

UNITED NATURAL FOODS INC
Form DEFA14A
December 05, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed

by

the Registrant

Filed

by a

Party

other

than

the

Registrant

Check

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appropriate

box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Additional Materials Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12
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United Natural Foods, Inc.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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UNITED NATURAL FOODS, INC.

313 Iron Horse Way

Providence, Rhode Island 02908

SUPPLEMENT TO PROXY STATEMENT

For the Annual Meeting of Stockholders

To Be Held On December 13, 2017

This supplement to proxy statement (this “Supplement”) supplements the definitive proxy statement (the “Proxy Statement”) for the Annual Meeting of Stockholders to be held on December 13, 2017 (the “Annual Meeting”) of United Natural Foods, Inc. (the “Company,” “we,” “us,” or “our”) dated November 3, 2017 as filed with the Securities and Exchange Commission (the “SEC”), which was previously made available to stockholders of the Company in connection with the solicitation of proxies by the Board of Directors of the Company (the “Board”).

The Annual Meeting will be held on Wednesday, December 13, 2017 at 4:00 p.m. (eastern standard time) at the Providence Marriott Downtown, 1 Orms Street, Providence, RI 02904, and any adjournments or postponements of the Annual Meeting, and on the Internet through a virtual web conference at

www.virtualshareholdermeeting.com/unfi2017. The Board is soliciting proxies for the purposes set forth in the Notice of Annual Meeting of Stockholders mailed to you on or about November 3, 2017. Only stockholders of record on our books at the close of business on Monday, October 16, 2017 (the “Record Date”) will be entitled to vote at the Annual Meeting and any adjournments or postponements of the annual meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on December 13, 2017:

As outlined on the notice we mailed to you on or about November 3, 2017 (the “Notice of Proxy Availability”), the Proxy Statement, proxy card and Annual Report to Stockholders for the fiscal year ended July 29, 2017 are available on the Internet at <http://www.proxyvote.com>.

THIS SUPPLEMENT CONTAINS IMPORTANT ADDITIONAL INFORMATION AND SHOULD BE READ IN CONJUNCTION WITH THE PROXY STATEMENT.

Except as described in this Supplement, the information provided in the Proxy Statement continues to apply. This Supplement is being first made available to stockholders of record as of the Record Date on or about December 5, 2017.

SUPPLEMENTAL DISCLOSURE

In Proposal 4 of the Proxy Statement, the Board recommended that you approve the United Natural Foods, Inc. Second Amended and Restated 2012 Equity Incentive Plan (the "Second Amended and Restated Equity Incentive Plan"). After further review and consideration regarding the proposed Second Amended and Restated Equity Incentive Plan, including review of the report issued by Institutional Shareholder Services regarding Proposal 4, on December 4, 2017, the Board adopted amendments to the proposed Second Amended and Restated Equity Incentive Plan to (i) reduce the additional number of shares of common stock of the Company to be made available for issuance under the proposed Second Amended and Restated Equity Incentive Plan from 2,500,000 shares to 1,800,000 shares and (ii) to add a provision making clear that dividends and dividend equivalents shall not be paid or accrued on stock options. The complete text of the proposed Second Amended and Restated Equity Incentive Plan, as amended for the changes described in the preceding sentence, is attached as Appendix A to this Supplement.

The following paragraphs reflect the revisions of specified portions of the Proxy Statement being made by this Supplement. Blacklining is included to highlight the changes from the original text of the Proxy Statement. Bold, underlined text represents new text that was not in the Proxy Statement that is being added to the Proxy Statement by this Supplement and text that is crossed out represents text that is being deleted from the Proxy Statement by this Supplement.

On page 58 of the Proxy Statement, the first section under the heading "Background" entitled "Amendments Proposed" is restated as follows:

Amendments Proposed. Our Board of Directors has adopted, effective as of December 4, 2017October 27, 2017, and recommends that you approve the United Natural Foods, Inc. Second Amended and Restated 2012 Equity Incentive Plan (the "Second Amended and Restated Equity Incentive Plan"). The United Natural Foods, Inc. 2012 Equity Incentive Plan (the "Original Plan") was initially approved by our stockholders on December 12, 2012 at our 2012 annual meeting of stockholders and was subsequently amended and restated on December 16, 2015 at our 2015 annual meeting of stockholders (the "Original Amended and Restated Plan"). The key revisions to the Original Amended and Restated Plan as reflected in the Second Amended and Restated Equity Incentive Plan are as follows:

- increase the number of shares available for issuance under the Original Amended and Restated Plan by 1,800,0002,500,000 shares, all of which shares may be issued as full value awards;
- add specific provisions to the Original Amended and Restated Plan providing that while dividends or dividend equivalent rights may accrue or be paid into escrow on shares of restricted stock and restricted share units prior to the vesting of such awards, a participant will forfeit any dividends (or dividend equivalent rights) paid on such awards that do not thereafter vest; and
- add specific provisions to the Original Amended and Restated Plan providing that dividends and dividend equivalents shall not be paid or accrued on stock options; and
- extend the minimum one-year vesting period required under the Original Amended and Restated Plan with respect to certain awards to all awards under the Second Amended and Restated Equity Incentive Plan with an exception to this requirement for not more than 5% of the shares reserved for issuance under the Second Amended and Restated Equity Incentive Plan.

NASDAQ rules require us to obtain stockholder approval of material amendments to equity compensation plans, such as the increase in shares available for issuance under the Original Amended and Restated Plan.

2. On page 58 of the Proxy Statement, the second section under the heading “Background” entitled “Available Shares and Outstanding Awards” is restated as follows:

Available Shares and Outstanding Awards. As of December 4, 2017/October 16, 2017, assuming 100% of outstanding full value, time-based vesting awards vest and all full value, performance-based vesting awards vest at target level performance, 771,784/758,735 shares were available for future grant under the Original Amended and Restated Plan (with only 131,296/115,345 of such shares available for issuance as full value awards).

The following table displays the number of full value awards and stock options outstanding as of the last day of each of the Company’s most recently completed three fiscal years and as of December 4, 2017/October 16, 2017 as well as additional information with respect to the average exercise price and remaining term for stock options, along with the shares available for issuance under the Original Plan and the Original Amended and Restated Plan as of such dates and the total number of the Company’s shares then outstanding:

Fiscal Year	Options Outstanding	Weighted Average Exercise Price of Stock Options	Weighted Average Remaining Term (years)	Full Value Awards Outstanding	Shares Available for Issuance	Common Shares Outstanding
2015	444,516	\$46.97	6.1	621,232	761,493	50,096,308
2016	343,629	\$49.13	5.8	733,797	2,354,570	50,383,397
2017	328,689	\$49.52	5.0	1,270,111	1,389,248	50,622,148
Current	130,457	\$62.28	6.9	1,595,504	1,694,848	771,784
New Shares					758,735	50,401,152
					1,800,000	50,921,462
					2,500,000	

- (1) As reported in the Company’s Annual Report on Form 10-K or proxy statement for the applicable fiscal year. Includes 361,390 shares that could be issued if currently outstanding performance units are earned and settled in shares of the Company’s common stock at target level of performance. For more information regarding these performance units, see “Executive Compensation - Compensation Discussion and Analysis - Long-term Equity Based Incentive Program” and “Executive Compensation - Compensation Discussion and Analysis - Fiscal 2018 Compensation Changes.”

3. On page 59 of the Proxy Statement the first full sentence appearing below the table in the section under the heading “Background” entitled “Grant Practices” is restated as follows:

From July 30, 2017 through December 4, 2017/October 16, 2017, the Company granted 565,290/561,800 restricted stock units with time-based vesting and 56,926/42,684 previously awarded time-based vesting restricted stock units were forfeited.

4. On page 61 of the Proxy Statement, the first three paragraphs are restated as follows: In addition to the above-described performance units, from July 30, 2017 through December 4, 2017/October 16, 2017, the Company granted 109,100 performance units (at target level of performance) with performance metrics tied to our adjusted ROIC, adjusted EBITDA, and for our covered officers (as defined in Section 162(m) of the Code), diluted EPS for fiscal 2019, which may be adjusted upward or downward based on the Company's actual performance and on how our common stock price performs relative to the S&P Mid Cap 400 Index over the two-year performance period. There have been no performance units granted in fiscal 2018, through December 4, 2017/October 16, 2017, that have a performance period that is less than one full fiscal year.

In determining to adopt the Second Amended and Restated Equity Incentive Plan and recommend the Second Amended and Restated Equity Incentive Plan for stockholder approval, the Board considered various factors, including the following:

4

As of December 4, 2017/October 16, 2017, assuming all outstanding performance share units vest at 100% of target performance, approximately 771,784,758,735 shares remain available for grant under the Original Amended and Restated Plan with 131,296,118,247 “full-value” awards available for issuance. Based on historical usage, the current share price of our common stock and expected practices (including the Compensation Committee's recent practice of not granting stock options as part of our equity incentive program), and noting that future circumstances may require the Company to make changes to its expected practices, the Company estimates that the existing shares available for grant as full value awards under the Original Amended and Restated Plan would be sufficient to make equity grants (and settle previously issued performance-based equity awards) for only the remainder of fiscal 2018.

If the Second Amended and Restated Equity Incentive Plan is approved, the Company would have

- 1,800,000/2,500,000 additional shares authorized for issuance for future awards under the plan, with all of them available for issuance as full value awards.

The additional shares to be authorized for grant under the Second Amended and Restated Equity Incentive Plan would be dilutive to stockholders by 3.6%/5.4% based on the outstanding shares as of December 4, 2017/October 16, 2017. Based on historical usage and the current share price of our common stock as of December 1, 2017, the Company estimates that the additional 1,800,000/2,500,000 shares to be authorized for grant under the Second Amended and Restated Equity Incentive Plan, if approved by the Company's stockholders, should be sufficient for the Company to make equity grants for approximately the next 2 to 3 years, assuming the Company continues to grant awards consistent with its historical usage (excluding one-time, special awards) and expected practices, and noting that future circumstances may require us to make changes to our expected practices.

The Company's stock price performance and certain special retention awards that we deemed important in order to retain and align key talent with our long-term strategy were not contemplated at the time of stockholder approval of the Original Amended and Restated Plan caused the Company to use the shares reserved for issuance under the Original Amended and Restated Plan more quickly than the Board had anticipated at the time the Original Amended and Restated Plan was submitted to the Company's stockholders for their approval.

The Compensation Committee's decision to transition away from the use of stock options as a part of the Company's core equity incentive program has caused a significant number of shares remaining available for issuance under the Original Amended and Restated Plan to likely go unused as stock options are not expected to be used in a meaningful amount in the foreseeable future.

5. On Page 62 of the Proxy Statement, the paragraph entitled “Shares Subject to the Second Amended and Restated Equity Incentive Plan” is restated as follows:

Shares Subject to the Second Amended and Restated Equity Incentive Plan. The maximum number of shares of our common stock that may be issued pursuant to awards under the Second Amended and Restated Equity Incentive Plan following its approval by the stockholders shall not exceed the sum of (i) 1,800,000/2,500,000 Shares, plus (ii) 771,784,758,735, the number of shares available for grant under the Original Amended and Restated Plan as of the end of the day that the Second Amended and Restated Equity Incentive Plan was approved by the Board. As described above, although 771,784,758,735 shares remained available for issuance under the Original Amended and Restated Plan as of December 4, 2017/October 16, 2017, only 131,296,118,247 of these shares remain available for issuance as full-value awards and a portion of those shares may be required to be issued in settlement of performance-based vesting restricted stock unit awards outstanding but unvested as of the date hereof. The maximum number of new awards that we may issue as restricted shares or restricted share units (i.e., full-value awards) if the Second Amended and Restated Equity Incentive Plan is approved is 1,931,296,261,247 plus any earlier awards of full-value awards issued under the Original Plan or the Original Amended and Restated Plan that expire, terminate, are settled in cash, are forfeited or canceled for any reason without the delivery of shares. The maximum number of shares with respect to which incentive stock options may be granted under the Second Amended and Restated Equity Incentive Plan is 250,000. Each share issued pursuant to an award will reduce the share reserve by one share. If any award granted under the Second Amended and Restated Equity Incentive Plan, the Original Plan or the Original Amended and Restated Plan expires, terminates, is settled in cash (in whole or in part, including, except with respect to shares utilized to cover tax withholding) or otherwise is forfeited or canceled for any reason without the

delivery of shares, the shares no longer subject to such award will again be available for awards under the Second Amended and Restated Equity Incentive Plan. Notwithstanding the foregoing, if a stock option or SAR is exercised, in whole or in part, by tender of shares or if our tax withholding obligation for any award under the Second Amended and Restated Equity Incentive Plan is satisfied by withholding shares, the number of shares deemed to have been issued under the Second Amended and Restated Equity Incentive Plan will be the number of shares that were subject to the award or portion thereof and not the net number of shares actually issued. The number of shares subject to the Second Amended and Restated Equity Incentive Plan may be adjusted in the event of certain changes in our capital structure.

6. On Page 65 of the Proxy Statement, the paragraph entitled “Term and Amendment” is restated as follows:
Term and Amendment. No new awards may be granted under the Second Amended and Restated Equity Incentive Plan after the tenth anniversary of its adoption by the Board, December 4, 2017/October 27, 2017. The Board may amend, alter, suspend, discontinue or terminate the Second Amended and Restated Equity Incentive Plan at any time; however, no amendment, alteration, suspension, discontinuation or termination may be made without stockholder approval if approval is necessary to comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to comply.

The Board recommends a vote “FOR” Proposal 4, as supplemented by this Supplement, to approve the United Natural Foods, Inc. Second Amended and Restated 2012 Equity Incentive Plan. Proxies received by the Board will be voted “FOR” the proposal, as supplemented by this Supplement, unless a contrary choice is specified in the proxy.

If you have voted or hereafter vote with respect to Proposal 4, such vote will constitute a vote with respect to Proposal 4, as supplemented by this Supplement.

You may revoke or revise your proxy at any time before it is exercised by (1) delivering to us a signed proxy card with a date later than your previously delivered signed proxy card, (2) voting via the Internet while attending the virtual annual meeting, (3) granting a subsequent proxy through the Internet or telephone, (4) voting in person at the annual meeting; or (5) sending a written revocation to our corporate secretary at 313 Iron Horse Way, Providence, Rhode Island 02908. Attendance at the annual meeting in person or virtually through the Internet will not itself be deemed to revoke your proxy unless you vote in person or via the Internet while attending the virtual annual meeting. Your latest dated proxy card or telephone or Internet proxy at the time of the meeting is the one that is counted.

By Order of the Board of Directors,
Steven L. Spinner
Chair of the Board, President and Chief Executive Officer
December 5, 2017

UNITED NATURAL FOODS, INC.
SECOND AMENDED AND RESTATED
2012 EQUITY INCENTIVE PLAN

A-1

TABLE OF CONTENTS

TABLE OF CONTENTS

	A-2
Section 1. Purpose	A-3
Section 2. Definitions	A-3
Section 3. Administration	A-7
Section 4. Shares Available for Awards	A-8
Section 5. Eligibility	A-9
Section 6. Stock Options and Stock Appreciation Rights	A-10
Section 7. Restricted Shares and Restricted Share Units	A-12
Section 8. Performance Awards	A-14
Section 9. Other Stock-Based Awards	A-14
Section 10. Non-Employee Director and Outside Director Awards	A-14
Section 11. Provisions Applicable to Covered Officers and Performance Awards	A-15
Section 12. Separation from Service	A-17
Section 13. Change in Control	A-17
Section 14. Amendment and Termination	A-19
Section 15. General Provisions	A-19
Section 16. Term of The Plan	A-22

A-2

UNITED NATURAL FOODS, INC.
SECOND AMENDED AND RESTATED
2012 EQUITY INCENTIVE PLAN

Section 1. Purpose.

This plan shall be known as the “The United Natural Foods, Inc. Second Amended and Restated 2012 Equity Incentive Plan” (the “Plan”). The purpose of the Plan is to promote the interests of United Natural Foods, Inc. (the “Company”) and its stockholders by (i) attracting and retaining key officers, employees and directors of, and consultants to, the Company and its Subsidiaries and Affiliates; (ii) motivating such individuals by means of performance-related incentives to achieve long-range performance goals; (iii) enabling such individuals to participate in the long-term growth and financial success of the Company; (iv) encouraging ownership of stock in the Company by such individuals; and (v) linking their compensation to the long-term interests of the Company and its stockholders. With respect to any awards granted under the Plan that are intended to comply with the requirements of “performance-based compensation” under Section 162(m) of the Code, the Plan shall be interpreted in a manner consistent with such requirements.

Section 2. Definitions.

As used in the Plan, the following terms shall have the meanings set forth below:

2.1 “Affiliate” means (i) any entity that, directly or indirectly, is controlled by the Company, (ii) any entity in which the Company has a significant equity interest, (iii) an affiliate of the Company, as defined in Rule 12b-2 promulgated under Section 12 of the Exchange Act; and (iv) any entity in which the Company has at least twenty percent (20%) of the combined voting power of the entity’s outstanding voting securities, in each case as designated by the Board as being a participating employer in the Plan.

2.2 “Award” means any Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit, Performance Award, or Other Stock-Based Award granted under the Plan, whether singly, in combination or in tandem, to a Participant by the Committee (or the Board) pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Committee (or the Board) may establish.

2.3 “Award Agreement” means any written agreement, contract or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Cause” means, unless otherwise defined in the applicable Award Agreement, (i) conviction of the Participant under applicable law of a felony or any misdemeanor involving moral turpitude; (ii) unauthorized acts intended to result in the Participant’s personal enrichment at the material expense of the Company or a Subsidiary or Affiliate; or (iii) any violation of the Participant’s duties or responsibility’s to the Company or a Subsidiary or Affiliate which constitutes willful misconduct or dereliction of duty. For purposes of this definition, no act, or failure to act, on the Participant’s part shall be considered “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant’s action or omission was in the best interest of the Company.

2.6 “Change in Control” means, unless otherwise provided in the applicable Award Agreement, the happening of one of the following:

A-3

- (a) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than a trustee or other fiduciary holding securities of the Company under an employee benefit plan maintained by the Company or any corporation owned, directly or indirectly, by the Company's stockholders in substantially the same proportions as their ownership of the Company's stock, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the total combined voting power of the Company's then-outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders and which the Board does not recommend such stockholders to accept;
- (b) a majority of directors, whose election or nomination for election is not approved by a majority of the members of the Incumbent Board then serving as members of the Board, are elected within any single 24-month period to serve on the Board; or
- (c) consummation of:
 - (i) a merger, consolidation or reorganization involving the Company, unless:
 - (A) the stockholders of the Company, immediately before the merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, at least 75% of the combined voting power of the outstanding voting securities of the corporation resulting from such merger, consolidation or reorganization in substantially the same proportion as their ownership of the voting securities immediately before such merger, consolidation or reorganization;
 - (B) individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least a majority of the board of directors of the surviving corporation immediately following such merger, consolidation or reorganization; and
 - (C) no person (other than (I) the Company or any Subsidiary thereof, (II) any employee benefit plan (or any trust forming a part thereof) maintained by the Company, any Subsidiary thereof, or the surviving corporation, or (III) any person who, immediately prior to such merger, consolidation or reorganization, had beneficial ownership of securities representing 25% or more of the combined voting power of the Company's then-outstanding securities) has beneficial ownership of securities immediately following such merger, consolidation or reorganization representing 25% or more of the combined voting power of the surviving corporation's then outstanding voting securities;
 - (ii) a complete liquidation or dissolution of the Company; or
 - (iii) an agreement for the sale or other disposition of all or substantially all of the assets of the Company to any person (other than a transfer to a Subsidiary).

For purposes of the definition of Change in Control, "Incumbent Board" means those persons who either (A) have been members of the Board since the Effective Date or (B) are new directors whose election by the Board or nomination for election by the stockholders of the Company was approved by a vote of at least three-fourths of the members of the Board then in office who either were directors described in clause (A) hereof or whose election or nomination for election was previously so approved, provided that an individual whose election or nomination for election is approved as a result of either an actual or threatened election contest or proxy contest, including by reason of any agreement intended to avoid or settle any election contest or proxy contest, will be deemed not to have been so approved for purposes of this definition.

Notwithstanding the foregoing, unless otherwise provided in the applicable Award Agreement, and solely for the purpose of determining the timing of any payments pursuant to any Awards subject to Section 409A of the Code, a Change in Control shall mean a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the assets of the Company" as such terms are defined in Section 1.409A-3(i)(5) of the Treasury Regulations.

2.7 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.8 “Committee” means a committee of the Board composed of not less than two Non-Employee Directors, each of whom shall be (i) a “non-employee director” for purposes of Exchange Act Section 16 and Rule 16b-3 thereunder, (ii) an “outside director” for purposes of Section 162(m), and (iii) “independent” within the meaning of the listing standards of the Nasdaq Stock Market and the rules and regulations of the SEC.

2.9 “Consultant” means any consultant to the Company or its Subsidiaries or Affiliates.

2.10 “Covered Officer” means at any date (i) any individual who, with respect to the previous taxable year of the Company, was a “covered employee” of the Company within the meaning of Section 162(m); provided, however, that the term “Covered Officer” shall not include any such individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected not to be such a “covered employee” with respect to the taxable year of the Company in which the applicable Award will be paid or vested, and (ii) any individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected to be such a “covered employee” with respect to the taxable year of the Company in which any applicable Award will be paid or vested.

2.11 “Director” means a member of the Board.

2.12 “Disability” means, unless otherwise defined in the applicable Award Agreement, a disability that would qualify as a total and permanent disability under the Company’s then current long-term disability plan. With respect to Awards subject to Section 409A of the Code, unless otherwise defined in the applicable Award Agreement, the term “Disability” shall have the meaning set forth in Section 409A of the Code.

2.13 “Early Retirement” means, unless otherwise provided in the applicable Award Agreement, retirement of a Participant with the express consent of the Committee at or before the time of such retirement, from active employment with the Company and any Subsidiary or Affiliate prior to age 65, in accordance with any applicable early retirement policy of the Company then in effect or as may be approved by the Committee.

2.14 “Effective Date” has the meaning provided in Section 16.1 of the Plan.

2.15 “Employee” means a current or prospective officer or employee of the Company or of any Subsidiary or Affiliate.

2.16 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

2.17 “Fair Market Value” with respect to the Shares, means, for purposes of a grant of an Award as of any date, (i) the reported closing sales price of the Shares on the Nasdaq Stock Market, or any other such market or exchange as is the principal trading market for the Shares, on such date, or in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported or (ii) in the event there is no public market for the Shares on such date, the fair market value as determined, in good faith and by the reasonable application of a reasonable valuation method (as applicable), by the Committee in its sole discretion, and for purposes of a sale of a Share as of any date, the actual sales price on that date.

2.18 “Full Value Award Cap” has the meaning provided in Section 4.1 of the Plan.

2.19 “Good Reason” means, unless otherwise provided in an Award Agreement, (i) the assignment of duties to a Participant following a Change in Control that are materially adversely inconsistent with the Participant’s duties immediately prior to a Change in Control, and failure to rescind such assignment within thirty (30) days of receipt of notice from the Participant; (ii) a material reduction in a Participant’s title, authority or reporting status following a Change in Control as compared to such title, authority or reporting status immediately prior to a Change in Control,

(iii) a relocation of the office at which the Participant

A-5

is to perform the majority of his or her duties following a Change in Control to a location more than fifty (50) miles from the location at which the Participant performed such duties prior to the Change in Control; (iv) a reduction in the Participant's base salary as in effect immediately prior to a Change in Control or the failure of the Company to pay or cause to be paid any compensation or benefits when due, and failure to restore such annual base salary or make such payments within five (5) days of receipt of notice from the Participant; or (v) the failure to include the Participant in any new employee benefit plans proposed by the Company or a material reduction in the Participant's level of participation in any existing plans of any type; provided that a Company-wide reduction or elimination of such plans shall not constitute "Good Reason" for purposes of this Plan.

2.20 "Grant Price" means the price established at the time of grant of an SAR pursuant to Section 6 used to determine whether there is any payment due upon exercise of the SAR.