

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (date of earliest event reported): May 22, 2024

The Joint Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36724
(Commission file number)

90-0544160
(IRS employer
identification number)

16767 N. Perimeter Drive, Suite 110
Scottsdale, AZ 85260
(Address of principal executive offices)(Zip code)

Registrant's telephone number, including area code:
(480) 245-5960

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligations 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 Par Value Per Share	JYNT	The NASDAQ Capital Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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.

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

As described below in Item 5.07 of this Current Report on Form 8-K, on May 22, 2024, our stockholders approved The Joint Corp. 2024 Incentive Stock Plan (the "Stock Plan"). The material terms and conditions of the Stock Plan were previously described under Proposal 4 of our Definitive Proxy Statement on Schedule 14A, as filed with the Securities and Exchange Commission on April 19, 2024 (the "Proxy Statement"), and are incorporated by reference into Item 5.02 of this Current Report on Form 8-K.

The foregoing summary is qualified in its entirety by reference to the full text of the Stock Plan, which is filed herewith as Exhibit 10.1 and is incorporated herein by reference.

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

Our 2024 annual meeting of stockholders was held on May 22, 2024. Set forth below is a brief description of each matter voted on at the meeting and the final voting results.

Proposal 1. The election to our Board of Directors of seven nominees to serve for the terms expiring on the date of the next annual meeting of stockholders in 2025 or until his or her successors are elected and qualified. In accordance with the results below, each nominee was elected to serve as a director.

	Votes For	Votes Against	Abstentions	Broker Non-Votes
Matthew E. Rubel	10,503,780	118,278	13,295	1,862,468
Ronald V. DaVella	10,205,466	400,271	29,616	1,862,468
Suzanne M. Decker	10,602,882	17,177	15,294	1,862,468
Jefferson Gramm	10,622,461	8,612	4,280	1,862,468
Peter D. Holt	10,438,521	195,229	1,603	1,862,468
Abe Hong	10,472,798	160,833	1,722	1,862,468

Glenn J. Krevlin	9,248,161	1,385,576	1,616	1,862,468
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Proposal 2. The approval, on an advisory basis, of the compensation of our named executive officers as disclosed pursuant to Item 402 of Regulation S-K in the Proxy Statement. In accordance with the results below, the compensation of our named executive officers was approved.

Votes For	Votes Against	Abstentions	Broker Non-Votes
10,377,686	246,446	11,221	1,862,468

Proposal 3. The ratification of the appointment of BDO USA, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2024. In accordance with the results below, the appointment of BDO USA, P.C. was ratified.

Votes For	Votes Against	Abstentions
12,424,642	71,411	1,768

Proposal 4. The approval of the Stock Plan. In accordance with the results below, the Stock Plan was approved.

Votes For	Votes Against	Abstentions	Broker Non-Votes
8,194,262	2,307,064	134,027	1,862,468

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1* 104	The Joint Corp. 2024 Incentive Stock Plan Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Management contract or compensatory plan or arrangement.

Signature

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

Date: May 23, 2024

The Joint Corp.

By /s/ Peter D. Holt
Peter D. Holt
President and Chief Executive Officer

The Joint Corp. 2024 Incentive Stock Plan

Article 1 Purpose

The purpose of this plan is to recognize and reward participants for their efforts on the Company's behalf, to motivate participants by appropriate incentives to contribute to the Company's attainment of its performance objectives, and to align participants' interests with those of the Company's other stockholders through compensation based on the performance of the Company's common stock.

Article 2 Definitions

Annual Restricted Share Grant is defined in [Article 7](#).

Award means an Option, SAR Award, Restricted Stock Award or RSU Award under the Plan.

Award Agreement means a written or electronic agreement between the Company and a Participant incorporating the terms of an Award to the Participant.

Board means the Company's Board of Directors.

Change of Control is defined in [Article 8](#). The terms "continuing Director," "appointed Director" and "elected Director" are also defined in [Article 8](#).

Code means the Internal Revenue Code of 1986, as amended.

Committee is defined in [Section 3.1](#). Unless the Board designates a different committee, the Compensation Committee of the Board shall serve as the Committee (as long as all of the members of the Compensation Committee qualify under [Section 3.1](#)).

common stock means the Company's common stock, par value \$.001 per share.

Company means The Joint Corp., a Delaware corporation.

Consultant means any individual who provides *bona fide* consulting or advisory services to the Company or a Subsidiary.

Director means a director of the Company.

Eligible Person means, in respect of all types of Awards except ISOs, any Employee, Director or Consultant and, in respect of ISOs, any Employee.

Employee means a full-time or part-time employee of the Company or a Subsidiary.

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

Expiration Date means the last day on which an Option or SAR may be exercised.

Fair Market Value means, for a given day, the value of a share of common stock determined as follows:

- i. If the common stock is listed on The NASDAQ Stock Market, its Fair Market Value will be the last reported sales price of a share of common stock as quoted on such exchange on the day in question (or on the most recent trading day if the day in question is not a trading day);

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- ii. For purposes of any Awards granted on the Registration Date, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company's common stock; or

- iii. In the absence of an established market for the common stock, the Fair Market Value will be determined in good faith by the Administrator.

Grant Date means, in respect of an Award, the date that the Committee grants the Award or any later date that the Committee specifies as the effective date of the Award.

ISO means an incentive stock option described in §422 of the Code.

NSO means a nonstatutory stock option (i.e., any stock option other than an ISO).

Option means an award pursuant to [Article 5](#) of an option to purchase shares of common stock. In the case of an award pursuant to [Article 5](#), the Committee shall designate at the time of grant whether an Option is an ISO or a NSO.

Outside Director means a Director who is not an Employee.

Participant means an Eligible Person who holds an Award under the Plan.

Performance Goals means one or more of the following objective performance goals for the Company, a division or a Subsidiary, measured over a 12-month or longer period and specified either in absolute terms or in percentage terms relative to a target, base period, index or peer group:

- earnings per share
- earnings before interest, taxes, depreciation and amortization
- revenues
- income from operations
- return on invested capital
- return on assets
- internal rate of return

- return on stockholders' equity
- total return to stockholders

Plan means this plan, as it may be amended. The name of this Plan is the "The Joint Corp. 2024 Incentive Stock Plan."

Registration Date means the effective date of the first registration statement that is filed by the Company and declared effective pursuant to Section 12(g) of the Exchange Act, with respect to the Company's shares.

Restricted Shares means shares of common stock subject to a risk of forfeiture or other restrictions that will lapse if and when specified service requirements, Performance Goals or other conditions are satisfied.

Restricted Stock Award means an award of Restricted Shares pursuant to [Article 6](#).

Restricted Stock Unit means a contractual right to receive one share of common stock in the future if and when specified service requirements, Performance Goals or other conditions are satisfied.

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RSU Award means an award of Restricted Stock Units pursuant to [Article 6](#).

SAR, or stock appreciation right, means a contractual right to receive a payment representing the excess of the Fair Market Value of a share of common stock on the date that the right is exercised over the exercise price per share of the right.

SAR Award means an award of a Stand-Alone SAR or Tandem SAR pursuant to [Article 5](#).

Section 16 Officer means an "officer" as defined by Rule 16a-1 promulgated under the Exchange Act.

share means a share of the Company's common stock.

Stand-Alone SAR means an SAR that is not related to an Option.

Subsidiary means a "subsidiary corporation" as defined in §424(f) of the Code.

Tandem SAR means an SAR that is related to an Option.

Termination means, in respect of an Employee, his or her termination of service to the Company or a Subsidiary. An employee's (i) transferring employment from the Company to a Subsidiary or from a Subsidiary to the Company or to another Subsidiary or (ii) leaving service as an Employee but continuing service as a Consultant or Director shall not be considered a termination of service. Termination means, in respect of a Director, his or her termination of service on the Board of the Company. A Director's leaving the Board but continuing in service to the Company as an Employee or Consultant shall not be considered a termination of service. Termination means, in respect of a Consultant, his or her termination of service as a Consultant.

Termination Date means the date on which an Employee, Director or Consultant, as the case may be, incurs a Termination.

Article 3 Administration

3.1 Committee

The Board shall designate a committee of the Board (the "Committee") to administer the Plan except in respect of Directors, for whom the full Board shall administer the Plan. The Committee shall consist of two or more Directors both or all of whom shall be (i) "non-employee directors" as defined in Rule 16b-3 under the Exchange Act, and (ii) "independent directors" under the applicable listing standards of The NASDAQ Global Market.

3.1 Authority

Subject to the terms of the Plan, the Committee shall have the authority to select the Eligible Persons to whom Awards are to be granted and to determine the time, type, number of shares, vesting, restrictions, limitations and other terms and conditions of each Award. The Committee may, in a limited manner and from time to time, delegate authority to the Chief Executive Officer or to the Chair of the Committee to grant Awards to employees, including officers who are not deemed Section 16 Officers (defined below), of The Joint that are newly hired employees, newly promoted individuals and recipients of recognition equity awards other than awards granted in connection with annual incentive programs. Any such delegation must be made within the guidelines established by the Committee and may be subject to review by the Committee (or the Board of Directors), at the discretion of the Committee (or the Board of Directors).

Awards under the Plan need not be uniform in respect of different Eligible Persons, whether or not similarly situated. The Committee may consider such factors as it deems relevant in selecting Eligible Persons for Awards and in determining their Awards.

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The Committee may condition the vesting of any Award on the attainment of one or more Performance Goals. Performance Goals may differ from Participant to Participant and from Award to Award. The Committee shall specify the applicable Performance Goal or Goals in the underlying Award Agreement. The Committee's evaluation of a Performance Goal's attainment may be adjusted to exclude any extraordinary events and transactions as described in Accounting Principles Board Opinion No. 30, but in all other respects, the measurement of Performance Goals shall be determined in accordance with the Company's financial statements and U.S. generally accepted accounting principles.

The Committee may interpret the Plan, adopt, revise and rescind policies and procedures to administer the Plan, and make all factual and other determinations required for Plan's administration.

The Committee's determinations, interpretations and other actions shall be final and binding. No member of the Committee shall be liable for any action of the Committee in good faith.

3.3 Procedures

The members of the Committee shall elect a chairman, and the Committee shall meet as necessary at the call of the chairman or any two members of the Committee. A

majority of the members of the Committee shall constitute a quorum, and all actions of the Committee at a meeting at which a quorum is present shall be taken by majority vote.

A member of the Committee may participate in any meeting of the Committee by a conference telephone call or other means that enable all persons participating in the meeting to hear one another, and participation in this manner shall constitute his or her presence in person at the meeting. The Committee also may act by the unanimous written consent of its members.

Article 4 Plan Operation

4.1 Effective Date

This Plan shall become effective if and when approved by the Company's stockholders, such date, the "Effective Date").

4.2 Term

This Plan shall terminate at the earliest of (a) such time as no shares remain available for issuance under the Plan, (b) termination of the Plan by the Board, or (c) the tenth (10th) anniversary of the Effective Date. No Award may be granted under the Plan after its expiration. Awards outstanding upon expiration of the Plan shall remain in effect until they have been exercised or terminated or have expired and shall remain subject to the terms of the Plan.

4.3 Maximum Number of Shares

The maximum total number of shares of common stock for which Awards may be granted under this Plan is 2,000,000 shares. This maximum shall be subject to the capitalization adjustments under Section 4.5.

The shares for which Options, Restricted Stock Awards, RSU Awards, and SARs are granted shall count against this limit on a 1-for-1 basis.

The shares for which Awards may be granted shall be shares currently authorized but unissued or shares that the Company currently holds or subsequently acquires as treasury shares, including shares purchased in the open market or in private transactions.

4.4 Shares Available for Awards

The determination of the number of shares of common stock available for Awards under the Plan shall take into account the following:

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(a) If an Option lapses or expires unexercised, the number of shares in respect of which the Option lapsed or expired shall be added back to the available number of shares for which Awards may be granted.

(b) If a Restricted Stock Award or RSU Award lapses or is forfeited, the number of shares in respect of which the Award lapsed or was forfeited shall be added back to the available number of shares for which Awards may be granted.

(c) If a SAR Award or RSU Award is settled in cash, the number of shares in respect of which the Award was settled in cash shall not be added back to the available number of shares for which Awards may be granted.

(d) If the exercise price of an Option is paid by delivery of shares of common stock pursuant to Section 5.8, the number of shares issued upon exercise of the Option, without netting the shares delivered in payment of the exercise price, shall be taken into account in determining the available number of shares for which Awards may be granted.

(e) Notwithstanding anything in this Section 4.4 to the contrary but subject to the capitalization adjustments under Section 4.5 hereof, the maximum aggregate number of shares of common stock that may be delivered under the Plan as a result of the exercise of an ISO shall be 2,000,000 shares.

(f) Notwithstanding anything herein to the contrary, the maximum number of shares subject to Awards granted during a single fiscal year to any Outside Director, together with any cash fees paid to such Outside Director during the fiscal year shall not exceed a total value of \$500,000 (calculating the value of any Awards based on the grant date fair value for financial reporting purposes).

4.5 Capitalization Adjustments

In the event of a change in the number of outstanding shares of common stock by reason of a stock dividend, stock split, recapitalization, reorganization or the like, the Committee may, and in the case of a reverse stock split, the Committee shall, equitably adjust the following in order to prevent a dilution or enlargement of the benefits or potential benefits intended to be provided under the Plan: (i) the number of shares for which Awards may be granted under the Plan, (ii) the maximum number of shares for which Awards may be granted to any Eligible Person in a calendar year, (iii) the aggregate number of shares in respect of each outstanding Award and (iv) the exercise price of each outstanding Option and SAR. The Committee may also make any other equitable adjustments that the Committee considers appropriate. Except in the case of a reverse stock split, adjustments shall be made in the Committee's discretion, and its decisions shall be final and binding.

Article 5 Stock Options and SARs

5.1 Grant

The Committee may grant an Option or SAR to any Eligible Person. Subject to the terms of this Plan, the Committee shall determine the restrictions, limitations and other terms and conditions of each Option and SAR Award.

The Committee shall designate each Option as either an ISO or NSO, and shall designate each SAR Award as either a Stand-Alone SAR or a Tandem SAR. A Tandem SAR may not be granted later than the time that its related Option is granted.

5.2 Exercise Price

The Committee shall determine the exercise price of each Option and SAR. The exercise price per share may not be less than the Fair Market Value on the Grant Date of the Option or SAR.

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Except for capitalization adjustments under Section 4.5 or as approved by the Company's stockholders, the exercise price per share of any outstanding Option or SAR may not be reduced, and the Option or SAR may not be surrendered to the Company for cash or as consideration for the grant of a new Option or SAR with a lower exercise price per share.

5.3 Vesting and Term

The Committee shall determine the time or times at which each Option and Stand-Alone SAR becomes vested. Vesting may be based on continuous service or on the attainment of Performance Goals or other conditions specified in the Award Agreement. A Tandem SAR shall vest if and to the extent that its related Option vests, and shall expire or be canceled when its related Option expires or is canceled. No Option or SAR may have an Expiration Date more than 10 years from its Grant Date. The Committee, in its discretion, at any time may accelerate the vesting of an Option or SAR or extend its Expiration Date (subject to the foregoing maximum 10-year term).

5.4 Termination of Employment or Service as a Director

Unless otherwise specified in the underlying Award Agreement, in the case of an Option or SAR held by an Employee or Director who incurs a Termination:

(a) if and to the extent that the Option or SAR is unvested as of the Employee's or Director's Termination Date, the Option or SAR shall lapse on the Termination Date unless the Termination is incurred by reason of his or her death, in which case the Option or SAR shall become fully vested as of the Employee's or Director's Termination Date; and

(b) subject to subsection (c) in the case of an Option granted to a Director, if and to the extent that the Option or SAR is (or becomes) vested as of the Employee's or Director's Termination Date, the Option or SAR shall expire (i) on the earlier of 90 days after the Termination Date or the Expiration Date of the Option or SAR, or (ii) if the Termination is incurred by reason of his or her death, on the earlier of the first anniversary of the Employee's or Director's death or the Expiration Date of the Option or SAR.

(c) in the case of an Option granted to a Director, if and to the extent that the Option is (or becomes) vested as of the Director's Termination Date, the Option shall expire on its Expiration Date.

5.5 Transferability

No Option or SAR may be transferred, assigned or pledged, whether by operation of law or otherwise, except (i) as provided in the underlying Award Agreement or as the Committee otherwise permits, or (ii) as provided by will or the applicable laws of intestacy or (iii) if:

(a) the transferee is a revocable trust that the employee established for estate planning reasons (in respect of which the employee is treated as the owner for federal income tax purposes); or

(b) the transferee is (i) the spouse of the employee or a child, step-child, grandchild, parent, sibling or child of a sibling of the employee (each an eligible transferee"), (ii) a custodian for an eligible transferee under any Uniform Transfers to Minors Act or Uniform Gifts to Minors Act or (iii) a trust for the primary benefit of one or more eligible transferees.

Transfers described in the preceding clause (b) shall be subject to any restrictions and requirements that the Committee considers appropriate (for example, the transferee's written agreement to be bound by the terms of the Plan and the underlying Award Agreement).

No Option or SAR shall be subject to execution, attachment or similar process.

5.6 Additional ISO Rules

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To the extent that the aggregate fair market value (determined in respect of each ISO on the basis of the Fair Market Value of a share of common stock on the ISO's Grant Date) of the underlying shares of all ISOs that become exercisable by an individual for the first time in any calendar year exceeds \$100,000, the Options shall be treated as NSOs. This limitation shall be applied by taking ISOs into account in the order in which they were granted.

In the case of an ISO granted to an Employee who at the time of grant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or any Subsidiary), the exercise price per share may not be less than 110% of the Fair Market Value on the Grant Date and the ISO may not have an Expiration Date more than five years from the Grant Date.

The Award Agreement underlying an Option that the Committee designates as an ISO may contain any additional terms, beyond those of this Plan, that the Committee considers necessary or desirable to include to assure that the Option complies with the requirements of §422 of the Code.

5.7 Manner of Exercise

A vested Option or SAR may be exercised in full or only partially (but in the case of a partial exercise, only in respect of a whole number of shares) by (i) written notice to the Committee or its designee stating the number of shares in respect of which the Option or SAR is being exercised and, in the case of an Option, (ii) full payment of the exercise price of those shares.

5.8 Payment of Exercise Price

Payment of the exercise price of an Option shall be made by check or, if permitted by the Committee (either in the underlying Award Agreement or at the time of exercise), by: (i) delivery of shares of common stock having a Fair Market Value on the date of exercise equal to the exercise price; (ii) directing the Company to withhold, from the shares otherwise issuable upon exercise of the Option, shares having a Fair Market Value on the date of exercise equal to the exercise price; (iii) by an open-market broker-assisted sale pursuant to which the Company is promptly delivered the portion of the sales proceeds necessary to pay the exercise price; (iv) any combination of these methods of payment; or (v) any other method of payment that the Committee authorizes.

5.9 Tandem SARs

A Tandem SAR shall entitle the Participant to elect to exercise either the SAR or the related Option as to all or any portion of the shares subject to the SAR and Option. The exercise of a Tandem SAR shall cause the immediate and automatic cancellation of its related Option with respect to the same number of shares, and the exercise, expiration or cancellation of the related Option (other than by reason of the exercise of the Tandem SAR) shall cause the automatic and immediate cancellation of the Tandem SAR with respect to the same number of shares.

5.10 Settlement of SARs

Settlement of a SAR may be made, in the Committee's discretion, in shares of common stock or in cash, or in a combination of the two, subject to applicable tax withholding requirements. Any cash payment in settlement of a SAR shall be made on the basis of the Fair Market Value of a share of common stock on the date that the SAR is exercised.

Article 6
Restricted Stock
and Restricted Stock Units

6.1 Grant

The Committee may issue Restricted Shares or grant Restricted Stock Units to any Eligible Person. Subject to the terms of this Plan, the Committee shall determine the restrictions, limitations and other terms and conditions of each Restricted Stock Award and RSU Award.

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6.2 Vesting

The Committee shall determine the time or times at which each Restricted Stock Award or RSU Award becomes vested. Vesting may be based on continuous service or on the attainment of specified Performance Goals or other conditions specified in the Award Agreement.

Each Restricted Stock Award and RSU Award held by an Employee or a Director shall become fully vested as of his or her Termination Date if the Termination is incurred by reason of his or her death.

6.3 Transferability

Prior to the vesting of a Restricted Stock Award, the Restricted Shares subject to the Award may not be transferred, assigned or pledged (except as provided in the Award Agreement or as the Committee permits) and shall not be subject to execution, attachment or similar process. After vesting, the shares may still remain subject to restrictions on transfer under applicable securities laws and any restrictions imposed by the Award Agreement. If the Restricted Shares are issued in certificated form, the Committee may require each certificate representing Restricted Shares to bear a legend making appropriate reference to the restrictions on the shares, and may also require that the certificate, together with a stock power duly endorsed in blank by the Participant, remain in the Company's physical custody or in escrow with a third party until all restrictions have lapsed.

6.4 Rights as Stockholder

Subject to the terms of the Plan and as provided in the underlying Award Agreement, a Participant may have some or all of the rights of a stockholder in respect of unvested Restricted Shares subject to a Restricted Stock Award, including the right to vote the shares and to receive dividends and other distributions in respect of the shares. A Participant shall have all of the rights of a stockholder when Restricted Shares become vested. The Committee may provide in the Award Agreement for the payment of dividends and distributions; provided, however any such dividends or other distributions paid on unvested Restricted Shares will be held by the Company and transferred to the Participant, without interest, as and when the Restricted Shares become vested (or within a reasonable time thereafter). Dividends or other distributions paid on unvested Restricted Shares that are forfeited shall also be forfeited.

A Participant shall not have any rights as a stockholder in respect of the shares of common stock subject to a RSU Award until those shares have been issued and delivered to the Participant pursuant to the terms of the Award.

6.5 Settlement of RSU Award

Settlement of a RSU Award may be made, in the Committee's discretion, in shares of common stock or in cash, or in a combination of the two, subject to applicable tax withholding requirements. Any cash payment in settlement of a RSU Award shall be made on the basis of the Fair Market Value of a share of common stock on the date that the shares subject to the Award become issuable to the Participant.

6.6 Deferrals

The Committee may (but shall not be required to) permit a Participant to elect to defer the delivery of shares upon the vesting or settlement of a Restricted Stock Award or RSU Award. Any such election shall be for a deferral period and in a manner and on terms that the Committee approves and that comply with the requirements of §409A of the Code.

Article 7
Automatic Restricted Stock Award Grants
to Outside Directors

7.1 Grant

All grants of Restricted Shares to Outside Directors pursuant to this Article will be automatic and nondiscretionary, except as otherwise provided herein, made in accordance with the provisions in this Article, and otherwise subject to the terms and conditions of the Plan.

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7.2 Annual Grant

Each Outside Director automatically will be granted a number of Restricted Shares (the "Annual Restricted Share Grant") equal to \$50,000 divided by the closing price of share of the Company's stock on the date of his or her election or re-election as a Director.

7.3 Terms

The Restricted Shares subject to the Annual Restricted Share Grant will vest in full on the earlier of (a) first anniversary of its Grant Date (or on the Director's death if the Director incurs a Termination by reason of his or her death prior to the first anniversary of the Grant Date) and (b) the next annual meeting of the Company's stockholders after the Annual Restricted Share Grant, subject to the Outside Directors continuous service through the applicable vesting date.

Article 8
Change of Control; Dissolution or Liquidation

The following shall apply to Awards to the extent not otherwise provided in the applicable Award Agreement or individual severance or employment agreement to which a Participant is a party (and except as is necessary to satisfy the requirements for exemption under Section 409A or the requirements of §409A of the Code to the extent applicable):

8.1 Treatment of Outstanding Awards in Event of a Change of Control that is Not a Corporate Transaction

(a) In the event of a Change of Control that is not also a Corporate Transaction, all of a Participant's outstanding Awards shall become fully vested and exercisable, and all vesting conditions on the shares underlying Restricted Stock Awards of a Participant shall lapse, upon the occurrence of both:

- (1) A Change of Control; and
- (2) (x) Termination by the Company of such Participant for a reason other than Cause during the Window Period; *or* (y) a Termination by the Participant for Good Reason during the Window Period (the date upon which both (1) and either (2)(x) or 2(y) have occurred shall be referred to as the "Double Trigger Date").

(b) Notwithstanding subsection (a) above, any Award (or portion of an Award) that is conditioned on the attainment of one or more Performance Goals shall vest, if at all, on the basis, of actual satisfaction of the Performance Goals as of a date reasonably proximal to the Double Trigger Date (based on pro-rated performance metrics through such date), as determined by the Committee, in its sole discretion. If an Award contains multiple performance periods, any accelerated vesting provided for hereunder shall apply only to that portion of an outstanding Award applicable to the incomplete performance period within which the Double Trigger Date has occurred. Any performance-based Award (or portion of such Award) that does not vest in accordance with the foregoing, including when the Committee, in its sole discretion, determines that actual performance is not reasonably determinable, shall be forfeited. In the case of any adjustment in an Award hereunder, the shares subject to the Award will be rounded down to the nearest whole share.

8.2 Treatment of Outstanding Awards in Event of a Change of Control that is a Corporate Transaction

(a) In the Event of a Change of Control that is also a Corporate Transaction, and contingent upon the consummation of the Corporate Transaction, the Committee may, in its sole discretion at or after grant of an Award and without the consent of any Participant, provide for (i) the assumption of outstanding Awards by the acquiror or successor entity (or its parent), (ii) the substitution of new awards of comparable value covering shares of an acquiror or successor entity (or its parent), with appropriate adjustments as to the number and kind of shares and purchase price, (iii) the continuation of the Awards by the Company (if the Company is the surviving corporation), or (iv) the cancellation of the Awards in accordance with subsection (b) below. Outstanding Awards do not have to be uniformly treated for all Participants.

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(b) If and to the extent that there is no assumption, substitution or continuation of Awards, then all outstanding Awards shall become fully vested and exercisable, and all vesting conditions on shares underlying Restricted Stock Awards shall lapse. Notwithstanding the forgoing, if and to the extent that there is no assumption, substitution or continuation of an Award (or portion of an Award) that is conditioned on the attainment of one or more Performance Goals, then such Award shall vest, if at all, in accordance with Section 8.1(b).

(c) With respect to any outstanding vested and nonforfeitable Awards that are not assumed, substituted or continued, and effective only immediately before (and conditioned upon) the consummation of the Corporate Transaction:

(i) The Committee shall take either (or both) of the following actions:

- (1) allow Participants to exercise any Awards of Options and SARs within a reasonable period prior to the consummation of the Corporate Transaction and cancel any outstanding Options or SARs that remain unexercised upon consummation of the Corporate Transaction; or
- (2) cancel any or all of such outstanding Awards in exchange for a payment with respect to each vested share subject to such canceled Award in (a) cash, (b) stock of the Company or of a corporation or other business entity that is a party to the Corporate Transaction, or (c) other property which, in any such case, shall be in an amount having a fair market value equal to the fair market value of the consideration to be paid per share of common stock in the Corporate Transaction, reduced (but not below zero) by the exercise or purchase price per share, if any, under such Award.

(ii) In the event that an Award has an exercise or purchase price per share equal to or greater than the fair market value of the consideration to be paid per share of stock in the Corporate Transaction, then such Award shall be canceled without the payment of any consideration and shall cease to be outstanding.

(d) Prior to any payment contemplated under this section, and pursuant to any purchase or merger agreement or other applicable transaction agreement, the Committee may require each Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards; (ii) bear such Participant's pro rata share of any post-closing indemnity obligations and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of common stock, subject to any limitations or reductions as may be necessary to comply with §409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

(e) If and to the extent that Awards are continued, assumed or replaced under subsection (a) above and a Participant holding such an Award experiences a Termination by the Company for a reason other than Cause during the Window Period or there is a Termination by Participant for Good Reason during the Window Period, then all of such Participant's outstanding Awards shall become fully vested and exercisable, and all vesting conditions on the shares underlying Restricted Stock Awards of such Participant shall lapse. Notwithstanding this subsection (e), any Award (or portion of an Award) that is conditioned on the attainment of one or more Performance Goals shall vest, if at all, in accordance with Section 8.1(b).

8.3 Treatment of Outstanding Awards in Event of a Dissolution or Liquidation of the Company

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In the event of a proposed dissolution or liquidation of the Company (other than in connection with a Corporate Transaction), the Committee will notify Participants as soon as practicable prior to such dissolution or liquidation and provide them with the opportunity to exercise any outstanding Awards to the extent vested as of the date immediately prior to such dissolution or liquidation. Awards (or the portions thereof) that are vested but remain unexercised thereafter or that are unvested or subject to forfeiture conditions shall be canceled and cease to be outstanding. Notwithstanding the foregoing, the Committee may, in its sole discretion, cause some or all outstanding Awards to become fully vested, exercisable and/or no longer subject to forfeiture. In the event that an Award has an exercise or purchase price per share equal to or greater than the fair market value of a share of the Company's stock (as determined by the Committee in its sole discretion), then such Award shall be canceled without notice to or payment of any consideration to the Participant and shall cease to be outstanding. The exercise, cancellation or acceleration of vesting of an Award hereunder shall be effective only immediately before the proposed dissolution or liquidation and conditioned upon its consummation.

8.4 Definitions

A “Change of Control” means an event or the last of a series of related events by which:

- (a) any Person (as that term is used in sections 13(d) and 14(d) of the Exchange Act, together with all of that person’s “affiliates” and “associates” as those terms are defined in Rule 12b-2 under the Exchange Act) directly or indirectly acquires or otherwise becomes entitled to vote stock having more than 50% of the voting power in elections for Directors; or
- (b) during any 24-month period, a majority of the members of the Board ceases to consist of Qualifying Directors. A Director shall be considered a “Qualifying Director” if he or she falls into any one of the following five categories:
 - (1) a Director at the beginning of the period (“continuing Directors”); or
 - (2) a Director elected to office after the start of the period by the Board with the approval of two-thirds of the incumbent continuing Directors (an “appointed Director”); or
 - (3) a Director elected to office after the start of the period by the Company’s stockholders following nomination for election by the Board with the approval of two-thirds of the incumbent continuing and appointed Directors (an “elected Director”); or
 - (4) a Director elected to office after the start of the period by the Board with the approval of two-thirds of the incumbent continuing, appointed and elected Directors; or
 - (5) a Director elected to office after the start of the period by the Company’s stockholders following nomination for election by the Board with the approval of two-thirds of the incumbent continuing, appointed and elected Directors; or
- (c) A Corporate Transaction is consummated, unless, immediately following such Corporate Transaction, holders of the Company’s voting securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 50% of the voting power of the outstanding securities of the surviving or acquiring entity resulting from such Corporate Transaction (including beneficial ownership through the ultimate parent of such entity) in substantially the same proportions as their ownership immediately prior to such Corporate Transaction.

“Cause” means any one or more of the following: (i) the commission of any crime involving dishonesty, breach of trust or physical harm to any person, (ii) willfully engaging in conduct that is in bad faith or injurious to the Company or its business (including, for example, fraud or embezzlement), (iii) gross misconduct, whether personal or professional, which could cause harm to the business or reputation of the Company, (iv) failure to comply with the significant provisions of the Company’s policies as specified in the Employee Handbook or Code of Ethics, or as otherwise adopted by the board of directors then in effect, (v) willful and material failure to perform or observe, or gross negligence in the performance of, the Participant’s job, including the failure to follow the reasonable written directions of the person to whom the Participant reports, or (vi) any breach of covenants of confidentiality, non-competition, non-solicitation or other covenants the Participant has agreed to with the Company.

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“Corporate Transaction” means (i) a sale or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, or (ii) a merger, consolidation, share exchange or similar transaction involving the Company, regardless of whether the Company is the surviving entity.

“Good Reason” means one or more of the following: (i) a material reduction during the Window Period of the Participant’s compensation where the Company has not implemented an across-the-board reduction in compensation, or in the case of Outside Directors, an across-the-board reduction in compensation of the Board; (ii) other than with respect to Outside Directors, the relocation during the Window Period (without the Participant’s prior written consent) of the Participant’s primary work site to a location greater than seventy five (75) miles from the Participant’s work site; or (iii) a material reduction during the Window Period of the Participant’s duties (without the Participant’s prior written consent) from those in effect prior to the Window Period; provided, however, that to invoke a Termination for Good Reason, (A) the Participant must provide written notice to the Company within thirty (30) days of the event believed to constitute Good Reason, which notice must be within the Window Period, (B) the Company must fail to cure such event within thirty (30) days of the receipt of such written notice, and (C) the Participant must terminate employment within thirty (30) days following the expiration of the Company’s cure period described above, which may be during or after the Window Period.

“Termination” shall mean, for purposes of this Article 8 only, (i) in respect of an Employee, termination of employment (but transferring employment from the Company to a Subsidiary or from a Subsidiary to the Company or to another Subsidiary shall not be considered a Termination); (ii) in respect of a Consultant, his or her termination of service as a Consultant; and (iii) in respect of an Outside Director, termination of service on the Board, or if the Company is not the surviving entity in a Corporate Transaction, on the board of directors of the surviving entity, which in either case, shall include the Outside Director’s failure to be nominated or to be elected to serve as a director. “Company” as used in this definition shall be deemed to include a successor to or acquiror of the Company.

“Window Period” means a period beginning thirty (30) calendar days prior to the date the Change of Control is effected and ending on the one-year anniversary of the date the Change of Control is effected.

Article 9 Miscellaneous Provisions

9.1 Award Agreement

Each Award under the Plan shall be evidenced by an Award Agreement which shall be subject to and incorporate the terms of the Plan.

9.2 Tax Withholding

The Company may withhold an amount sufficient to satisfy its withholding tax obligations, if any, in connection with any Award under the Plan, and the Company may defer making any payment or delivery of shares pursuant to the Award unless and until the Participant indemnifies the Company to its satisfaction in respect of its withholding obligation.

9.3 Clawback Policy

The Committee may, to the fullest extent permitted by applicable law, (a) cause the cancellation or forfeiture of any Award, (b) require reimbursement of any Award or related cash payment by a Participant or beneficiary, and (c) effect any other right of recoupment of equity or other compensation provided under this Plan or otherwise in accordance with any Company policies that currently exist or that may from time to time be adopted in the future by the Company to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and/or applicable stock exchange requirements (each, a “Clawback Policy”). By accepting an Award, a Participant is also agreeing to be bound by any Clawback Policy (including any Clawback Policy amendment as necessary to comply with applicable laws or stock exchange requirements).

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9.4 Minimum Vesting Conditions

Except for certain limited situations (e.g., death and certain circumstances as a result of a Change in Control), all Awards granted under this Plan shall be subject to a minimum vesting period of one (1) year (the "Minimum Vesting Condition"); provided, that such Minimum Vesting Condition will not be required on Awards covering, in the aggregate, a number of shares not to exceed 5% of the maximum Share pool limit set forth in Section 4(3) hereof (subject to adjustment as provided in Section 4.5 hereof).

9.5 Amendment and Termination

The Board may amend, suspend or terminate the Plan at any time. The Company's stockholders shall be required to approve any amendment that would (i) materially increase the number of shares of common stock for which Awards may be granted, (ii) increase the number of shares of common stock for which ISOs may be granted (other than an amendment authorized under Section 4.5), (iii) permit any action that would be treated as a repricing of Awards under applicable stock exchange rules or (iv) otherwise require stockholder approval under any applicable laws, regulations or stock exchange rules. If the Plan is terminated, the Plan shall remain in effect for Awards outstanding as of its termination. No amendment, suspension or termination of the Plan shall adversely affect the rights of the holder of any outstanding Award without his or her consent.

9.6 Foreign Jurisdictions

The Committee may adopt, amend and terminate a supplement to the Plan to permit Employees in another country to receive Awards under the supplement (on terms not inconsistent with the terms of Awards under the Plan) in compliance with that country's securities, tax and other laws.

9.7 No Right To Employment

Nothing in this Plan or in any Award Agreement shall give any person the right to continue in the employ of the Company or any Subsidiary or limit the right of the Company or Subsidiary to terminate his or her employment.

9.8 Notices

Notices required or permitted under this Plan shall be considered to have been duly given if sent by certified or registered mail addressed to the Committee at the Company's principal office or to any other person at his or her address as it appears on the Company's payroll or other records.

9.9 Severability

If any provision of this Plan is held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions, and the Plan shall be construed and administered as if the illegal or invalid provision had not been included.

9.10 Governing Law

This Plan and all Award Agreements shall be governed in accordance with the laws of the State of Delaware.