
Section 1: 8-K (8-K)

**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) **January 30, 2018**

HORMEL FOODS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

1-2402
(Commission File
Number)

41-0319970
(IRS Employer
Identification
Number)

1 Hormel Place
Austin, MN 55912
(Address of Principal Executive Office)

Registrant's telephone number, including area code: (507) 437-5611

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 5 – CORPORATE GOVERNANCE AND MANAGEMENT

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

On January 30, 2018, stockholders of Hormel Foods Corporation (the Company) approved the Hormel Foods Corporation 2018 Incentive Compensation Plan (the Plan).

The purpose of the Plan is to promote the interests of the Company and its stockholders by aiding the Company in attracting and retaining employees, officers, nonemployee directors, consultants and advisors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business, to afford such persons an opportunity to acquire a proprietary interest in the Company by rewarding them for making major contributions to the success of the Company and to thereby promote the Company's long-term business success.

The Plan is administered by the Compensation Committee of the Board of Directors, which has the authority to determine the persons to whom awards will be granted, the timing of awards, the type and number of shares covered by each award, the terms, conditions, performance criteria and restrictions of the awards as well as the manner in which awards are paid and settled. Eligible participants include any employees, consultants and advisors of the Company or any subsidiary, as well as nonemployee directors of the Company. Awards under the Plan may be in the form of stock options, stock appreciation rights, restricted stock, stock units, other stock-based awards, and cash incentive awards.

The Plan was filed in Appendix A to the Proxy Statement on December 20, 2017.

The compensation committee adopted Exhibits 10.1 and 10.2 as agreements under the Plan.

Item 5.07 Submission of Matters to a Vote of Security Holders

The Company conducted its annual stockholders' meeting on January 30, 2018.

At the annual meeting, 488,251,808 shares were represented (92.2 percent of the 529,585,006 shares outstanding and entitled to vote). Four items were considered at the meeting and the results of the voting were as follows:

1. Election of Directors: The nominees in the proxy statement were: Gary C. Bhojwani, Terrell K. Crews, Glenn S. Forbes, M.D., Stephen M. Lacy, Elsa A. Murano, Ph.D., Robert C. Nakasone, Susan K. Nestegard, Dakota A. Pippins, Christopher J. Policinski, Sally J. Smith, James P. Snee, and Steven A. White. The results were as follows:

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| <u>DIRECTOR:</u> | <u>FOR</u> | <u>AGAINST</u> | <u>ABSTAIN</u> | <u>BROKER NON-VOTE</u> |
|---------------------------|-------------------|-----------------------|-----------------------|-----------------------------------|
| Gary C. Bhojwani | 434,941,576 | 1,261,949 | 293,064 | 51,755,219 |
| Terrell K. Crews | 434,872,890 | 1,318,684 | 305,015 | 51,755,219 |
| Glenn S. Forbes, M.D. | 435,087,167 | 1,155,908 | 253,514 | 51,755,219 |
| Stephen M. Lacy | 417,638,189 | 18,445,091 | 413,309 | 51,755,219 |
| Elsa A. Murano, Ph.D. | 434,866,824 | 1,261,855 | 367,910 | 51,755,219 |
| Robert C. Nakasone | 426,481,464 | 9,607,846 | 407,279 | 51,755,219 |
| Susan K. Nestegard | 434,869,981 | 1,021,038 | 605,570 | 51,755,219 |
| Dakota A. Pippins | 432,896,901 | 3,228,483 | 371,205 | 51,755,219 |
| Christopher J. Policinski | 434,533,116 | 1,673,712 | 289,761 | 51,755,219 |
| Sally J. Smith | 423,283,101 | 12,805,711 | 407,777 | 51,755,219 |
| James P. Snee | 430,122,366 | 2,988,290 | 3,385,933 | 51,755,219 |
| Steven A. White | 434,982,288 | 1,226,660 | 287,641 | 51,755,219 |

2. Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending October 28, 2018:

| | |
|----------|-------------|
| For: | 484,703,410 |
| Against: | 3,119,333 |
| Abstain: | 429,065 |

3. Advisory vote on the compensation of the Company's Named Executive Officers, as disclosed in the Company's 2018 annual meeting proxy statement (as filed with the Securities and Exchange Commission on December 20, 2017):

| | |
|------------------|-------------|
| For: | 429,826,594 |
| Against: | 5,758,433 |
| Abstain: | 907,494 |
| Broker Non-Vote: | 51,755,219 |

4. Approval of the Hormel Foods Corporation 2018 Incentive Compensation Plan:

| | |
|------------------|-------------|
| For: | 426,058,501 |
| Against: | 9,637,325 |
| Abstain: | 796,765 |
| Broker Non-Vote: | 51,755,219 |

Item 9.01 Exhibits

(d) Exhibits furnished pursuant to Item 5.02

| | |
|------|---|
| 99.1 | The plan. Appendix A to the Proxy Statement on December 20, 2017. |
| 10.1 | Restricted Stock Award Agreement |
| 10.2 | Stock Option Agreement |

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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.

HORMEL FOODS CORPORATION

(Registrant)

Dated: January 31, 2018

By /s/ JAMES N. SHEEHAN
JAMES N. SHEEHAN
Senior Vice President and
Chief Financial Officer

Dated: January 31, 2018

By /s/ JANA L. HAYNES
JANA L. HAYNES
Vice President and Controller

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HORMEL FOODS CORPORATION

**Restricted Stock Award Agreement
Under the 2018 Incentive Compensation Plan
(Non-Employee Directors)**

Hormel Foods Corporation (the “Company”), pursuant to its 2018 Incentive Compensation Plan (the “Plan”), hereby grants an award of Restricted Stock to you, the Participant named below. The terms and conditions of this Restricted Stock Award are set forth in this Restricted Stock Award Agreement (the “Agreement”), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, a copy of which has been provided or otherwise made available to you and is incorporated herein by reference and made a part of this Agreement. Any capitalized term that is not defined in this Agreement shall have the meaning set forth in the Plan, as it currently exists or as it is amended in the future.

| | |
|---|-------------------------|
| Name of Participant: _____ | |
| Number of Shares of Restricted Stock: _____ | Grant Date: _____, 20__ |
| Vesting Date: The date of the Company’s next annual stockholders meeting, or if the Grant Date is later than February 3 of any given year, the date of the Company’s second succeeding annual stockholders meeting. | |

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents and that they set forth the entire agreement between you and the Company regarding your rights and obligations in connection with this Restricted Stock Award.

PARTICIPANT

HORMEL FOODS CORPORATION

By: _____

Name:

Title:

**Hormel Foods Corporation
2018 Incentive Compensation Plan
Restricted Stock Award Agreement**

Terms and Conditions

1. **Grant of Restricted Stock.** The Company hereby grants to you, as of the Grant Date specified on the cover page of this Agreement (the “Grant Date”) and subject to the terms and conditions in this Agreement and the Plan, an Award of the number of Shares of Restricted Stock specified on the cover page of this Agreement. Unless and until these Shares vest as provided in Section 4 of this Agreement, they are subject to the restrictions provided for in Section 3 of this Agreement and are referred to as “Restricted Shares.”

2. **Issuance of Restricted Shares.** Until the Restricted Shares vest as provided in Section 4 of this Agreement, the Restricted Shares will be evidenced either by a book-entry in your name with the Company’s transfer agent or by one or more

stock certificates issued in your name. Any such stock certificate(s) will be deposited with the Company or its designee and will bear an appropriate legend referring to restrictions applicable to the Restricted Shares. Any book-entry will be accompanied by a similar legend and shall be subject to such stop-transfer orders and other restrictions as the Company may deem advisable. Your right to receive this Restricted Stock Award is conditioned upon your execution and delivery to the Company of any instructions of assignment that may be necessary to permit transfer to the Company of all or a portion of the Restricted Shares if such Restricted Shares are forfeited in whole or in part.

3. **Transfer Restrictions, Possible Forfeiture and Rights as Shareholder.**

(a) Until the Restricted Shares vest as provided in Section 4 of this Agreement, you are not entitled to sell, margin, assign, transfer, exchange, pledge or otherwise encumber or dispose of the Restricted Shares and the Restricted Shares remain subject to possible forfeiture as provided in Section 5 of this Agreement. Any attempted transfer in violation of this Agreement or the Plan shall be null and void and of no effect.

(b) Except as otherwise provided in this Agreement or the Plan, you are entitled at all times on and after the Grant Date to all the rights of a shareholder with respect to the Restricted Shares, including the right to vote the Restricted Shares and to receive all ordinary course cash dividends paid with respect to the Restricted Shares (“Cash Dividends”). Any other dividends or distributions, including any extraordinary cash dividends or the right to receive any stock or other securities of the Company (or any company with or into which the company shall be combined or merged) and any other assets (excluding Cash Dividends) (collectively, “Other Distributions”) payable with respect to outstanding but unvested Restricted Shares, including any Shares or other property or securities distributable in connection with an equity restructuring or other event described in Section 12 of the Plan, shall be delivered to, retained and held by the Company subject to the same restrictions, vesting conditions and other terms of this Agreement to which the underlying unvested Restricted Shares are subject. At the time the underlying Restricted Shares vest, the Company shall deliver to you (without interest) such retained Other Distributions that relate to the Restricted Shares that have vested. In

this Agreement, the term “Restricted Shares” shall, whenever the context requires, be deemed to include all Other Distributions in respect of the Restricted Shares. You agree to execute and deliver to the Company any instruments of assignment that may be necessary to permit transfer to the Company of all or any portion of any dividends or distributions subject to this Section 3(b) that may be forfeited.

4. **Vesting of Restricted Shares.**

(a) **Scheduled Vesting.** The Restricted Shares will vest on the Vesting Date specified on the cover page of this Agreement (the “Vesting Date”), so long as your Service to the Company does not end.

(b) **Accelerated Vesting.** Notwithstanding Section 4(a) of this Agreement, vesting of the Restricted Shares may be accelerated during the term of the Option under the circumstances described in Sections 12(b) and 12(c) of the Plan, and at the discretion of the Committee in accordance with Section 3(b)(2) of the Plan.

5. **Effect of Termination of Service.** Except as otherwise provided in accordance with Section 4 of this Agreement, if you cease to be a Service Provider, you will immediately forfeit all unvested Restricted Shares. Any Restricted Shares that are forfeited shall be returned to the Company for cancellation. You shall have no further rights as a stockholder of the Company with respect to the forfeited Shares, including, without limitation, any right to receive any dividend or distribution payable to stockholders of record on or after the date of such forfeiture.

6. **Delivery of Unrestricted Shares.** After any Restricted Shares vest pursuant to Section 4 of this Agreement, and after the Company has determined that all conditions to the release of such vested Shares to you, including compliance with all applicable legal requirements as provided in Section 17(c) of the Plan, have been satisfied, the Company shall, as soon as practicable, cause to be delivered to you the applicable number of unrestricted Shares, together with all Other Distributions that relate to such Shares. Delivery of the unrestricted Shares shall be effected by the removal of restrictions on the book-entry in the stock register maintained by the Company’s transfer agent with a corresponding notice provided to you, by the electronic delivery of the Shares to a brokerage account you designate, or by delivery to you of a stock certificate without a restrictive legend.

7. **No Right to Continued Service or Future Awards.** This Agreement awards Restricted Stock to you, but does not impose any obligation on the Company to make any future grants or issue any future awards to you or otherwise continue your participation under the Plan. This Agreement will not give you a right to continued Service with the Company or any Affiliate, and the Company may terminate your Service without regard to the effect it may have upon you under this Agreement.

8. **Tax Consequences.** You acknowledge that unless you make a proper and timely Section 83(b) election as described below, then at the time the Restricted Shares vest, you will be obligated to recognize ordinary income and be taxed in an amount equal to the Fair Market Value as of the date of vesting of the Restricted Shares then vesting. You shall be solely responsible for any tax obligations that may arise as a result of this Award.

You understand that, with respect to the grant of this Restricted Stock Award, you may file an election with the Internal Revenue Service, within 30 days of the Grant Date, electing pursuant to Section 83(b) of the Code to be taxed on the Fair Market Value of the Restricted Shares as of the Grant Date. You acknowledge that it is your sole responsibility to timely file an election under Section 83(b) of the Code. If you make such an election, you must promptly provide the Company with a copy.

9. **Governing Plan Document.** This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Board or the Committee pursuant to the Plan. All interpretations of the Committee and all related decisions or resolutions of the Board or the Committee shall be final and binding on the Company and you. If there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

10. **Entire Agreement.** This Agreement and the Plan set forth the entire agreement and understanding of the parties hereto with respect to the issuance and delivery of the Restricted Shares and supersede all prior agreements, arrangements, plans, and understandings relating to the issuance and delivery of these Restricted Shares.

11. **Choice of Law.** This Agreement will be interpreted and enforced under the laws of the state of Delaware (without regard to its conflicts-of-law principles).

12. **Binding Effect.** This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

13. **Compensation Recovery Policy; Cancellation.**

(a) You agree that during the period of your Service with the Company or any of its Affiliates (the "Covenant Term"), you will not (i) materially breach the Company's Code of Ethics and Business Conduct or (ii) breach any noncompetition, nondisclosure or similar obligation owed to the Company or any Affiliate. Failure to comply with the provisions of Section 13(a) during the Covenant Term shall cause this Award to be canceled.

(b) Additionally, this Award and any compensation associated herewith may be made subject to reduction, cancellation, forfeiture or recovery by the Company or other action pursuant to any compensation recovery policy adopted by the Board or the Committee at any time, including in response to the requirements of Section 10D of the Exchange Act and any implementing rules and regulations thereunder, or as otherwise required by law. Any Agreement may be unilaterally amended by the Committee to comply with any such compensation recovery policy

14. **Electronic Delivery and Acceptance.** The Company may deliver any documents related to this Restricted Stock Award by electronic means and request your acceptance of this Agreement by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

HORMEL FOODS CORPORATION

Stock Option Agreement
Under the 2018 Incentive Compensation Plan

Hormel Foods Corporation (the "Company"), pursuant to its 2018 Incentive Compensation Plan (the "Plan"), hereby grants an Option to purchase shares of the Company's common stock to you, the Participant named below. The terms and conditions of the Option Award are set forth in this Agreement, consisting of this cover page and the Option Terms and Conditions on the following pages, and in the Plan document, a copy of which has been provided to you. Any capitalized term that is not defined in this Agreement shall have the meaning set forth in the Plan as it currently exists or as it is amended in the future.

| Name of Participant: _____ | | | | | | | | | | | |
|--|--|--------------|--|---------------------------------|-----|----------------------------------|-----|---------------------------------|-----|----------------------------------|-----|
| No. of Shares Covered: _____ | Grant Date: _____, 20__ | | | | | | | | | | |
| Exercise Price Per Share:\$ _____ | Expiration Date: _____, 20__ | | | | | | | | | | |
| <p>Vesting and Exercise Schedule:</p> <table style="width:100%; margin-left: 40px;"> <thead> <tr> <th style="text-align: center;"><u>Dates</u></th> <th style="text-align: center;"><u>Portion of Shares as to Which Option Becomes Vested and Exercisable</u></th> </tr> </thead> <tbody> <tr> <td>First Anniversary of Grant Date</td> <td style="text-align: right;">25%</td> </tr> <tr> <td>Second Anniversary of Grant Date</td> <td style="text-align: right;">25%</td> </tr> <tr> <td>Third Anniversary of Grant Date</td> <td style="text-align: right;">25%</td> </tr> <tr> <td>Fourth Anniversary of Grant Date</td> <td style="text-align: right;">25%</td> </tr> </tbody> </table> | | <u>Dates</u> | <u>Portion of Shares as to Which Option Becomes Vested and Exercisable</u> | First Anniversary of Grant Date | 25% | Second Anniversary of Grant Date | 25% | Third Anniversary of Grant Date | 25% | Fourth Anniversary of Grant Date | 25% |
| <u>Dates</u> | <u>Portion of Shares as to Which Option Becomes Vested and Exercisable</u> | | | | | | | | | | |
| First Anniversary of Grant Date | 25% | | | | | | | | | | |
| Second Anniversary of Grant Date | 25% | | | | | | | | | | |
| Third Anniversary of Grant Date | 25% | | | | | | | | | | |
| Fourth Anniversary of Grant Date | 25% | | | | | | | | | | |

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents and that they set forth the entire agreement between you and the Company regarding your right to purchase shares of the Company's common stock pursuant to this Option.

PARTICIPANT

HORMEL FOODS CORPORATION

By: _____

Name:

Title:

HORMEL FOODS CORPORATION
2018 Incentive Compensation Plan
Stock Option Agreement

Option Terms and Conditions

1. Vesting and Exercisability of Option.

(a) Scheduled Vesting. This Option will vest and become exercisable as to the number of Shares and on the dates specified in the Vesting and Exercise Schedule on the cover page to this Agreement, so long as your Service to the Company

does not terminate for reasons other than your Disability or Qualified Retirement (as defined below). The Vesting and Exercise Schedule is cumulative, meaning that to the extent the Option has not already been exercised and has not expired or been terminated or cancelled, you may at any time purchase all or any portion of the Shares subject to the vested portion of the Option. As used herein, "Qualified Retirement" means any termination of your Service, other than for Cause, occurring at or after age 65, or at or after age 55 with fifteen (15) years or more of continuous service to the Company and its Affiliates, provided that you remain an active Service Provider of the Company or one of its Affiliates through (i) the remainder of the Company's current fiscal quarter in which the Grant Date occurred plus (ii) the entire subsequent fiscal quarter following the fiscal quarter in which the Grant Date occurred. Upon the termination of your Service to the Company due to your Disability or Qualified Retirement, vesting shall continue in accordance with the provisions of the first sentence of this Section 1(a).

(b) **Accelerated Vesting.** Notwithstanding Section 1(a), if you die then this Option shall immediately vest and become exercisable in full. In addition, vesting and exercisability of this Option may be accelerated during the term of the Option under the circumstances described in Sections 12(b) and 12(c) of the Plan, and at the discretion of the Committee in accordance with Section 3(b)(2) of the Plan.

2. **Expiration.** Subject to Section 1 of this Agreement and Section 12 of the Plan, this Option will expire and will no longer be exercisable at 4:00 p.m. Central Time on the earliest of:

- (a) The expiration date specified on the cover page of this Agreement;
- (b) Upon your termination of Service for Cause or upon conduct that would constitute Cause during any post-termination exercise period;
- (c) Upon your termination of Service for any reason other than Cause, death, Disability or Qualified Retirement and subject to Section 12 of the Plan, the date three months after your date of termination; provided however, if you die during such three-month period, the vested and exercisable portions of this Option may be exercised for a period of one year after the date of your death;
- (d) Upon your termination of Service due to your Disability or Qualified Retirement, this Option shall be exercisable until the original expiration date specified on the cover page of this Agreement; provided, however, if you die prior to the original expiration date specified on the cover page of this Agreement, this option shall expire upon the earlier of (i) one year after the date of your death and (ii) the original expiration date specified on the cover page of this Agreement;
- (e) Upon your termination of Service due to your death, the date one year after your date of termination; or
- (f) The date (if any) fixed for forfeiture, termination or cancellation of this Option pursuant to Section 12 of the Plan or Section 16 of this Agreement.

3. **Service Requirement.** Except as otherwise provided in Section 6(d) of the Plan or Section 1 of this Agreement, this Option may be exercised only while you continue to provide Service to the Company

or any Affiliate, and only if you have continuously provided such Service since the Grant Date of this Option.

4. **Exercise of Option.** Subject to Section 3, the vested and exercisable portion of this Option may be exercised by (i) delivering electronic notice of exercise to the third-party stock plan administrator retained by the Company or, if approved by the Committee, written notice of exercise to the Company, to the attention of the Company's Corporate Secretary (which written or electronic notice will be in such form as may be approved by the Company and shall state the number of Shares to be purchased, the manner in which the exercise price will be paid and the manner in which the Shares to be acquired are to be delivered, and must be signed or otherwise authenticated by the person exercising this Option), or by such other means as the Committee may approve and (ii) by providing for payment of the exercise price of the Shares being acquired and any related withholding taxes.

5. **Payment of Exercise Price.** Payment of the exercise price, and any applicable withholding tax, shall be made by cash or check or, to the extent permitted by the Committee from time to time and elected by you, by means of a broker-assisted cashless exercise in which you irrevocably instruct your broker to deliver proceeds of a sale of all or a portion of the Shares to be issued pursuant to the exercise to the Company in payment of the exercise price of such Shares, to the extent the foregoing method can be accommodated by any third-party stock plan administrator retained by the Company. The Committee may permit additional payment methods from time to time in its discretion.

6. **Withholding Taxes.** You may not exercise this Option in whole or in part unless you make arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the exercise of

this Option. You hereby authorize the Company (or any Affiliate) to withhold from payroll or other amounts payable to you any sums required to satisfy such withholding tax obligations, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 14 of the Plan. The Committee may permit additional withholding methods from time to time in its discretion. Delivery of Shares upon exercise of this Option is subject to the satisfaction of applicable withholding tax obligations.

7. **Delivery of Shares.** As soon as practicable after the Company receives the notice of exercise and payment of the exercise price as provided above, and has determined that all other conditions to exercise, including satisfaction of withholding tax obligations and compliance with applicable laws as provided in Section 17(c) of the Plan, have been satisfied, it shall deliver to the person exercising the Option, in the name of such person, the Shares being purchased, as evidenced by issuance of a stock certificate or certificates, electronic delivery of such Shares to a brokerage account designated by such person, or book-entry registration of such Shares with the Company's transfer agent. The Company shall pay any original issue or transfer taxes with respect to the issue or transfer of the Shares and all fees and expenses incurred by it in connection therewith. All Shares so issued shall be fully paid and nonassessable.
8. **Transfer of Option.** During your lifetime, only you (or your guardian or legal representative in the event of legal incapacity) may exercise this Option except in the case of a transfer described below. You may not assign or transfer this Option except for a transfer upon your death in accordance with your will, by the laws of descent and distribution. The Option held by any such transferee will continue to be subject to the same terms and conditions that were applicable to the Option immediately prior to its transfer and may be exercised by such transferee as and to the extent that the Option has become exercisable and has not terminated in accordance with the provisions of the Plan and this Agreement.
9. **No Stockholder Rights Before Exercise.** Neither you nor any permitted transferee of this Option will have any of the rights of a stockholder of the Company with respect to any Shares subject to this Option until a certificate evidencing such Shares has been issued, electronic delivery of such Shares has been made to your designated brokerage account, or an appropriate book entry in the Company's stock register has been made. No adjustments shall be made for dividends or other rights if the applicable record date occurs before your stock certificate has been issued, electronic delivery of your Shares has been made to your designated brokerage account, or an appropriate book entry in the Company's stock register has been made, except as otherwise described in the Plan.

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10. **Non-Qualified Stock Option.** This Option is not intended to be an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code and will be interpreted accordingly.
 11. **Governing Plan Document.** This Agreement and Option are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.
 12. **Choice of Law.** This Agreement will be interpreted and enforced under the laws of the state of Delaware (without regard to its conflicts or choice of law principles).
 13. **Binding Effect.** This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.
 14. **Other Agreements.** You agree that in connection with the exercise of this Option, you will execute such documents as may be necessary to become a party to any stockholder, voting or similar agreements as the Company may require.
 15. **Restrictive Legends.** The Company may place a legend or legends on any certificate representing Shares issued upon the exercise of this Option summarizing transfer and other restrictions to which the Shares may be subject under applicable securities laws, other provisions of this Agreement, or other agreements contemplated by Section 14 of this Agreement. You agree that in order to ensure compliance with the restrictions referred to in this Agreement, the Company may issue appropriate "stop transfer" instructions to its transfer agent.
 16. **Compensation Recovery Policy; Cancellation and Rescission.**
 - (a) You agree that during the period of your Service with the Company or any of its Affiliates and for the one-year period immediately following termination of such Service for any reason (the "Covenant Term"), you will not (i) materially breach the Company's Code of Ethics and Business Conduct, (ii) breach any nondisclosure or similar obligation owed to the Company or any Affiliate or (iii) render services for any organization or engage directly or indirectly in any business which, in the judgment of the chief executive officer of the Company or other senior officer designated by the Committee, is or

becomes competitive with the Company, or which organization or business, or the rendering of services to such organization or business, is or becomes otherwise prejudicial to or in conflict with the interests of the Company.

(b) Failure to comply with the provisions of Section 16(a) during the Covenant Term shall cause this Option to be canceled. If any failure to comply with the provisions of Section 16(a) during the Covenant Term occurs within a one year period after any exercise, payment or delivery pursuant to this Option shall cause such exercise, payment or delivery to be rescinded. The Company shall notify you in writing of any such rescission within one year after such exercise, payment or delivery. Within ten days after receiving such notice from the Company, you shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery pursuant to this Option.

(c) Additionally, this Option and any compensation associated herewith may be made subject to reduction, cancellation, forfeiture or recovery by the Company or other action pursuant to any compensation recovery policy adopted by the Board or the Committee at any time, including in response to the requirements of Section 10D of the Exchange Act and any implementing rules and regulations thereunder, or as otherwise required by law. This Option may be unilaterally amended by the Committee to comply with any such compensation recovery policy.

17. **Electronic Delivery and Acceptance.** The Company may deliver any documents related to this Option by electronic means and request your acceptance of this Agreement by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

By signing the cover page of this Agreement or otherwise accepting this Agreement in a manner approved by the Company, you agree to all the terms and conditions described above and in the Plan document.