second Tuesday in November of each year or on such other date as the board of directors may determine, for the purpose of electing a board of directors and transacting such other business as may properly be brought before the meeting in accordance with these bylaws.

Section 2.3 Special Meetings. Special meetings of the stockholders, for any purpose or purposes, may be called by the chairman of the board or the president, and shall be called by the chairman of the board, the president or any vice-President or the secretary, when directed to do so by resolution of the board of directors. A special meeting of the stockholders shall also be called by the president or secretary at the request in writing of stockholders owning at least two-thirds of the stock of the corporation entitled to vote. Any request of the stockholders for a special meeting shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice.

Section 2.4 Notices. Written notice stating the place, date and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than 10 nor more than 60 days before the date of the meeting, except as otherwise required by statute or the certificate of incorporation, either personally, by mail, courier service, electronic mail, facsimile transmission, or by any other lawful means, to each stockholder of record entitled to vote at such meeting.

Section 2.5 Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting, or any adjournment of a meeting, of stockholders, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than 60 nor less than 15 days before the date of such meeting, nor more than 60 days prior to any other action. If no record date is fixed, the record date for determining stockholders shall be at the close of business on the day next preceding the day on which notice is given, and the record date for determining stockholders for any other purpose shall be at

the close of business on the day on which the board of directors adopts the resolution relating to such other purpose. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Section 2.6 Voting List. The secretary of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, on a reasonably accessible electronic network if the information required to gain access to such list was provided with the notice of the meeting or during ordinary business hours, at the principal place of business of the Corporation for a period of at least ten days before the meeting. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place of the meeting the whole time thereof and may be inspected by any stockholder who is present. If the meeting is held solely by means of remote communication, the list shall also be open for inspection by any stockholder during the whole time of the meeting as provided by applicable law.

Section 2.7 Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such a quorum shall not be present at any meeting of stockholders, the stockholders entitled to vote, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice if the time and place are announced at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.8 Voting and Proxies. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period. A nominee for director shall be elected to the Board of Directors if a majority of the votes cast are in favor of such nominee's election; provided, however, that, if the number of nominees for director exceeds the number of directors to be elected, directors shall be elected by a plurality of the votes of the shares represented in person or by proxy at any meeting of stockholders held to elect directors and entitled to vote on such election of directors. Unless otherwise required by law, the Certificate of Incorporation or these by-laws, any matter, other than the election of directors, brought before any meeting of stockholders shall be decided by the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the matter.

Section 2.9 Waiver. Attendance of a stockholder of the corporation, either in person or by proxy, at any meeting, either annual or special, shall constitute waiver of notice of such meeting, except where a stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A written waiver of notice of any such meeting signed by a stockholder or stockholders entitled to such notice, whether before, at or after the time stated in such notice, shall be equivalent to notice.

Section 2.10 Conduct of Stockholder Meetings. At every meeting of stockholders, the chairman of the board, or in his absence, the president, or in his absence, a vice-president, or if none be present, the appointee of the meeting, shall act as chairman of the meeting, the secretary, or in the absence an assistant secretary, or if none be present, the appointee of the chairman of the meeting shall act as secretary of the meeting. The chairman of the meeting shall call the meeting to order, and shall make such rulings and determinations as shall be necessary or convenient for the orderly conduct of the meeting, including but not limited to setting the place and agenda, imposing reasonable time limits on speakers, determining when the polls shall open and close, the method of voting and the manner in which votes are counted, the sufficiency and interpretation of any proxy, the propriety of any matter submitted for stockholder action, and the time of adjournment.

Section 2.11 Notice of Stockholder Business and Nominations.

(A) Annual Meeting of Stockholders.

(1) Nominations of persons for election to the board of directors of the corporation and the proposal of business to be considered by the stockholders at an annual meeting of stockholders shall only be made (a) by or at the direction of the board of directors or (b) by any stockholder of the corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in clauses (2) and (3) of paragraph (A) of this Section 2.11 and who is a stockholder of record at the time such notice is delivered to the secretary of the corporation.

(2) For nominations or other business to be properly brought before the annual meeting by a stockholder pursuant to clause (b) of paragraph (A)(1) of this Section 2.11, the stockholder must have given timely notice thereof in writing to the secretary of the corporation and such business must be a proper subject for stockholder action under the Delaware General Corporation Law. To be timely, a stockholder's notice shall be delivered to the secretary at the principal executive offices of the corporation not less than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 70 days, from such anniversary notice by the stockholder to be timely must be so delivered not later than the close of business following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is of the type required to be disclosed in solicitations of proxies for election of directors, or is otherwise required pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner and (ii) the class and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 2.11 to the contrary, in the event that the number of directors to be elected to the board of directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased board of directors made by the corporation at least 80 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this paragraph (A)(2) of this Section 2.11 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

(B) Special Meeting of the Stockholders. Nominations of persons for election to the board of directors at a special meeting of stockholders at which directors are to be elected shall only be made (1) by or at the direction of the board of directors or (2) by any stockholder of the corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this paragraph (B) and who is a stockholder of record at the time such notice is delivered to the secretary of the corporation. Nominations by stockholders of persons for election to the board of directors at such a special meeting of stockholders shall not be considered effective unless the stockholder's notice required by paragraph (A)(2) of this Section 2.11 is delivered to the secretary at the principal executive offices of the corporation not later than the close of business on the later of the 75th day prior to such special meeting or the 10th day following the date on



which public announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting.

(C) General.

(1) Only persons who are nominated in accordance with the procedures set forth in this Section 2.11 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.11.

(2) Except as otherwise provided by law, the Certificate of Incorporation or this Section 2.11, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 2.11 and, if any proposed nomination or business is not in compliance with this Section 2.11 to declare that such defective proposal or nomination shall be disregarded.

(3) For purposes of this Section 2.11, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 2.11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.11. Nothing in this Section 2.11 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under Exchange Act.

### ARTICLE III

#### Directors

Section 3.1 Number. The number of directors shall be eight, or such other number (one or more), as fixed from time to time by resolution of the board of directors.

Section 3.2 Elections. Except as provided in Section 3.3 of this Article, the board of directors shall be elected at the annual meeting of the stockholders or at a special meeting called for that purpose. Each director shall be elected to serve until the next annual meeting of stockholders or until his successor shall be elected and qualified.

Section 3.3 Vacancies; Newly Created Directorships. Any vacancy occurring on the board of directors and any directorship to be filled by reason of an increase in the board of directors may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the board of directors. Such newly elected director shall hold office until the next annual meeting of stockholders or until his successor shall be elected and qualified.

Section 3.4 Meetings. The first meeting of each newly elected board of directors shall be held immediately after, and at the same place as, the annual meeting of the stockholders. No notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present. The board of directors may, by resolution, establish a place and time for regular meetings which may thereafter be held without call or notice.

Section 3.5 Notice of Special Meetings. Special meetings may be called by the chairman or the president or any two members of the board of directors. Such notice may be given to each member of the board of directors by mail by the secretary, the president or the members of the board calling the meeting by depositing the same in the mail at least 7 days before the meeting, addressed to the director at the last address he has furnished to the corporation for

this purpose, and any notice so mailed shall be deemed to have been given at the time when mailed. Notice may also be given at least 24 hours before the meeting in person, or by telephone, overnight mail or courier service, hand delivery, electronic mail, facsimile transmission, or by any other lawful means, addressed as stated above; and such notice shall be deemed to have been given at the time when such is delivered to the last address of the director for this purpose, or when such personal or telephone conversation occurs.

Section 3.6 Quorum. At all meetings of the board, a majority of the directors then in office shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, except as otherwise specifically required by statute, the certificate of incorporation, or these bylaws. If less than a quorum be present, the director or directors present may adjourn the meeting from time to time without further notice. Voting by proxy is not permitted at meetings of the board of directors.

Section 3.7 Waiver. Attendance of a director at a meeting of the board of directors shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A written waiver of notice or manner of calling any such meeting signed by a director entitled to such notice, whether before, at, or after the time stated in such notice, shall be equivalent to the giving of such notice.

Section 3.8 Action Without Meeting. Any action required or permitted to be taken at a meeting of the board of directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors and filed with the minutes of proceedings of the board of directors.

Section 3.9 Attendance by Telephone. Members of the board of directors or any committee of the corporation may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 3.10 Removal; Resignation. Any director may be removed from office at any time, but only for cause or upon the affirmative vote of the holders of at least two-thirds of the corporation's stock entitled to vote thereon. Any director may resign at any time by notice given in writing or by electronic transmission to the Corporation. Such resignation shall take effect at the date of receipt of such notice by the Corporation or at such later time as is therein specified.

## ARTICLE IV

### Officers

Section 4.1 Election. The corporation shall have such officers with such duties as the board of directors determines by resolution. The officers shall be elected or appointed at least annually by the board of directors at its first meeting after each annual meeting of stockholders.

Section 4.2 Removal, Resignation and Vacancies. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any officer may resign at any time by giving written notice of his resignation to the president or to the secretary, and acceptance of such resignation shall not be necessary to make it effective, unless the notice so provides. Any vacancy occurring in any office may be filled by the board of directors.

Section 4.3 Chairman of the Board. The board of directors may, in its sole discretion, elect a chairman of the board. If elected, the chairman of the board shall preside at all meetings of shareholders and of the board of directors. Subject to the direction and control of the board of directors, the chairman of the board, coextensively with the chief executive officer, the president, and the chief operating officer (COO), shall have the general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect, and he/she may execute contracts, deeds and other instruments on behalf of the corporation as

are necessary and appropriate. He/she shall perform such additional functions and duties as are appropriate and customary for the office of the chairman of the board and as the board of directors may prescribe from time to time.

Section 4.4 Vice Chairman of the Board. In the absence, disability or vacancy of the chairman of the board, the vice chairman of the board shall serve as chairman of the board.

Section 4.5 Chief Executive Officer. The board of directors, in its sole discretion, may elect a chief executive officer (CEO). Subject to the direction and control of the board of directors, the CEO coextensively with the chairman of the board, the president, and the COO, shall have the general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect; and he/she may execute contracts, deeds and other instruments on behalf of the corporation as are necessary and appropriate. He/she shall perform such additional functions and duties as are appropriate and customary for the office of COO and as the board of directors may prescribe from time to time.

Section 4.6 President. In the absence, disability or vacancy of the chairman of the board and the vice chairman of the board, the President shall preside at all meetings of the shareholders and of the board of directors. In the absence, disability or vacancy of the CEO, the president shall serve as CEO. Subject to the direction and control of the board of directors, the president, coextensively with the chairman of the board, the CEO, and the COO, shall have the general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect; and he/she may execute contracts, deeds and other instruments on behalf of the corporation as are necessary and appropriate. He/she shall perform such additional functions and duties as are appropriate and customary for the office of president and as the board of directors may prescribe from time to time.

Section 4.7 Chief Operating Officer. The board of directors, in its sole discretion, may elect a chief operating officer (COO). Subject to the direction and control of the board of directors, the COO, coextensively with the chairman of the board, the CEO, and the president, shall have the general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect; and he/she may execute contracts, deeds and other instruments on behalf of the corporation as are necessary and appropriate. He/she shall perform such additional functions and duties as are appropriate and customary for the office of COO and as the board of directors may prescribe from time to time.

Section 4.8 Executive Vice President. The board of directors, in its sole discretion, may elect an executive vice president, who shall report to and assist the president, and who shall serve as president in the absence, disability or vacancy of the president.

Section 4.9 Senior Vice President. The board of directors, in its sole discretion, may elect one or more senior vice presidents, who shall report to and assist the president and executive vice president.

Section 4.10 Vice President. The board of directors, in its sole discretion, may elect one or more vice presidents, who shall report to and assist the president, executive vice president and senior vice presidents.

Section 4.11 Assistant Vice President. The board of directors, in its sole discretion, may elect one or more assistant vice presidents, who shall report to and assist the president, executive vice president, senior vice presidents and vice presidents.

Section 4.12 Secretary. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, keep the minutes of such meetings, have charge of the corporate seal and stock records, be responsible for the maintenance of all corporate files and records and the preparation and filing of reports to governmental agencies, other than tax returns, have authority to affix the corporate seal to any instrument requiring it (and, when so affixed, it may be attested by his or her signature), and perform such other duties as may from time to time be prescribed by the board of directors and the president.

Section 4.13 Assistant Secretary. The assistant secretary or, if there be more than one, the assistant secretaries in the order determined by the president shall, in the absence or disability of the secretary, or in case such duties are

specifically delegated to him/her by the board of directors, the president or the secretary, perform the duties and exercise the powers of the secretary and shall, under the supervision of the secretary, perform such other duties and have such other powers as the secretary, the board of directors or the president may from time to time prescribe.

Section 4.14 Chief Financial Officer. The chief financial officer (CFO) shall have control of the funds and the care custody of all the stocks, bonds, and other securities of the corporation, and be responsible for the preparation and filing of tax returns. He/she shall receive all moneys paid to the corporation and shall have authority to give receipts and vouchers, to sign and endorse checks and warrants in its name and on its behalf, and give full discharge for the same. He/she shall also have charge of the disbursement of the funds of the corporation, and shall keep full and accurate records of the receipts and disbursements. He/she shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as shall be designated by the board of directors, and shall perform such other duties and have such other powers as the board of directors or the president may from time to time prescribe.

Section 4.15 Treasurer. The treasurer shall report to and assist the CFO, and the board of directors, chairman of the board, CEO, president and COO.

Section 4.16 Assistant Treasurer. The assistant treasurer or, if there be more than one, the assistant treasurers in the order determined by the president shall, in the absence or disability of the treasurer, or in case such duties are specifically delegated to him/her by the board of directors, president or treasurer, perform the duties and exercise the powers of the treasurer and shall, under the supervision of the treasurer, perform such other duties and have such other powers as the treasurer, the board of directors or the president may from time to time prescribe.

Section 4.17 Compensation. Officers shall receive such compensation for their services as may be authorized or ratified by the board of directors. Election or appointment of an officer shall not of itself create a contract right to compensation for services performed as such officer.

## ARTICLE V

### Committees

The board of directors may establish committees for the performance of delegated or designated functions to the extent permitted by law. The board of directors may provide, by resolution or amendment to the bylaws, such powers, limitations, and procedures for committees as the board of directors deems advisable.

## ARTICLE VI

### Contracts

Section 6.1 Financial Interest. No contract or transaction between the corporation and one or more of its directors and officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of the directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

- (a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

- (b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or
- (c) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, or a committee thereof, or the stockholders.

Section 6.2 Quorum. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board or of a committee which authorizes the contract or transaction.

## ARTICLE VII

### Stock

Section 7.1 Certificated or Uncertificated Shares. The shares of stock of the corporation may be evidenced by certificates for shares of stock or may be issued in uncertificated form, or a combination of both. The issuance of shares in uncertificated form shall not affect shares already represented by a certificate. To the extent that shares are represented by certificates, such certificates whenever authorized by the board of directors, shall be in such form as shall be approved by the board. Every holder of stock in the corporation shall be entitled to have a certificate, signed by or in the name of the corporation by the president or a vice president and the secretary or an assistant secretary of the corporation, certifying the number of shares owned by such holder in the corporation. Any or all such signatures may be facsimiles if countersigned by a transfer agent or registrar. Although any officer, transfer agent or registrar whose manual or facsimile signature is affixed to such a certificate ceases to be such officer, transfer agent or registrar before such certificate has been issued, it may nevertheless be issued by the corporation with the same effect as if such officer, transfer agent or registrar were still such at the date of its issue.

Section 7.2 Lost Certificates. The board of directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the board of directors may, in its discretion and as a condition precedent to the issuance of a new certificate or certificates or uncertificated shares, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

Section 7.3 Transfer of Stock. Transfers of shares of capital stock of the corporation shall be made on the books of the corporation upon authorization by the registered holder thereof, or by such holder's attorney thereunto authorized by a power of attorney duly executed and filed with the secretary or a transfer agent for such stock, if any, and if such shares of stock are represented by a certificate, only upon presentation of the certificate or certificates representing such shares properly endorsed or accompanied by a proper instrument of assignment, except as may otherwise be expressly provided by the laws of the State of Delaware or by order by a court of competent jurisdiction. The officers or transfer agents of the corporation may, in their discretion, require a signature guaranty before making any transfer. The corporation shall be entitled to recognize and enforce any lawful restriction on transfer.

Section 7.4 Registered Stockholders. The corporation shall be entitled to treat the person in whose name any shares of stock are registered on its books as the owner of such shares for all purposes, and shall not be bound to recognize any equitable or other claim or interest in such shares on the part of any other person, whether or not the corporation shall have notice of such claim or interest, except as expressly provided by the laws of Delaware.

## ARTICLE VII

### Seal

The board of directors may adopt and provide a seal which shall be circular in form and shall bear the name of the corporation and the words "SEAL" and "DELAWARE," and which, when adopted, shall constitute the corporate seal of the corporation. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or manually reproduced.

## ARTICLE IX

### Fiscal Year

The board of directors, by resolution, may adopt a fiscal year for the corporation.

## ARTICLE X

### Amendment

These bylaws may at any time and from time to time be amended, altered or repealed by the board of directors. These bylaws may also be amended, altered or repealed at any special meeting of the stockholders if duly called for that purpose or at any annual meeting, by the affirmative vote of the holders of at least two-thirds of the corporation's stock entitled to vote thereon.

## Article XI

### Forum for Disputes

Section 11.1 Forum for Adjudication of Disputes. Unless the corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the corporation, (ii) any action asserting a claim of a breach of fiduciary duty owed by any director, officer, or other employee of the corporation to the corporation or the corporation's stockholders, (iii) any action asserting a claim against the corporation or any director, officer or other employee of the corporation arising pursuant to any provision of the Delaware General Corporation Law or the corporation's certificate of incorporation or by-laws (as any may be amended from time to time), or (iv) any action asserting a claim against the corporation or any director, officer, or other employee of the corporation governed by the internal affairs doctrine, shall be the applicable state court located within the State of Delaware (including the Delaware Court of Chancery) or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware, in all cases subject to the court having personal jurisdiction over the indispensable parties named as defendants.

JACK HENRY & ASSOCIATES, INC.  
2015 EQUITY INCENTIVE PLAN

SECTION 1  
INTRODUCTION

- 1.1 *Establishment.* Jack Henry & Associates, Inc., a corporation organized and existing under the laws of the state of Delaware (the "Company"), hereby establishes the Jack Henry & Associates, Inc. 2015 Equity Incentive Plan (the "Plan") for certain Employees and nonemployee Directors of the Company and its Affiliates.
- 1.2 *Purpose.* The purpose of this Plan is to allow Eligible Employees and nonemployee Directors of the Company and its Affiliates and Subsidiaries to acquire or increase a proprietary and vested interest in the growth and performance of the Company. The Plan is also designed to assist the Company in attracting and retaining Employees and nonemployee Directors by providing them with the opportunity to participate in the success and profitability of the Company.
- 1.3 *Duration.* The Plan shall commence on the Effective Date and shall remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Section 15 hereof, until all Shares subject to the Plan shall have been issued, delivered, purchased, or acquired according to the Plan's provisions. Unless the Plan shall be reapproved by the stockholders of the Company and the Board renews the continuation of the Plan, no Awards shall be issued pursuant to the Plan after the tenth (10th) anniversary of the Effective Date.
- 1.4 *Plan Subject to Stockholder Approval.* Although the Plan is effective on the Effective Date, the Plan's continued existence is subject to the Plan being approved by the Company's stockholders within twelve (12) months of the Effective Date. Any Awards granted under the Plan after the Effective Date but before the approval of the Plan by the Company's stockholders will become null and void if the Company's stockholders do not approve this Plan within such twelve (12) month period.

SECTION 2  
DEFINITIONS

- 2.1 *Definitions.* The following terms shall have the meanings set forth below.

"1933 Act" means the Securities Act of 1933.

"1934 Act" means the Securities Exchange Act of 1934.

"Affiliate" of the Company means any Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by, or is under common Control with the Company.

"Award" means a grant made under this Plan in any form, which may include but is not limited to, Stock Options, Restricted Stock, Restricted Stock Units, Bonus Shares, Other Stock-Based Awards, Deferred Shares, Performance Shares, Stock Appreciation Rights, and Performance Units.

"Award Agreement" means a written or electronic agreement or instrument between the Company and a Holder which evidences an Award and sets forth such applicable terms, conditions, and limitations (including treatment as a Performance Award) as the Committee establishes for the Award.

"Beneficiary" means the person, persons, trust, or trusts which have been designated by a Holder in his or her most recent written beneficiary designation filed with the Company to receive the benefits specified under this Plan upon the death of the Holder, or, if there is no designated beneficiary or surviving designated beneficiary, the Person or Persons entitled by will or the laws of descent and distribution to receive such benefits.

"Board" means the Board of Directors of the Company.

"*Bonus Shares*" means Shares that are awarded to a Participant without cost and without restriction in recognition of past performance (whether determined by reference to another employee benefit plan of the Company or otherwise) or as an incentive to become an Employee of the Company or a Subsidiary.

"*Cause*" means, unless otherwise defined in an Award Agreement or otherwise defined in a Participant's employment agreement (in which case such definition will apply), any of the following:

- (i) Participant's engagement in any act or acts of gross dishonesty or gross misconduct which result or are intended to result directly or indirectly in gain or personal enrichment at the expense of the Company or its subsidiaries to which the Participant is not legally entitled;
- (ii) Participant's conviction of, plea of guilty to, or plea of nolo contendere to a felony or other crime that involves fraud or dishonesty;
- (iii) Any willful action or omission by a Participant which would constitute grounds for immediate dismissal under the employment policies of the Company by which Participant is employed, including intoxication with alcohol or illegal drugs while on the premises of the Company, or violation of sexual harassment laws or the internal sexual harassment policy of the Company by which Participant is employed;
- (iv) Participant's habitual neglect of duties, including repeated absences from work without reasonable excuse; or
- (v) Participant's willful and intentional material misconduct in the performance of his or her duties that results in financial detriment to the Company; provided, however, that for purposes of clauses (iii), (iv), and (v), "Cause" shall not include any one or more of the following: bad judgment, negligence, or any act or omission believed by the Participant in good faith to have been in or not opposed to the interest of the Company (without intent of the Participant to gain, directly or indirectly, a profit to which the Participant was not legally entitled). A Participant who agrees to resign from his or her affiliation with the Company in lieu of being terminated for Cause may be deemed, in the sole discretion of the Committee, to have been terminated for Cause for purposes of this Plan.

"*Change in Control*" means the first to occur of the following events:

- (i) the purchase or other acquisition by any person, entity, or group of persons, within the meaning of Section 13(d) or 14(d) of the 1934 Act (excluding, for this purpose, the Company or its subsidiaries or any employee benefit plan or related trust of the Company or its subsidiaries), of beneficial ownership, within the meaning of Rule 13d-3 promulgated under the 1934 Act, of twenty percent (20%) or more of the combined voting power of the Company's then-outstanding voting securities entitled to vote generally in the election of directors in any transaction or series of transactions;
- (ii) when individuals who, as of the date hereof, constituting the Board ("*Incumbent Board*") cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved in advance by a vote of at least a majority of the directors then comprising the Incumbent Board, excluding members of its Incumbent Board who are no longer serving as directors (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act, or an individual approved by the Incumbent Board as the result of an agreement intended to avoid or settle an actual or threatened contest), shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board;
- (iii) consummation of a reorganization, merger, or consolidation, in each case following such reorganization, merger, or consolidation: (a) persons who were the stockholders of the Company immediately prior to such reorganization, merger, or consolidation immediately thereafter own fifty percent (50%) or less of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged, or consolidated corporation's then-outstanding voting securities, or (b) less than a majority of members of the board or other governing body of such reorganized, merged, or consolidated corporation were members of the Incumbent Board at the time of the execution of the initial agreement or the approval of the transaction by the Board; or



- (iv) approval by stockholders of a liquidation or dissolution of the Company (and the Company shall commence such liquidation or dissolution), or consummation of the sale of all or substantially all of the assets of the Company (in one transaction or a series of transactions).

Notwithstanding the occurrence of any of the foregoing events, (x) a Change in Control shall not occur with respect to a Holder if, in advance of such event and to the extent permitted pursuant to Section 18.2, the Holder agrees in writing that such event shall not constitute a Change in Control, and (y) to the extent that any payment under the Plan is subject to Code Section 409A and an applicable payment event is a Change in Control, or an allowable payment "toggle" right is contingent upon a Change in Control having occurred, in addition to satisfying the above definition of Change in Control, such Change in Control must also constitute a change in control event under Code Section 409A.

"Code" means the Internal Revenue Code of 1986, as it may be amended from time to time, and the rules and regulations promulgated thereunder.

"Committee" means (i) the Board, or (ii) one or more other committees of the Board to whom the Board has delegated all or part of its authority under this Plan. Initially, the Committee shall be the Board without any delegation of the Board's authority under this Plan as contemplated by clause (ii) above.

"Company" means Jack Henry & Associates, Inc., a Delaware corporation, and any successor thereto.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

"Covered Employee" means an Employee that meets the definition of "covered employee" under Section 162(m)(3) of the Code.

"Date of Grant" or "Grant Date" means, with respect to any Award, the date as of which such Award is granted under the Plan, which date shall be the later of (i) the date on which the Committee resolved to grant the Award, or (ii) the first day of the Service Provider's service to the Company or an Affiliate.

"Deferred Shares" means Shares that are awarded to a Participant on a deferred basis pursuant to Section 9.4.

"Director" means a director serving on the Board.

"Disabled" or "Disability" means a mental or physical illness that entitles the Participant to receive benefits under a long-term disability plan of the Company, or if there is no such plan or the Participant is not covered by such a plan or the Participant is not an Employee of the Company, a mental or physical illness that renders the Participant totally and permanently incapable of performing the Participant's duties for the Company. With respect to an Award that is or becomes subject to Section 409A of the Code and for which the Participant's disability is an applicable payment event, the Participant shall not be determined to be Disabled unless the Participant is "disabled" as defined in Code Section 409A(a)(2)(C). Notwithstanding the foregoing, a determination that a Participant is disabled shall not qualify under this Plan if it is the result of (i) a willfully self-inflicted injury or willfully self-induced sickness; or (ii) an injury or disease contracted, suffered, or incurred while participating in a criminal offense. The determination of Disabled or Disability for purposes of this Plan shall be made by a physician satisfactory to the Board and shall not be construed to be an admission of disability for any other purpose. Notwithstanding the above, with respect to an Incentive Stock Option and the period of time following a separation from service in which a Holder may exercise such Incentive Stock Option, "disabled" shall have the same meaning as defined in Code Section 22(e)(3).

"Dividend Equivalents" has the meaning ascribed in Section 4.6.

"Effective Date" means November 10, 2015, the date this Plan is approved by the Company's stockholders.

"Eligible Employees" means all Employees (including officers and directors who are also Employees) of the Company or an Affiliate upon whose judgment, initiative, and efforts the Company depends, or will depend, for the successful conduct of the Company's business.

"Employee" means a common law employee of the Company or an Affiliate.

"Executive Officer" means (i) the Chief Executive Officer, Chief Financial Officer, or president of the Company, any vice president of the Company, including any vice president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function or any other person who performs similar policy-making functions for the Company, (ii) any Executive Officers (as defined in

part (i) of this definition) of subsidiaries of the Company who perform policy-making functions for the Company, and (iii) any Person designated or identified by the Board as being an Executive Officer for purposes of the 1933 Act or the 1934 Act, including any Person designated or identified by the Board as being a Section 16 Person.

"*Fair Market Value*" means, as of any date, the value of the Stock determined in good faith by the Committee in its sole discretion. Such determination shall be conclusive and binding on all persons. For this purpose, the Committee may adopt such formulas as in its opinion shall reflect the true fair market value of such Stock from time to time and may rely on such independent advice with respect to such fair market value determination as the Committee shall deem appropriate. To the extent that the Stock is readily tradable on an established securities market, the fair market value of the stock may be determined based upon the last sale before or the first sale after the grant, the closing price on the trading day before or the trading day of the grant, the arithmetic mean of the high and low prices on the trading day before or the trading day of the grant, or any other reasonable method using actual transactions in such stock as reported by such market. To the extent that the Stock is not readily tradable on an established market, the fair market value of the stock as of a valuation date means a value determined by the reasonable application of a reasonable valuation method. The determination whether a valuation method is reasonable, or whether an application of a valuation method is reasonable, is made based on the facts and circumstances as of the valuation date.

"*Holder*" means a Participant, Beneficiary, or Permitted Transferee who is in possession of an Award Agreement representing an Award that (i) in the case of a Participant, has been granted to such individual, (ii) in the case of a Beneficiary, has been transferred to such person under the laws of descent and distribution, or (iii) in the case of a Permitted Transferee, has been transferred to such person as permitted by the Committee, and, with respect to all of the above clauses (i), (ii), and (iii), such Award Agreement has not expired, been canceled, or been terminated.

"*Incentive Stock Option*" means any Option designated as such and granted in accordance with the requirements of Section 422 of the Code.

"*Nonqualified Stock Option*" means any Option to purchase Stock that is not an Incentive Stock Option.

"*Option*" means a right to purchase Stock at a stated price for a specified period of time. Such definition includes both Nonqualified Stock Options and Incentive Stock Options.

"*Option Agreement*" or "*Option Award Agreement*" means a written or electronic agreement or instrument between the Company and a Holder evidencing an Option.

"*Optionee*" shall have the meaning as set forth in Section 6.2. For the avoidance of any doubt, in situations where the Option has been transferred to a Permitted Transferee or passed to a Beneficiary in accordance with the laws of descent and distribution, the Optionee will not be the same person as the Holder of the Option.

"*Option Exercise Price*" means the price at which Shares subject to an Option may be purchased, determined in accordance with Section 6.2(b).

"*Other Stock-Based Award*" means any award of Shares or payment of cash that is valued in whole or in part by reference to, or is otherwise based on, Shares, other property, or achievement of performance metrics or measures.

"*Participant*" means a Service Provider of the Company designated by the Committee from time to time during the term of the Plan to receive one or more Awards under the Plan.

"*Performance Award*" means any Award that will be issued or granted, or become vested or payable, as the case may be, upon the achievement of certain performance goals (as described in Section 10) to a Participant pursuant to Section 10.

"*Performance Period*" means the period of time as specified by the Committee during which any performance goals are to be measured.

"*Performance Shares*" means an Award made pursuant to Section 9 which entitles a Holder to receive Shares, their cash equivalent, or a combination thereof based on the achievement of performance targets during a Performance Period.

"*Performance Units*" means an Award made pursuant to Section 9 which entitles a Holder to receive cash, Stock, or a combination thereof based on the achievement of performance goals during a Performance Period.

"*Permitted Transferee*" has the meaning ascribed in Section 12.3.

"*Person*" shall have the meaning ascribed to such term in Section 3(a)(9) of the 1934 Act and used in Sections 13(d) and 14(d) thereof, including "group" as defined in Section 13(d) hereof.

"Plan" means the Jack Henry & Associates, Inc. 2015 Equity Incentive Plan, as set forth in this instrument and as hereafter amended from time to time.

"Restricted Stock" means Stock granted under Section 8 that is subject to those restrictions set forth therein and the Award Agreement.

"Restricted Stock Unit" means an Award granted under Section 8 evidencing the Holder's right to receive a Share (or, at the Committee's discretion, a cash payment equal to the Fair Market Value of a Share) at some future date and that is subject those restrictions set forth therein and the Award Agreement.

"Rule 16b-3" means Rule 16b-3 promulgated under the 1934 Act.

"SAR" or "Stock Appreciation Right" means an Award, granted either alone or in connection with an Option, that is designated as an SAR pursuant to Section 7.

"SAR Holder" shall have the meaning as set forth in Section 7.2.

"Section 16 Person" means a Person who is subject to obligations under Section 16 of the 1934 Act with respect to transactions involving equity securities of the Company.

"Service Provider" means an Eligible Employee or nonemployee Director of the Company and its Affiliates. Solely for purposes of Substitute Awards, the term Service Provider includes any current or former Employee or nonemployee Director of an Acquired Entity (as defined in the definition of Substitute Awards) who holds Acquired Entity Awards (as defined in the definition of Substitute Awards) immediately prior to the Acquisition Date (as defined in the definition of Substitute Awards).

"Share" means a share of Stock.

"Stock" means authorized and issued or unissued common stock of the Company, at such par value as may be established from time to time.

"Subsidiary" means (i) in the case of an Incentive Stock Option a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code, and (ii) in the case of any other type of Award, in addition to a subsidiary corporation as defined in clause (i), any corporation or other entity in an unbroken chain of corporations or entities beginning with the Company if each of the corporations or entities (other than the last corporation or entity in the unbroken chain) owns stock or other ownership interests possessing fifty percent (50%) or more of the total combined voting power of all classes of stock or other ownership interests in one of the other corporations or entities in the chain.

"Substitute Award" means an Award granted under the Plan in substitution for stock or stock-based awards ("Acquired Entity Awards") held by current and former employees or former nonemployee directors of another corporation or entity who become Service Providers as the result of a merger or consolidation of the employing corporation or other entity (the "Acquired Entity") with the Company, a Subsidiary, or an Affiliate, or the acquisition by the Company, a Subsidiary, or an Affiliate, of property or stock of, or other ownership interest in, the Acquired Entity immediately prior to such merger, consolidation, or acquisition ("Acquisition Date") as agreed to by the parties to such corporate transaction and as may be set forth in the definitive purchase agreement. The limitations of Section 4.1 and Section 10.6 on the number of Shares reserved or available for grants, and the limitations under Sections 6.2 and 7.1 with respect to the Option Exercise Prices and SAR exercise prices, shall not apply to Substitute Awards. Any issuance of a Substitute Award which relates to an Option or an SAR shall be completed in conformity with the rules under Code Section 409A relating to the substitutions and assumptions of stock rights by reason of a corporate transaction.

"Vested Option" means any Option, or portion thereof, which is exercisable by the Holder. Vested Options remain exercisable only for that period of time as provided for under this Plan and any applicable Option Award Agreement. Once a Vested Option is no longer exercisable after otherwise having been exercisable, the Option shall become null and void.

2.2 *General Interpretive Principles.* (i) Words in the singular shall include the plural and vice versa, and words of one gender shall include the other gender, in each case, as the context requires; (ii) the terms "*hereof*," "*herein*," and "*herewith*" and words of similar import shall, unless otherwise stated, be construed to refer to this Plan and not to any particular provision of this Plan, and references to Sections are references to the Sections of this Plan unless otherwise specified; (iii) the word "*including*" and words of similar import when used in this Plan shall mean "including, without limitation," unless otherwise specified; and (iv) any reference to any U.S. federal, state, or local act, statute, or law shall be deemed to also

refer to all amendments or successor provisions thereto, as well as all rules and regulations promulgated under such act, statute, or law, unless the context otherwise requires.

SECTION 3  
PLAN ADMINISTRATION

- 3.1 *Composition of Committee.* The Plan shall be administered by the Committee. To the extent the Board considers it desirable for transactions relating to Awards to be eligible to qualify for an exemption under Rule 16b-3, the Committee will consist of two (2) or more directors of the Company, all of whom qualify as "non-employee directors" within the meaning of Rule 16b-3. To the extent the Board considers it desirable for compensation delivered pursuant to Awards to be eligible to qualify for an exemption from the limit on tax deductibility of compensation under Section 162(m) of the Code, the Committee shall consist of two (2) or more directors of the Company, all of whom shall qualify as "outside directors" within the meaning of Code Section 162(m).
- 3.2 *Authority of Committee.* Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to:
- (a) select the Service Providers to whom Awards may from time to time be granted hereunder;
  - (b) determine the type or types of Awards to be granted to eligible Service Providers;
  - (c) determine the number of Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards;
  - (d) determine the terms and conditions of any Award;
  - (e) determine whether, and to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards, or other property;
  - (f) determine, as to all or part of any Award as to any Participant, at the time the Award is granted or thereafter, that the exercisability, vesting, payment, or settlement of an Award shall be accelerated upon a Participant's death, disability, retirement, Change in Control, termination of employment following a Change in Control, or other special circumstance determined by the Committee, to determine that Awards shall continue to become exercisable, vested, settled, or paid in full or in installments after termination of employment, to extend the period for exercise of Options or SARs following termination of employment (but not beyond ten (10) years from the Grant Date of the Option or SAR) or to provide that any Restricted Stock Award, Restricted Stock Unit Award, Performance Unit Award, Performance Share Award, or Other Stock-Based Award shall in whole or in part not be forfeited upon Participant's death, disability, retirement, Change in Control, termination of employment following a Change in Control, or other special circumstance determined by the Committee, provided the Committee shall consider potential tax consequences in making any such determinations or taking any such actions;
  - (g) determine whether, to what extent, and under what circumstances an Award may be vested, paid, settled, canceled, forfeited, or surrendered, or, in connection with a Participant's death, disability, retirement, Change in Control, termination of employment following a Change in Control, or other special circumstances determined by the Committee, whether and to what extent any terms of, or restrictions on, an Award may be waived or accelerated (including the acceleration of the exercisability of, or waiver of all of the terms and conditions applicable to, any Award or any group of Awards for any reason and at any time) or, to extend the period subsequent to the termination of employment within which an Award may be exercised;
  - (h) taking into account the desirability of satisfying the performance-based compensation exception under Code Section 162(m), if a Participant is promoted, demoted, or transferred to a different business unit of the Company during a Performance Period, make adjustments to any performance goals, the applicable Performance Period, or eliminate or cancel the Award, to the extent the Committee determines that the Award, the performance goals, or the Performance Period are no longer appropriate in order to make the outstanding Award appropriate and comparable to the initial Award;

- (i) determine whether, and to what extent, and under what circumstances Awards may be canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended;
- (j) correct any defect, supply an omission, reconcile any inconsistency, and otherwise interpret and administer the Plan and any instrument or Award Agreement relating to the Plan or any Award hereunder;
- (k) grant Awards in replacement of Awards previously granted under this Plan or any other compensation plan of the Company, provided that any such replacement grant that would be considered a repricing shall be subject to stockholder approval;
- (l) cause the forfeiture of any Award or recover any Shares, cash, or other property attributable to an Award for violations of and in accordance with any Company ethics policy or pursuant to any Company compensation clawback policy, in each case, in effect on the Effective Date or as adopted or amended thereafter;
- (m) with the consent of the Holder, amend any Award Agreement at any time; provided that the consent of the Holder shall not be required for any amendment (i) that, in the Committee's determination, does not materially adversely affect the rights of the Holder, or (ii) which is necessary or advisable (as determined by the Committee) to carry out the purpose of the Award as a result of any new applicable law or change in an existing applicable law, or (iii) to the extent the Award Agreement specifically permits amendment without consent;
- (n) modify and amend the Plan, establish, amend, suspend, or waive such rules, regulations, and procedures of the Plan, and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and
- (o) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

3.3 *Committee Delegation.* The Committee may delegate to any member of the Board or committee of Board members such of its powers as it deems appropriate, including the power to subdelegate, except that, pursuant to such delegation or subdelegation, only a member of the Board (or a committee thereof) may grant Awards from time to time to specified categories of Service Providers in amounts and on terms to be specified by the Board or the Committee; provided that no such grants shall be made other than by the Board or the Committee to individuals who are then Section 16 Persons or other than by the Committee to individuals who are then or are deemed likely to become a "covered employee" within the meaning of Code Section 162(m). A majority of the members of the Committee may determine its actions and fix the times and places of its meetings.

3.4 *Determination Under the Plan.* Unless otherwise expressly provided in the Plan, all designations, determinations, adjustments, interpretations, and other decisions under or with respect to the Plan, any Award, or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all persons, including the Company, any Participant, any Holder, and any stockholder. No member of the Committee shall be liable for any action, determination, or interpretation made in good faith, and all members of the Committee shall, in addition to their rights as Directors, be fully protected by the Company with respect to any such action, determination, or interpretation.

#### SECTION 4 STOCK SUBJECT TO THE PLAN

4.1 *Number of Shares.* Subject to adjustment as provided in Section 4.3, the aggregate number of Shares authorized for issuance under the Plan in accordance with the provisions of the Plan shall be Three (3) Million Shares subject to such restrictions or other provisions as the Committee may from time to time deem necessary (the "*Maximum Share Limit*"). Any Share required to satisfy Substitute Awards shall not count against the Maximum Share Limit. Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares or treasury shares. The Shares may be divided among the various Plan components as the Committee shall determine; provided, however, the maximum number of Shares that may be issued pursuant to Incentive Stock Options (other than Shares issued under an Incentive Stock Option which was a Substitute Award) shall be the Maximum Share Limit. Subject to Section 4.2 below, Shares that are subject to an underlying Award and Shares that are issued pursuant to the exercise of an Award shall be applied to reduce the maximum number of Shares remaining available for use under the Plan. The Company shall at all times during the term of the Plan and while any Awards are outstanding retain as authorized and unissued Stock, or as treasury Stock, at least the number of Shares from time to time required under the provisions of the Plan, or otherwise assure itself of its

ability to perform its obligations hereunder. Notwithstanding the above, no nonemployee Director may be granted Awards of Options, SARs, Restricted Stock, Restricted Stock Units, Bonus Shares, Performance Shares, or Performance Units (or any other Award which is denominated in Shares) with respect to a number of Shares in any one (1) calendar year which, when added to the Shares subject to any other Award denominated in Shares granted to such nonemployee Director in the same calendar year, shall exceed Fifteen Thousand (15,000) Shares; provided, however, for purposes of the foregoing limitation, any Deferred Shares shall count against the limit only during the calendar year in which such shares are initially deferred and not in the calendar year in which the Deferred Shares are ultimately issued.

4.2 *Unused and Forfeited Stock.* Any Shares that are subject to an Award under this Plan that are not used because the terms and conditions of the Award are not met, including any Shares that are subject to an Award that expires or is terminated for any reason, shall again be available for grant under the Plan. If an SAR is settled in Shares, only the number of Shares delivered in settlement of an SAR shall cease to be available for grant under the Plan, regardless of the number of Shares with respect to which the SAR was exercised. If any Shares subject to an Award granted hereunder are withheld or applied as payment in connection with the exercise of an Award (including the withholding of Shares on the exercise of an Option that is settled in Shares) or the withholding or payment of taxes related thereto, such Shares shall again be available for grant under the Plan. Notwithstanding the foregoing, any Shares used for full or partial payment of the purchase price of the Shares with respect to which an Option is exercised, and any Shares retained by the Company pursuant to Section 16.2 that were originally Incentive Stock Option Shares, must still be considered as having been granted for purposes of determining whether the Share limitation provided for in Section 4.1 has been reached for purposes of Incentive Stock Option grants.

4.3 *Adjustments in Authorized Shares.* If, without the receipt of consideration therefor by the Company, the Company shall at any time increase or decrease the number of its outstanding Shares or change in any way the rights and privileges of such Shares such as, but not limited to, the payment of a stock dividend or any other distribution upon such Shares payable in Stock, or through a stock split, spin-off, extraordinary cash dividend, subdivision, consolidation, combination, reclassification, or recapitalization involving the Stock, or any similar corporate event or transaction, such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan then in relation to the Stock that is affected by one or more of the above events, (i) the numbers, rights, privileges, and kinds of Shares that may be issued under this Plan or under particular forms of Awards, (ii) the number and kind of Shares subject to outstanding Awards, and (iii) the Option Exercise Price or SAR exercise price applicable to outstanding Awards, shall be increased, decreased, or changed in like manner as if they had been issued and outstanding, fully paid, and nonassessable at the time of such occurrence.

#### 4.4 *General Adjustment Rules.*

- (a) If any adjustment or substitution provided for in this Section 4 shall result in the creation of a fractional Share under any Award, such fractional Share shall be rounded to the nearest whole Share and fractional Shares shall not be issued.
- (b) In the case of any such substitution or adjustment affecting an Option (including a Nonqualified Stock Option) or an SAR, such substitution or adjustment shall be made in a manner that is in accordance with the substitution and assumption rules set forth in Treasury Regulations 1.424-1 and the applicable guidance relating to Code Section 409A.

4.5 *Reservation of Rights.* Except as provided in this Section 4, a Participant shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend, or (iii) any other increase or decrease in the number of shares of stock of any class. Any issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to any Award (including the Option Exercise Price of Shares subject to an Option). The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, to merge or consolidate, or to dissolve, liquidate, sell, or transfer all or any part of its business or assets.

4.6 *Dividend Equivalents.* Subject to the provisions of the Plan and to the extent expressly provided in the applicable Award Agreement, the recipient of an Award other than an Option or SAR may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, amounts equivalent to cash, stock, or other property in lieu of dividends on Shares ("*Dividend Equivalents*") with respect to the number of Shares covered by the Award, as determined by the Committee in its sole discretion. The Committee may provide that the Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested and may provide that the Dividend Equivalents are subject to the same vesting or performance conditions as the underlying Award. Notwithstanding the foregoing, Dividend

Equivalents credited in connection with an Award that vests based on the achievement of performance goals shall be subject to restrictions and risk of forfeiture to the same extent as the Award with respect to which such Dividend Equivalents have been credited.

- 4.7 *Cancellation and Rescission of Awards; Clawback Policy.* The Committee may cancel, rescind, suspend, withhold, or otherwise limit or restrict any unexercised, unvested, unpaid, or deferred Award, cause the forfeiture of any Award, or recover any Shares, income, cash, or other property attributable to an Award, and any proceeds (including any income thereon) from the disposition of, such Shares, income, cash, or other property, at any time if the Holder is not or has not been in compliance with the Company ethics policy, any restrictive covenant with the Company or Affiliate, or any applicable term and condition of an Award. Any Awards granted under this Plan, any income earned with respect thereto, and any property, including Shares, received in connection with any exercise, settlement, payment or vesting of, or lapse of restriction on, the Awards, and any proceeds (and any income thereon) received from the disposition of any such property, shall be subject to any clawback, recoupment, or forfeiture provision included in any law, Award Agreement, Company policy, employment agreement, program document, term sheet, benefit plan or program, or Committee resolution, action, policy, or procedure in place on the Grant Date of the Award, provided, however, to the extent required by law (e.g., Dodd-Frank) or securities exchange listing standard, a Company clawback policy may apply retroactively.

## SECTION 5 PARTICIPATION

- 5.1 *Basis of Grant.* Participants in the Plan shall be those Service Providers who have performed, are performing, or during the term of their incentive arrangement will perform, services for the Company or any Affiliate thereof.
- 5.2 *Types of Grants; Limits.* Participants may be granted from time to time one or more Awards; provided, however, that the grant of each such Award shall be separately approved by the Committee or its designee, and receipt of one such Award shall not result in the automatic receipt of any other Award. Written or electronic notice shall be given to such Participant, specifying the terms, conditions, right, and duties related to such Award. Under no circumstance shall Incentive Stock Options be granted to (i) nonemployee Directors, or (ii) any person not permitted to receive Incentive Stock Options under the Code.
- 5.3 *Award Agreements.* Each Participant shall enter into an Award Agreement(s) with the Company, in such form as the Committee shall determine and which is consistent with the provisions of the Plan, specifying the applicable Award terms, conditions, rights, and duties. Unless otherwise explicitly stated in the Award Agreement, Awards shall be deemed to be granted as of the date specified in the grant resolution of the Committee, which date shall be the date of any related agreement(s) with the Participant. Unless explicitly provided in a particular Award Agreement that the terms of the Plan are to be superseded, in the event of any inconsistency between the provisions of the Plan and any such Award Agreement(s) entered into hereunder, the provisions of the Plan shall govern.
- 5.4 *Restrictive Covenants.* The Committee may, in its sole and absolute discretion, place certain restrictive covenants in an Award Agreement requiring the Participant to agree to refrain from certain actions. Such restrictive covenants, if contained in the Award Agreement, will be binding on the Participant.

## SECTION 6 STOCK OPTIONS

- 6.1 *Grant of Options.* A Participant may be granted one or more Options. The Committee in its sole discretion shall designate whether an Option is an Incentive Stock Option or a Nonqualified Stock Option. The Committee may grant both an Incentive Stock Option and a Nonqualified Stock Option to the same Participant at the same time or at different times. Incentive Stock Options and Nonqualified Stock Options, whether granted at the same or different times, shall be deemed to have been awarded in separate grants, shall be clearly identified, and in no event shall the exercise of one Option affect the right to exercise any other Option or affect the number of Shares for which any other Option may be exercised.
- 6.2 *Option Agreements.* Each Option granted under the Plan shall be evidenced by an Option Award Agreement, which shall be entered into by the Company and the Participant to whom the Option is granted (the "*Optionee*"), and which shall contain, or be subject to, the following terms and conditions, as well as such other terms and conditions not inconsistent therewith, as the Committee may consider appropriate in each case.
- (a) *Number of Shares.* Each Option Award Agreement shall state that it covers a specified number of Shares, as determined by the Committee. To the extent that the aggregate Fair Market Value of Shares with respect to which Options designated as Incentive Stock Options are exercisable for the first time by any Optionee during any

calendar year exceeds One Hundred Thousand Dollars (\$100,000) or, if different, the maximum limitation in effect at the time of grant under Section 422(d) of the Code, such Options in excess of such limit shall be treated as Nonqualified Stock Options. The foregoing shall be applied by taking Options into account in the order in which they were granted. For the purposes of the foregoing, the Fair Market Value of any Share shall be determined as of the time the Option with respect to such Share is granted. In the event the foregoing results in a portion of an Option designated as an Incentive Stock Option exceeding the One Hundred Thousand Dollar (\$100,000) limitation, only such excess shall be treated as a Nonqualified Stock Option.

- (b) *Price.* Each Option Award Agreement shall state the Option Exercise Price at which each Share covered by an Option may be purchased. Such Option Exercise Price shall be determined in each case by the Committee, but in no event other than with respect to the issuance of a Substitute Award shall the Option Exercise Price for each Share covered by an Option be less than the Fair Market Value of the Stock on the Option's Grant Date, as determined by the Committee; provided, however, that the Option Exercise Price for each Share covered by an Incentive Stock Option granted to an Eligible Employee who then owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any parent or Subsidiary corporation of the Company must be at least one hundred ten percent (110%) of the Fair Market Value of the Stock subject to the Incentive Stock Option on the Option's Grant Date.
- (c) *Duration of Options.* Each Option Award Agreement shall state the period of time, determined by the Committee, within which the Option may be exercised by the Holder (the "Option Period"). The Option Period must expire, in all cases, not more than ten (10) years from the Option's Grant Date; provided, however, that the Option Period of an Incentive Stock Option granted to an Eligible Employee who then owns Stock possessing more than ten percent (10%) of the total combined voting power of all classes of Stock of the Company must expire not more than five (5) years from the Option's Grant Date. Each Option Award Agreement shall also state the periods of time, if any, as determined by the Committee, when incremental portions of each Option shall become exercisable. If any Option or portion thereof is not exercised during its Option Period, such unexercised portion shall be deemed to have been forfeited and have no further force or effect.
- (d) *Postservice Option Exercise Rules.*
- (i) Each Option Agreement shall state the period of time, if any, determined by the Committee, within which the Vested Option may be exercised after an Optionee ceases to be a Service Provider and may provide for different periods of time depending upon whether such cessation as a Service Provider was on account of the Participant's death, Disability, voluntary resignation, retirement, cessation as a Director, or the Company having terminated such Optionee's employment with or without cause for any or no reason.
  - (ii) In the case of a Participant that is an Employee, a termination of service shall not occur if the Participant is on military leave, sick leave, or other bona fide leave of absence (such as temporary employment by the government) if the period of such leave does not exceed six (6) months, or if longer, as long as the Participant's right to reemployment with the Company or an Affiliate is provided either by statute or by contract.
  - (iii) In the case of a Participant that is both an Employee and a Director of the Company, the Participant's cessation as an Employee but continuation as a Director of the Company will not constitute a termination of service under the Plan. Unless an Option Agreement provides otherwise, a Participant's change in status from serving as an Employee and/or Director will not be considered a termination of the Participant serving as a Service Provider for purposes of any Option expiration period under the Plan.
  - (iv) If, within the period of time specified in the Option Award Agreement following the Option Holder's termination of employment, an Option Holder is prohibited by law or a Company's insider trading policy from exercising any Nonqualified Stock Option, the period of time during which such Option may be exercised will automatically be extended until the thirtieth (30th) day following the date the prohibition is lifted. Notwithstanding the immediately preceding sentence, in no event shall the Option exercise period be extended beyond the tenth (10th) anniversary of the Option's Grant Date.
- (e) *Transferability.* Except to the extent permitted by the Committee pursuant to Section 12.3, Options shall not be transferable by the Optionee except by will or pursuant to the laws of descent and distribution. Each Vested Option shall be exercisable during the Optionee's lifetime only by him or her, or in the event of Disability or



incapacity, by his or her guardian or legal representative. Shares issuable pursuant to any Option shall be delivered only to or for the account of the Optionee, or in the event of Disability or incapacity, to his or her guardian or legal representative.

(f) *Exercise, Payments, etc.*

(i) Unless otherwise provided in the Option Award Agreement, each Vested Option may be exercised by delivery to the Chief Financial Officer of the Company, or his or her designee(s), a written or electronic notice specifying the number of Shares with respect to which such Option is exercised and payment of the Option Exercise Price. Such notice shall be in a form satisfactory to the Company and shall specify the particular Vested Option that is being exercised and the number of Shares with respect to which the Vested Option is being exercised. The exercise of the Vested Option shall be deemed effective upon receipt of such notice by the Chief Financial Officer of the Company, or his or her designee(s), and payment to the Company. The purchase of such Stock shall take place at the principal offices of the Company upon delivery of such notice, at which time the purchase price of the Stock shall be paid in full by any of the methods or any combination of the methods set forth in clause (ii) below.

(ii) The Option Exercise Price may be paid by cash or certified bank check and, in the Committee's sole discretion by any of the following additional methods:

A. By delivery to the Company of Shares then owned by the Holder, the Fair Market Value of which equals the purchase price of the Stock purchased pursuant to the Vested Option, properly endorsed for transfer to the Company; provided, however, that Shares used for this purpose must have been held by the Holder for such minimum period of time as may be established from time to time by the Committee; and provided further that the Fair Market Value of any Shares delivered in payment of the purchase price upon exercise of the Options shall be the Fair Market Value as of the exercise date, which shall be the date of delivery of the Stock used as payment for the Option Exercise Price;

In lieu of actually surrendering to the Company the Shares then owned by the Holder, the Committee may, in its discretion permit the Holder to submit to the Company a statement affirming ownership by the Holder of such number of Shares and request that such Shares, although not actually surrendered, be deemed to have been surrendered by the Holder as payment of the exercise price;

B. For any Holder other than an Executive Officer or except as otherwise prohibited by the Committee, by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board;

C. For any Nonqualified Stock Option, by a "net exercise" arrangement pursuant to which the Company will not require a payment of the Option Exercise Price but will reduce the number of shares of common stock issued upon the exercise by the largest number of whole shares that has a fair market value on the date of exercise that does not exceed the aggregate Option Exercise Price. With respect to any remaining balance of the aggregate option price, the Company will accept a cash payment from the Holder; or

D. Any combination of the methods of consideration payment provided in this clause (ii).

(g) *Date of Grant.* Unless otherwise specified in the Option Award Agreement, an option shall be considered as having been granted on the date specified in the grant resolution of the Committee.

(h) *Withholding.*

(A) *Nonqualified Stock Options.* Upon any exercise of a Nonqualified Stock Option, the Optionee shall make appropriate arrangements with the Company to provide for the minimum amount of additional withholding required by applicable federal and state income tax and payroll laws, including payment of such taxes through delivery of Stock or by withholding Stock to be issued under the Option, as provided in Section 16 hereof.

(B) *Incentive Stock Options.* In the event that an Optionee makes a disposition (as defined in Section 424(c) of the Code) of any Stock acquired pursuant to the exercise of an Incentive Stock Option prior to the latter of (i) the expiration of two (2) years from the date on which the Incentive Stock Option was granted, or (ii) the expiration of one (1) year from the date on which the Option was exercised, the Participant shall send written or electronic notice to the Company at its principal office (Attention: Corporate Secretary) of the date of such disposition, the number of shares disposed of, the amount of proceeds received from such disposition, and any other information relating to such disposition as the Company may reasonably request. The Optionee shall, in the event of such a disposition, make appropriate arrangements with the Company to provide for the amount of additional withholding, if any, required by applicable federal and state income tax laws.

- (i) *Adjustment of Options.* Subject to the limitations set forth below and those contained in Sections 6 and 15, the Committee may make any adjustment in the Option Exercise Price, the number of Shares subject to, or the terms of, an outstanding Option and a subsequent granting of an Option by amendment or by substitution of an outstanding Option. Such amendment, substitution, or regrant may result in terms and conditions (including Option Exercise Price, number of Shares covered, vesting schedule, or exercise period) that differ from the terms and conditions of the original Option; provided, however, except as permitted under Section 11, the Committee may not, without stockholder approval (i) amend an Option to reduce its Option Exercise Price, (ii) cancel an Option and regrant an Option with an Option Exercise Price lower than the original Option Exercise Price of the cancelled Option, (iii) cancel an option in exchange for cash or another Award, or (iv) take any other action (whether in the form of an amendment, cancellation, or replacement grant) that has the effect of "repricing" an Option, as defined under the rules of the established stock exchange or quotation system on which the Company Stock is then listed or traded if such Exchange's or quotation system's rules define what constitutes a repricing. Other than with respect to a modification that a reasonable person would not find to be a material adverse change in an Optionee's rights under an Option, the Committee also may not adversely affect the rights of any Optionee to previously granted Options without the consent of such Optionee. If such action is affected by the amendment, the effective date of such amendment shall be the date of the original grant. Any adjustment, modification, extension, or renewal of an Option shall be effected such that the Option is either exempt from, or is compliant with, Code Section 409A.
- (j) *Modification, Extension, and Assumption of Options.* Within the limitations of the Plan and Code Section 409A, the Committee may modify, extend, or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options or a different type of award for the same or a different number of Shares and at the same or a different Option Exercise Price (if applicable). The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair the Optionee's rights or increase the Optionee's obligations under such Option.
- (k) *Minimum Vesting/Exercisability.* The exercise conditions for Options may be based on the achievement of specific performance goals, may be time based following the achievement of specific performance goals, may be based on the occurrence of a specified event, and/or may be imposed under applicable securities laws; provided that, except with respect to any Option granted to a nonemployee Director, any time-based exercise conditions (other than time-based exercise conditions following the achievement of specific performance goals) shall remain in effect (in whole or in part) at least until the first (1st) anniversary of the Grant Date, except as may otherwise be provided in an Award Agreement for accelerated exercisability in the event of death, disability, retirement, Change in Control, a termination of employment following a Change in Control, or other special circumstances determined by the Committee.

6.3 *Stockholder Privileges.* No Holder shall have any rights as a stockholder with respect to any Shares covered by an Option until the Holder becomes the holder of record of such Stock, and no adjustments shall be made for dividends or other distributions or other rights as to which there is a record date preceding the date such Holder becomes the holder of record of such Stock, except as provided in Section 4.

## SECTION 7 STOCK APPRECIATION RIGHTS

7.1 *Grant of SARs.* Subject to the terms and conditions of this Plan, an SAR may be granted to a Participant at any time and from time to time as shall be determined by the Committee in its sole discretion.

- (a) *Number of Shares.* The Committee shall have complete discretion to determine the number of SARs granted to any Participant, subject to the limitations imposed in this Plan and by applicable law.
  - (b) *Exercise Price and Other Terms.* Except with respect to SARs issued in connection with a Substitute Award, all SARs shall be granted with an exercise price no less than the Fair Market Value of the underlying Shares on the SARs' Date of Grant. The Committee, subject to the provisions of this Plan, shall have complete discretion to determine the terms and conditions of SARs granted under this Plan.
  - (c) *Duration of SARs.* Each SAR Award Agreement shall state the period of time, determined by the Committee, within which the SARs may be exercised by the Holder (the "SAR Period"). The SAR Period must expire, in all cases, not more than ten (10) years from the SAR Grant Date.
  - (d) *Minimum Vesting/Exercisability.* The exercise conditions for SARs may be based on the achievement of specific performance goals, may be time based following the achievement of specific performance goals, may be based on the occurrence of a specified event, and/or may be imposed under applicable securities laws; provided that, except with respect to any SAR granted to a nonemployee Director, any time-based exercise conditions (other than time-based exercise conditions following the achievement of specific performance goals) shall remain in effect (in whole or in part) at least until the first (1st) anniversary of the Grant Date, except as may otherwise be provided in an Award Agreement for accelerated exercisability in the event of death, disability, retirement, Change in Control, a termination of employment following a Change in Control, or other special circumstances determined by the Committee.
- 7.2 *SAR Award Agreement.* Each SAR granted under the Plan shall be evidenced by a written or electronic SAR Award Agreement which shall be entered into by the Company and the Participant to whom the SAR is granted (the "SAR Holder"), and which shall specify the exercise price per share, the terms of the SAR, the conditions of exercise, and such other terms and conditions as the Committee in its sole discretion shall determine.
- 7.3 *Exercise of SARs.* SARs shall be exercisable on such terms and conditions as the Committee in its sole discretion shall determine.
- 7.4 *Expiration of SARs.* Each SAR Award Agreement shall expire on the earlier of (i) the tenth (10th) anniversary of the SAR's Date of Grant, or (ii) after the period of time, if any, determined by the Committee, within which the SAR may be exercised after an SAR Holder ceases to be a Service Provider. The SAR Award Agreement may provide for different periods of time following an SAR Holder's cessation as a Service Provider during which the SAR may be exercised depending upon whether such cessation as a Service Provider was on account of the Participant's death, Disability, voluntary resignation, cessation as a Director, or the Company having terminated such SAR Holder's employment with or without Cause.
- 7.5 *Adjustment of SARs.* Subject to the limitations set forth below and those contained in Sections 7 and 15, the Committee may make any adjustment in the SAR exercise price, the number of Shares subject to, or the terms of, an outstanding SAR and a subsequent granting of an SAR by amendment or by substitution of an outstanding SAR. Such amendment, substitution, or regrant may result in terms and conditions (including SAR exercise price, number of Shares covered, vesting schedule, or exercise period) that differ from the terms and conditions of the original SAR; provided, however, except as permitted under Section 11, the Committee may not, without stockholder approval (i) amend an SAR to reduce its exercise price, (ii) cancel an SAR and regrant an SAR with an exercise price lower than the original SAR exercise price of the cancelled SAR, (iii) cancel an SAR in exchange for cash or another Award, or (iv) take any other action (whether in the form of an amendment, cancellation, or replacement grant) that has the effect of "repricing" an SAR, as defined under applicable NASDAQ rules or the rules of the established stock exchange or quotation system on which the Company Stock is then listed or traded. The Committee also may not adversely affect the rights of any SAR Holder to previously granted SARs without the consent of such SAR Holder. If such action is affected by the amendment, the effective date of such amendment shall be the date of the original grant. Any adjustment, modification, extension, or renewal of an SAR shall be effected such that the SAR is either exempt from, or is compliant with, Code section 409A.
- 7.6 *Payment of SAR Amount.* Upon exercise of an SAR relating to one or more Shares, a Holder shall be entitled to receive payment from the Company in an amount equal to the aggregate positive difference between the Fair Market Value of the Share(s) for which an SAR exercise is being made over the aggregate exercise price of such SARs. At the Committee's discretion, the payment upon an SAR exercise may be in whole Shares of equivalent value, cash, or a combination of whole Shares and cash. Fractional Shares shall be rounded to the nearest whole Share.

SECTION 8  
AWARDS OF RESTRICTED STOCK AND RESTRICTED STOCK UNITS

- 8.1 *Restricted Stock Awards Granted by Committee.* Coincident with or following designation for participation in the Plan and subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Restricted Stock to any Service Provider in such amounts as the Committee shall determine.
- 8.2 *Restricted Stock Unit Awards Granted by Committee.* Coincident with or following designation for participation in the Plan and subject to the terms and provisions of the Plan, the Committee may grant a Service Provider Restricted Stock Units in connection with or separate from a grant of Restricted Stock. Upon the vesting of Restricted Stock Units, the Holder shall be entitled to receive the full value of the Restricted Stock Units payable in Shares or, if determined by the Committee, cash.
- 8.3 *Restrictions.* A Holder's right to retain Shares of Restricted Stock or be paid with respect to Restricted Stock Units shall be subject to such restrictions, including his or her continued performance as a Service Provider for a restricted period specified by the Committee, or the attainment of specified performance goals and objectives, as may be established by the Committee with respect to such Award; provided that, except with respect to any Award granted to a nonemployee Director, any time-based restrictions (other than time-based restrictions following the achievement of specific performance goals) shall remain in effect (in whole or in part) at least until the first (1st) anniversary of the Grant Date, except as may otherwise be provided in an Award Agreement for accelerated vesting in the event of death, disability, retirement, Change in Control, a termination of employment following a Change in Control, or other special circumstances determined by the Committee. The Committee may in its sole discretion require different periods of service or different performance goals and objectives with respect to (i) different Holders, (ii) different Restricted Stock or Restricted Stock Unit Awards, or (iii) separate, designated portions of the Shares constituting a Restricted Stock Award. Any grant of Restricted Stock or Restricted Stock Units shall contain terms such that the Award is either exempt from Code Section 409A or complies with such Section.
- 8.4 *Privileges of a Stockholder, Transferability.* Unless otherwise provided in the Award Agreement, a Participant shall have all voting, dividend, liquidation, and other rights with respect to Shares of Restricted Stock; provided, however, that any dividends paid on Shares of Restricted Stock prior to such Shares becoming vested shall be held in escrow by the Company and subject to the same restrictions on transferability and forfeitability as the underlying Shares of Restricted Stock. Any voting, dividend, liquidation, or other rights shall accrue to the benefit of a Holder only with respect to Shares of Restricted Stock held by, or for the benefit of, the Holder on the record date of any such dividend or voting date. A Participant's right to sell, encumber or otherwise transfer such Restricted Stock shall, in addition to the restrictions otherwise provided for in the Award Agreement, be subject to the limitations of Section 12.2 hereof. The Committee may determine that a Holder of Restricted Stock Units is entitled to receive Dividend Equivalents on such units. If the Committee determines that Restricted Stock Units shall receive Dividend Equivalents, such feature will be specified in the applicable Award Agreement. Restricted Stock Units shall not have any voting rights.
- 8.5 *Enforcement of Restrictions.* The Committee may in its sole discretion require one (1) or more of the following methods of enforcing the restrictions referred to in Sections 8.3 and 8.4:
- (a) placing a legend on the stock certificates, or the Restricted Stock Unit Award Agreement, as applicable, referring to restrictions;
  - (b) requiring the Holder to keep the stock certificates, duly endorsed, in the custody of the Company while the restrictions remain in effect;
  - (c) requiring that the stock certificates, duly endorsed, be held in the custody of a third-party nominee selected by the Company who will hold such Shares of Restricted Stock on behalf of the Holder while the restrictions remain in effect; or
  - (d) inserting a provision into the Restricted Stock Award Agreement prohibiting assignment of such Award Agreement until the terms and conditions or restrictions contained therein have been satisfied or released, as applicable.
- 8.6 *Termination of Service.* Unless otherwise provided in an Award Agreement or otherwise provided for in an employment agreement (in which case such provisions will apply), in the event a Participant ceases to be a Service Provider for any reason before a Restricted Stock Award or Restricted Stock Unit Award has fully vested, any unvested portion of such

Award shall be immediately forfeited upon such cessation of service. An Award Agreement may provide for the automatic vesting of any or all shares of Restricted Stock or Restricted Stock Units in connection with a Service Provider's separation from service due to one or more reasons, including, death, disability, retirement, Change in Control, a termination of employment following a Change in Control, or other special circumstances determined by the Committee.

#### SECTION 9

##### PERFORMANCE SHARES, PERFORMANCE UNITS, BONUS SHARES, OTHER STOCK-BASED AWARDS, AND DEFERRED SHARES

- 9.1 *Awards Granted by Committee.* Coincident with or following designation for participation in the Plan, a Participant may be granted Performance Shares or Performance Units.
- 9.2 *Terms of Performance Shares or Performance Units.* The Committee shall establish maximum and minimum performance targets to be achieved during the applicable Performance Period. Each grant of a Performance Share or Performance Unit Award shall be subject to additional terms and conditions not inconsistent with the provisions of the Plan. The Committee shall determine what, if any, payment is due with respect to an Award and whether such payment shall be made in cash, Stock, or some combination.
- 9.3 *Bonus Shares.* The Committee is authorized, subject to limitations under applicable law, to make such other Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including without limitation (i) Shares awarded purely as a "bonus" and not subject to any restrictions or conditions ("*Bonus Shares*"), or (ii) any award of Shares or payment of cash that is valued in whole or in part by reference to, or are otherwise based on, Shares, other property, or achievement of performance metrics or measures ("*Other Stock-Based Awards*"). The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company or any Affiliate as a condition precedent to the grant of Bonus Shares or Other Stock-Based Awards, subject to such minimum consideration as may be required by applicable law.
- 9.4 *Deferred Shares.* Subject to the terms and provisions of the Plan, Deferred Shares may be granted to any Participant in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee. The Committee may impose such conditions or restrictions on any Deferred Shares as it may deem advisable, including time-vesting restrictions and deferred payment features. The Committee may cause the Company to establish a grantor trust to hold Shares subject to Deferred Share Awards. Without limiting the generality of the foregoing, the Committee may grant to any Participant, or permit any Participant to elect to receive, Deferred Shares in lieu of or in substitution for any other compensation (whether payable currently or on a deferred basis, and whether payable under this Plan or otherwise) which such Participant may be eligible to receive from the Company or a Subsidiary. In no event shall any Deferred Shares relate to the exercise of an Option. Any Award Agreement or other Company-sponsored deferred compensation plan relating to the grant of Deferred Shares shall separately contain the requisite terms and conditions such that the Deferred Shares Award complies with Code Section 409A; provided, however, in all cases except as may otherwise be expressly provided for under the other plan, any Shares issued upon the settlement and payment of any Deferred Shares shall be under and pursuant to this Plan. Unless otherwise expressly specified in another plan or agreement, any credited right to receive a Share under a Company-sponsored nonqualified deferred compensation plan or agreement, whether credited due to an election to defer compensation or due to the conversion of Dividend Equivalents into additional Shares, shall be a Deferred Share under this Plan and issuable under the terms and conditions set forth herein.

#### SECTION 10

##### PERFORMANCE AWARDS; SECTION 162(m) PROVISIONS

- 10.1 *Terms of Performance Awards.* Except as provided in Section 11, Performance Awards will be issued or granted, or become vested or payable, only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period and the amount of the Award to be distributed upon satisfaction of those performance goals shall be conclusively determined by the Committee. When the Committee determines whether a performance goal has been satisfied for any Performance Period, the Committee, where the Committee deems appropriate, may make such determination using calculations which alternatively include and exclude one, or more than one, "extraordinary items" as determined under U.S. generally accepted accounting principles, and the Committee may determine whether a performance goal has been satisfied for any Performance Period, taking into account the alternative which the Committee deems appropriate under the circumstances. The Committee also may take into account any other unusual or nonrecurring items, including the charges or costs associated with restructurings of the Company, discontinued operations, and the cumulative effects of accounting changes and, further, may take into account any unusual or nonrecurring events affecting the Company, changes in applicable tax laws or accounting principles or such other factors as the Committee may determine

reasonable and appropriate under the circumstances (including any factors that could result in the Company's paying nondeductible compensation to an Employee or nonemployee Director).

10.2 *Performance Goals.* If an Award is subject to this Section 10, then the lapsing of restrictions thereon, or the vesting thereof, and the distribution of cash, Shares, or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, which shall be based on the attainment of one or any combination of the following metrics, and which may be established on an absolute or relative basis for the Company as a whole or any of its subsidiaries, operating divisions, or other operating units:

- (a) Earnings (either in the aggregate or on a per-Share basis) including earnings per share, earnings before interest, earnings before interest and taxes, earnings before interest, taxes, and depreciation, or earnings before interest, taxes, depreciation, and amortization and in the case of any of the foregoing, such goal may be adjusted to further exclude items in order to measure achievement of specific performance goals, including any one or more of the following: stock-based compensation expense; income or losses from discontinued operations; gain on cancellation of debt; debt extinguishment and related costs; restructuring, separation, and/or integration charges and costs; reorganization and/or recapitalization charges and costs; impairment charges; gain or loss related to investments or the sale of assets; extraordinary gains or losses; the cumulative effect of accounting changes; acquisitions or divestitures; foreign exchange impacts; any unusual, nonrecurring gain or loss; sales and use tax settlement; and gain on nonmonetary transactions;
- (b) Operating profit (either in the aggregate or on a per-Share basis);
- (c) Operating income (either in the aggregate or on a per-Share basis);
- (d) Net earnings on either a LIFO or FIFO basis (either in the aggregate or on a per-Share basis);
- (e) Net income or loss (either in the aggregate or on a per-Share basis);
- (f) Cash flow provided by operations (either in the aggregate or on a per-Share basis);
- (g) Cash flow returns, including cash flow returns on invested capital (cash flow from operating activities minus capital expenditures, the difference of which is divided by the difference between total assets and non-interest-bearing current liabilities);
- (h) Ratio of debt to debt plus equity;
- (i) Net borrowing;
- (j) Credit quality or debt ratings;
- (k) Inventory levels, inventory turn or shrinkage;
- (l) Revenues;
- (m) Free cash flow (either in the aggregate or on a per-Share basis);
- (n) Reductions in expense levels or expense management, determined either on a Company-wide basis or with respect to any one or more business units;
- (o) Operating and maintenance cost management and Employee productivity;
- (p) Gross margin;
- (q) Return measures (including return on assets, investment, invested capital equity, or sales);
- (r) Market share;
- (s) Total stockholder return;

- (t) Working capital;
- (u) Productivity increases;
- (v) Share price (including attainment of a specified per-Share price during the Incentive Period; growth measures and total stockholder return or attainment by the Shares of a specified price for a specified period of time);
- (w) Book value per-Share;
- (x) Growth or rate of growth of any of the above Business Criteria;
- (y) Achievement of business criteria or operational goals, consisting of one or more objectives based on meeting specified revenue, market share, market penetration, business development, geographic business expansion goals, objectively identified project milestones, production volume levels, cost targets, customer satisfaction, and goals relating to acquisitions or divestitures; and/or
- (z) Accomplishment of mergers, acquisitions, dispositions, public offerings, or similar extraordinary business transactions; provided that applicable incentive goals may be applied on a pre-tax or post-tax basis; and provided further that the Committee may, when the applicable incentive goals are established, provide that the formula for such goals may include or exclude items to measure specific objectives, such as losses from discontinued operations, extraordinary gains or losses, the cumulative effect of accounting changes, acquisitions, or divestitures, foreign exchange impacts and any unusual, infrequently occurring, or nonrecurring gain or loss. As established by the Committee, the incentive goals may include, without limitation, GAAP and non-GAAP financial measures.

10.3 *Adjustments.* Notwithstanding any provision of the Plan other than Section 4.3 or Section 11, with respect to any Award that is subject to this Section 10, the Committee may not adjust upwards the amount payable pursuant to such Award, nor may it waive the achievement of the applicable performance goals except in the case of the Participant's death, disability, Change in Control, or other special circumstance determined by the Committee in which the Committee determines such adjustment will not negatively affect the Company's ability to deduct any compensation under Code Section 162(m) or the Committee determines that such compensation is to no longer qualify for any performance-based compensation exception under Code Section 162(m).

10.4 *Other Restrictions.* If applicable because the Company is subject to Code Section 162(m)'s limitations on deductible compensation, the Committee shall have the power to impose such other restrictions on Awards subject to this Section 10 as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Code Section 162(m)(4)(B).

10.5 *Section 162(m) Limitations.* Notwithstanding any other provision of this Plan, if the Committee determines at the time any Award is granted to a Participant that such Participant is, or is likely to be at the time he or she recognizes income for federal income tax purposes in connection with such Award, a Covered Employee, then the Committee may provide that this Section 10 is applicable to such Award.

10.6 *Maximum Annual Award.* The maximum number of Shares with respect to which an Award or Awards (including any Options, SARs, Restricted Stock, Restricted Stock Units, Bonus Shares, Performance Shares, or Performance Units (or any other Award which is denominated in Shares)) may be granted to any Participant in any one (1) calendar year of the Company (the "*Maximum Annual Participant Award*") shall not exceed Two Hundred Thousand (200,000) Shares (subject to adjustment pursuant to Sections 4.3 and 4.4).

## SECTION 11 CORPORATE TRANSACTIONS

11.1 *Participant's Award Agreement.* Except as may be specifically provided in a Participant's Award Agreement, in the event that the Company is a party to a corporate transaction (including a Change of Control) involving a merger or consolidation, or in the event of a sale of all or substantially all of the Company's stock or assets, all Shares acquired under the Plan and all Awards outstanding on the effective date of the transaction shall be treated in the manner described in the definitive transaction agreement (or, in the event the transaction does not entail a definitive agreement to which the Company is party, in the manner determined by the Board in its capacity as administrator of the Plan, with such determination having final and binding effect on all parties), which agreement or determination need not treat all Awards (or all portions of an

Award) in an identical manner. The treatment specified in the transaction agreement may include (without limitation) one or more of the following with respect to each outstanding Award:

- (a) Continuation of the Award by the Company (if the Company is the surviving corporation).
- (b) Assumption of the Award by the surviving corporation or its parent and if such assumption occurs with respect to an Option, such assumption must be in a manner that complies with Code Section 424(a).
- (c) Substitution by the surviving corporation or its parent of an Award for a new award and if such substitution occurs with respect to an Option, such substitution occurs in a manner that complies with Code Section 424(a).
- (d) Cancellation of the Award and a payment to the Participant with respect to each Share subject to the portion of the Award that is vested as of the transaction date equal to the underlying Fair Market Value of the Share underlying the Award or, in the case of an Option or SAR, an amount equal to the excess of (i) the value, as determined by the Board in its absolute discretion, of the property (including cash) received by the holder of a share of Stock as a result of the transaction, over (ii) the per-Share Option Exercise Price or SAR exercise price (such excess, the "Spread"). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent having a value equal to such Fair Market Value or Spread, respectively. In addition, any escrow, holdback, earnout, or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Stock. If the Fair Market Value or Spread applicable to an Award is zero (0) or a negative number, then the Award may be cancelled without making a payment to the Participant.
- (e) With respect to an outstanding Option or SAR, cancellation of the Award without the payment of any consideration; provided that the Participant shall be notified of such treatment and given an opportunity to exercise the Award to the extent the Option or SAR is vested or becomes vested as of the effective date of the transaction during a period of not less than five (5) business days preceding the effective date of the transaction, unless (i) a shorter period is required to permit a timely closing of the transaction, and (ii) such shorter period still offers the Participant a reasonable opportunity to exercise the Award. Any exercise of the Option or SAR during such period may be contingent upon the closing of the transaction.
- (f) With respect to an outstanding Option or SAR, suspension of the Participant's right to exercise the Award during a limited period of time preceding the closing of the transaction, if such suspension is administratively necessary to permit the closing of the transaction.
- (g) Termination of any right the Participant has to exercise an Option or SAR before vesting in the Shares subject to the Award (i.e., "early exercise"), such that following the closing of the transaction the Award may only be exercised to the extent it is vested.

11.2 *Board Discretion.* For the avoidance of doubt, the Board has discretion to accelerate, in whole or part, the vesting and exercisability of an Award in connection with a corporate transaction covered by this Section 11. Any such determinations by the Board under this Section 11 may be made generally with respect to all Participants, or may be made on a case-by-case basis with respect to particular Participants.

## SECTION 12 RIGHTS OF EMPLOYEES; PARTICIPANTS

12.1 *Employment.* Nothing contained in the Plan or in any Award granted under the Plan shall confer upon any Participant any right with respect to the continuation of his or her services as a Service Provider or interfere in any way with the right of the Company, subject to the terms of any separate employment or consulting agreement to the contrary, at any time to terminate such services or to increase or decrease the compensation of the Participant from the rate in existence at the time of the grant of an Award. Whether an authorized leave of absence, or absence in military or government service, shall constitute a termination of Participant's services as a Service Provider shall be determined by the Committee at the time.

12.2 *Nontransferability.* Except as provided in Section 12.3, no right or interest of any Holder in an Award granted pursuant to the Plan shall be assignable or transferable during the lifetime of the Participant, either voluntarily or involuntarily, or be subjected to any lien, directly or indirectly, by operation of law, or otherwise, including execution, levy, garnishment, attachment, pledge, or bankruptcy. In the event of a Participant's death, a Holder's rights and interests in all Awards shall,



to the extent not otherwise prohibited hereunder, be transferable by testamentary will or the laws of descent and distribution, and payment of any amounts due under the Plan shall be made to, and exercise of any Options or SARs may be made by, the Holder's legal representatives, heirs, or legatees. If, in the opinion of the Committee, a person entitled to payments or to exercise rights with respect to the Plan is disabled from caring for his or her affairs because of a mental condition, physical condition, or age, payment due such person may be made to, and such rights shall be exercised by, such person's guardian, conservator, or other legal personal representative upon furnishing the Committee with evidence satisfactory to the Committee of such status. "Transfers" shall not be deemed to include transfers to the Company or "cashless exercise" procedures with third parties who provide financing for the purpose of (or who otherwise facilitate) the exercise of Awards consistent with applicable laws and the authorization of the Committee.

- 12.3 *Permitted Transfers.* Pursuant to conditions and procedures established by the Committee from time to time, the Committee may permit Awards to be transferred without consideration other than nominal consideration to, exercised by, and paid to certain persons or entities related to a Participant, including members of the Participant's immediate family or trusts whose beneficiaries or beneficial owners are members of the Participant's immediate family (a "*Permitted Transferee*"). In the case of initial Awards, at the request of the Participant, the Committee may permit the naming of the related person or trust as the Award recipient. Any permitted transfer shall be subject to the condition that the Committee receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes and without consideration (other than nominal consideration). Notwithstanding the foregoing, Incentive Stock Options shall only be transferable to the extent permitted in Section 422 of the Code, or such successor provision thereto, and the treasury regulations thereunder.

### SECTION 13 GENERAL RESTRICTIONS

- 13.1 *Investment Representations.* The Company may require any person to whom an Award is granted, as a condition to receiving Stock under the Award, to give written assurances in substance and form satisfactory to the Company and its counsel to the effect that such person is acquiring the Stock subject to the Award for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effect as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws. Legends evidencing such restrictions may be placed on the certificates evidencing the Stock.

- 13.2 *Compliance with Securities Laws.*

- (a) Each Award shall be subject to the requirement that, if at any time counsel to the Company shall determine that the listing, registration, or qualification of the Shares subject to such Award upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary as a condition of, or in connection with, the issuance or purchase of Shares thereunder, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained on conditions acceptable to the Committee. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, or qualification.
- (b) Each Holder who is a Director or an Executive Officer is restricted from taking any action with respect to any Award if such action would result in (i) a violation of Section 306 of the Sarbanes-Oxley Act of 2002, and the regulations promulgated thereunder, whether or not such law and regulations are applicable to the Company, or (ii) any policies adopted by the Company restricting transactions in the Stock.

### SECTION 14 OTHER EMPLOYEE BENEFITS

The amount of any compensation deemed to be received by a Participant as a result of the exercise of an Option or the grant, payment, or vesting of any other Award shall not constitute "earnings" with respect to which any other benefits of such Participant are determined, including benefits under (a) any pension, profit sharing, life insurance, or salary continuation plan, or other employee benefit plan of the Company, or (b) any agreement between the Company and the Participant, except as such plan or agreement shall otherwise expressly provide.

### SECTION 15 PLAN AMENDMENT, MODIFICATION, AND TERMINATION

- 15.1 *Amendment, Modification, and Termination.* The Board may at any time terminate, and from time to time may amend or modify, the Plan; provided, however, that no amendment or modification may become effective without approval of the

amendment or modification by the stockholders if stockholder approval is required to enable the Plan to satisfy any applicable statutory or regulatory requirements, to comply with the requirements for listing on any exchange where the Shares are listed, or if the Company, on the advice of counsel, determines that stockholder approval is otherwise necessary or desirable.

- 15.2 *Adjustment Upon Certain Unusual or Nonrecurring Events.* The Board may make adjustments in the terms and conditions of Awards in recognition of unusual or nonrecurring events (including the events described in Section 4.3) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Board determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.
- 15.3 *Awards Previously Granted.* Notwithstanding any other provision of the Plan to the contrary (but subject to a Holder's employment being terminated for Cause and Section 15.2), no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Holder of such Award.

#### SECTION 16 WITHHOLDING

- 16.1 *Withholding Requirement.* The Company's obligations to deliver Shares upon the exercise of an SAR, or upon the vesting, settlement, or issuance of any other Award, shall be subject to the Participant's satisfaction of all applicable federal, state, and local income and other tax (including Social Security and Medicare taxes) withholding requirements.
- 16.2 *Satisfaction of Withholding Requirement.* The Committee may, in its sole discretion, provide that when taxes are to be withheld in connection with the exercise, vesting, settlement, or issuance of an Award, the Holder may elect to make payment for the withholding taxes, by one or a combination of the following methods:
- (a) payment of an amount in cash equal to the amount to be withheld;
  - (b) payment by tendering previously acquired Shares (either actually or by attestation) valued at their then Fair Market Value in an amount equal to the amount to be withheld;
  - (c) requesting that the Company withhold from the Shares otherwise issuable to the Holder Shares having a value equal to their then Fair Market Value and equal to the amount to be withheld; and
  - (d) withholding from any other compensation otherwise due to the Holder.
- 16.3 *Withholding with Stock.* To the extent the Committee permits withholding through either the payment of previously acquired Shares or withholding from the Shares otherwise issuable to the Holder, any such withholding shall be in accordance with any rules or established procedures for election by Participants or Holders including any rules or restrictions relating to the period of time any previously acquired Shares have been held or owned, the timing of any elections, the irrevocability of any elections, or any special rules relating to a Participant who is an officer or director of the Company within the meaning of Section 16 of the 1934 Act.

#### SECTION 17 NONEXCLUSIVITY OF THE PLAN

- 17.1 *Nonexclusivity of the Plan.* Neither the adoption of the Plan nor the submission of the Plan to stockholders of the Company for approval shall be construed as creating any limitations on the power or authority of the Board or of the Committee to continue to maintain or adopt such other or additional incentive or other compensation arrangements of whatever nature as the Board or the Committee, as the case may be, may deem necessary or desirable, or to preclude or limit the continuation of any other plan, practice, or arrangement for the payment of compensation or fringe benefits to Employees or nonemployee Directors generally, or to any class or group of Employees or nonemployee Directors, which the Company now has lawfully put into effect, including any retirement, pension, savings, and stock purchase plan, insurance, death, and disability benefits, and executive short-term incentive plans.

SECTION 18  
REQUIREMENTS OF LAW

- 18.1 *Requirements of Law.* The issuance of Stock and the payment of cash pursuant to the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or stock exchanges as may be required. Notwithstanding any provision of the Plan or any Award, Holders shall not be entitled to exercise or receive benefits under any Award, and the Company shall not be obligated to deliver any Shares or other benefits to a Holder, if such exercise, receipt of benefits, or delivery would constitute a violation by the Holder or the Company of any applicable law or regulation.
- 18.2 *Code Section 409A.*
- (a) This Plan is intended to meet or to be exempt from the requirements of Code Section 409A, and shall be administered, construed, and interpreted in a manner that is in accordance with and in furtherance of such intent. Any provision of this Plan that would cause an Award to fail to satisfy Code Section 409A or, if applicable, an exemption from the requirements of that Section, shall be amended (in a manner that as closely as practicable achieves the original intent of this Plan) to comply with Code Section 409A or any such exemption on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Code Section 409A.
  - (b) If an Award provides for payments or benefits that (i) constitute a "deferral of compensation" within the meaning of Code Section 409A, and (ii) are triggered upon a termination of employment, then to the extent required to comply with Section 409A, the phrases "termination of employment," "separation from service," or words and phrases of similar import, shall be interpreted to mean a "separation from service" within the meaning of Code Section 409A.
  - (c) If a Participant was a "specified employee," then to the extent required in order to comply with Code Section 409A, all payments, benefits, or reimbursements paid or provided under any Award that constitute a "deferral of compensation" within the meaning of Code Section 409A, that are provided as a result of a "separation from service" within the meaning of Section 409A and that would otherwise be paid or provided during the first six (6) months following such separation from service shall be accumulated through and paid or provided (together with interest at the applicable federal rate under Section 7872(f)(2)(A) of the Code in effect on the date of the separation from service) on the first business day that is more than six (6) months after the date of the separation from service (or, if the Participant dies during such six (6) month period, within ninety (90) days after the Participant's death).
  - (d) To the extent that payment of an amount that constitutes a "deferral of compensation" within the meaning of Code Section 409A is contingent upon the Participant executing a release of claims against the Company, the release must be executed by the Participant and become effective and irrevocable in accordance with its terms no later than the earlier of (i) the date set forth in the Award, or (ii) fifty-five (55) days following separation from service.
  - (e) To the extent that any payment of an amount that constitutes a "deferral of compensation" within the meaning of Code Section 409A and is scheduled to be paid in the form of installment payments, such payment form shall be deemed to be a right to a series of separate payments as described in Treasury Regulations § 1.409A-2(b)(2)(iii).
  - (f) To the extent that any Award is subject to Code Section 409A, any substitution of such Award may only be made if such substitution is made in a manner permitted and compliant with Code Section 409A.
  - (g) In no event will the Company or any Affiliate have any liability to any Participant with respect to any penalty or additional income tax imposed under Code Section 409A even if there is a failure on the part of the Company or Committee to avoid or minimize such Section's penalty or additional income tax.
- 18.3 *Rule 16b-3.* Each transaction under the Plan is intended to comply with all applicable conditions of Rule 16b-3, to the extent Rule 16b-3 reasonably may be relevant or applicable to such transaction. To the extent any provision of the Plan or any action by the Committee under the Plan fails to so comply, such provision or action shall, without further action by any person, be deemed to be automatically amended to the extent necessary to effect compliance with Rule 16b-3;

provided, however, that if such provision or action cannot be amended to effect such compliance, such provision or action shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

18.4 *Governing Law.* The Plan and all agreements hereunder shall be construed in accordance with and governed by the laws of the state of Delaware without giving effect to the principles of the conflict of laws to the contrary.

**THIS JACK HENRY & ASSOCIATES, INC. 2015 EQUITY INCENTIVE PLAN WAS ADOPTED BY THE BOARD OF DIRECTORS AND STOCKHOLDERS OF JACK HENRY & ASSOCIATES, INC. EFFECTIVE ON THE 10TH DAY OF NOVEMBER, 2015.**