



Category: Notifications issued to company members

Sub-category: Invitation to the General Meeting

Publication date: SHAB 04.05.2022

Expected expiry date: 04.05.2025

Publication number: UP04-0000004261

Publishing entity

Homburger AG, Hardstrasse 201, 8005 Zürich

Invitation to the ordinary general meeting Garmin Ltd.

Organisation concerned:

Garmin Ltd.
CHE-115.417.272
Mühlentalstrasse 2
8200 Schaffhausen

General meeting details:

10.06.2022, 16:00 Uhr, Garmin Ltd.
(for further details, see "Remarks" below)

Invitation/Agenda:

1. Approval of Garmin's 2021 Annual Report, including the consolidated financial statements of Garmin for the fiscal year ended December 25, 2021 and the statutory financial statements of Garmin for the fiscal year ended December 25, 2021
2. Approval of the appropriation of available earnings
3. Approval of the payment of a cash dividend in the aggregate amount of U.S. \$2.92 per outstanding share out of Garmin's reserve from capital contribution in four equal installments
4. Discharge of the members of the Board of Directors and the Executive Management from liability for the fiscal year ended December 25, 2021
5. Re-election of six directors
6. Re-election of the Chairman
7. Re-election of four Compensation Committee members
8. Re-election of the independent voting rights representative
9. Ratification of the appointment of Ernst & Young LLP as Garmin's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2022 and re-election of Ernst & Young Ltd as Garmin's statutory auditor for another one-year term
10. Advisory vote on executive compensation

11. Binding vote to approve fiscal year 2023 maximum aggregate compensation for the Executive Management
12. Binding vote to approve maximum aggregate compensation for the Board of Directors for the period between the 2022 Annual General Meeting and the 2023 Annual General Meeting
13. Amendment of 2005 Equity Incentive Plan to increase the maximum number of shares authorized for issuance under the Plan that may be delivered as Restricted Shares or pursuant to Performance Units or Restricted Stock Units from 10 million to 12 million
14. Renewal of authorized share capital

Remarks:

In accordance with article 27 of the Swiss Federal Council Ordinance 3 on Measures to Combat the Coronavirus dated June 19, 2020, as amended, we have determined that it will not be possible for shareholders to attend the Annual Meeting in person at the venue (i.e., the offices of the law firm Homburger Ltd., Prime Tower, Hardstrasse 201, 8005 Zurich, Switzerland). Shareholders may exercise their voting rights only by giving voting instructions to the independent voting rights representative, the law firm of Wuersch & Gering LLP, 100 Wall Street, 10th Floor, New York, NY 10005, USA, or its designee, as further described in the attached invitation to the Annual Meeting and Garmin's proxy statement available in the Investor Relations section of Garmin's website www.garmin.com.



Garmin Ltd.
Mühlentalstrasse 2
8200 Schaffhausen
Switzerland

INVITATION TO ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 10, 2022

The 2022 Annual General Meeting (the "Annual Meeting") of Shareholders of Garmin Ltd., a Swiss company ("Garmin" or the "Company"), will be held at 4:00 p.m. Central European Summer Time (9:00 a.m., U.S. Central Daylight Time) on Friday, June 10, 2022.

In accordance with article 27 of the Swiss Federal Council Ordinance 3 on Measures to Combat the Coronavirus dated June 19, 2020, as amended (the "COVID-19 Ordinance"), we have determined that it will not be possible for shareholders to attend the Annual Meeting in person at the venue (i.e., the offices of the law firm Homburger Ltd., Prime Tower, Hardstrasse 201, 8005 Zurich, Switzerland). Shareholders may exercise their voting rights only by giving voting instructions to the independent voting rights representative, the law firm of Wuersch & Gering LLP, 100 Wall Street, 10th Floor, New York, NY 10005, USA, or its designee, as further described in this invitation to the Annual Meeting and Garmin's proxy statement available in the Investor Relations section of Garmin's website www.garmin.com.

We regret these measures, but believe they are necessary and appropriate to protect our employees and shareholders from the risk of contagion with the COVID-19 virus.

The purpose of the meeting is to consider and vote upon the following matters:

PROPOSALS

1. **Approval of Garmin's 2021 Annual Report, including the consolidated financial statements of Garmin for the fiscal year ended December 25, 2021 and the statutory financial statements of Garmin for the fiscal year ended December 25, 2021**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting to approve Garmin's 2021 Annual Report, including the consolidated financial statements of Garmin for the fiscal year ended December 25, 2021 and Garmin's statutory financial statements for the fiscal year ended December 25, 2021.

2. **Approval of the appropriation of available earnings**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting to approve the appropriation of available earnings as follows:

Proposed Appropriation of Available Earnings: in Swiss Francs ("CHF")

Balance brought forward from previous years	CHF	53,340,000
Net loss for the period (on a stand-alone unconsolidated basis):	CHF	(12,550,000)
Total available to the general meeting:	CHF	40,790,000

Resolution proposed by the Board of Directors:

— *RESOLVED, that the available earnings of CHF 40,790,000 shall be carried forward.*

3. **Approval of the payment of a cash dividend in the aggregate amount of U.S. \$2.92 per outstanding share out of Garmin's reserve from capital contribution in four equal installments**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting that Garmin pay a cash dividend in the amount of U.S. \$2.92 per outstanding share as follows:

Reserve from Capital Contribution as per December 25, 2021	CHF	4,800,205,000
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Resolutions proposed by the Board of Directors:

— *RESOLVED, that Garmin, out of, and limited at a maximum to the amount of, the Dividend Reserve (as defined below), pay a cash dividend in the amount of U.S. \$2.92 per outstanding share¹ out of Garmin's reserve from capital contribution payable in four equal installments at the dates determined by the Board of Directors in its discretion, the record date and payment date for each such installment to be announced in a press release² at least ten calendar days prior to the record date; and further*

— *RESOLVED, that the cash dividend shall be made with respect to the outstanding share capital of Garmin on the record date for the applicable installment, which amount will exclude any shares of Garmin held by Garmin or any of its direct or indirect subsidiaries; and further*

— *RESOLVED, that CHF 716,325,000³ be allocated to dividend reserves from capital contribution (the "Dividend Reserve") from the reserve from capital contribution in order to pay such dividend of U.S. \$2.92 per outstanding share (assuming a total of 198,077,418 shares⁴ eligible to receive the dividend); and further*

— *RESOLVED, that if the aggregate dividend payment is lower than the Dividend Reserve, the relevant difference will be allocated back to the reserve from capital contribution; and further*

— *RESOLVED, that to the extent that any installment payment, when converted into Swiss francs, at a USD/CHF exchange rate prevailing at the relevant record date for the relevant installment payment, would exceed the Dividend Reserve then remaining, the U.S. dollar per share amount of that installment payment shall be reduced on a pro rata basis, provided, however, that the aggregate amount of that installment payment shall in no event exceed the then remaining Dividend Reserve.*

Reserve from Capital Contribution after Dividend Reserve Allocation	CHF	4,083,880,000
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- (1) *In no event will the dividend payment exceed a total of U.S. \$2.92 per share.*
(2) *The announcements will not be published in the Swiss Official Gazette of Commerce.*
(3) *Based on the currency conversion rate of 0.9174 as of December 25, 2021, with a total of 198,077,418 shares eligible for payout (based on the number of shares issued as at December 25, 2021), the aggregate Dividend Reserve would be CHF 716,325,000. The amount of the Dividend Reserve, calculated on the basis of the Company's issued shares as at December 25, 2021, includes a margin of approximately 35% to accommodate (i) unfavorable currency fluctuation and (ii) new share issuance (see footnote 4 below) that may occur between the time when the dividend is approved by shareholders and when the last installment payment is made. Unused Dividend Reserves will be returned to the reserve from capital contribution after the last installment payment.*
(4) *This number is based on the registered share capital as at December 25, 2021. The number of shares eligible for dividend payments may change due to the repurchase of shares, the sale of treasury shares or the issuance of new shares, including (without limitation) from the conditional share capital reserved for the employee profit sharing program.*

4. **Discharge of the members of the Board of Directors and the Executive Management from liability for the fiscal year ended December 25, 2021**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting that the members of the Board of Directors and the Executive Management be discharged from personal liability for the fiscal year ended December 25, 2021.

5. **Re-election of six directors**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting that each of Jonathan C. Burrell, Joseph J. Hartnett, Min H. Kao, Catherine A. Lewis, Charles W. Pepper, and Clifton A. Pemble be re-elected as directors, each for a term extending until completion of the next annual general meeting.

6. **Re-election of the Chairman**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting that Min H. Kao be re-elected as Executive Chairman of the Board of Directors for a term extending until completion of the next annual general meeting.

7. **Re-election of four Compensation Committee members**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting that each of Jonathan C. Burrell, Joseph J. Hartnett, Catherine A. Lewis and Charles W. Pepper be re-elected as members of the Compensation Committee, each for a term extending until completion of the next annual general meeting.

8. **Re-election of the independent voting rights representative**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting that the law firm of Wuersch & Gering LLP be re-elected as the independent voting rights representative for a term extending until completion of the next annual general meeting, including any extraordinary general meeting of shareholders prior to the 2023 annual general meeting.

9. **Ratification of the appointment of Ernst & Young LLP as Garmin's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2022 and re-election of Ernst & Young Ltd as Garmin's statutory auditor for another one-year term**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting that the appointment of Ernst & Young LLP as Garmin's independent registered public accounting firm for the fiscal year ending December 31, 2022 be ratified and that Ernst & Young Ltd be re-elected as Garmin's statutory auditor for another one-year term.

10. **Advisory vote on executive compensation**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting to approve an advisory resolution approving the compensation of Garmin's Named Executive Officers, as disclosed in Garmin's proxy statement for the Annual Meeting pursuant to the executive compensation disclosure rules promulgated by the Securities and Exchange Commission.

11. **Binding vote to approve fiscal year 2023 maximum aggregate compensation for the Executive Management**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting to approve the maximum aggregate compensation that can be paid or granted to the members of the Executive Management in fiscal year 2023 in an amount not to exceed U.S. \$8,950,000.

12. **Binding vote to approve maximum aggregate compensation for the Board of Directors for the period between the 2022 Annual General Meeting and the 2023 Annual General Meeting**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting to approve the maximum aggregate compensation that can be paid or granted to the members of the Board of Directors between the 2022 Annual General Meeting and the 2023 Annual General Meeting in an amount not to exceed U.S. \$1,600,000.

13. **Amendment of 2005 Equity Incentive Plan to increase the maximum number of shares authorized for issuance under the Plan that may be delivered as Restricted Shares or pursuant to Performance Units or Restricted Stock Units from 10 million to 12 million**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting to approve an amendment to the Company's 2005 Equity Incentive Plan, as last amended and restated on June 7, 2019 to increase the number of shares authorized under the Plan that may be delivered as Restricted Shares or pursuant to Performance Units or Performance Shares or restricted Stock Units from 10,000,000 to 12,000,000. The text of the proposed amendment is contained in Annex 1, on which the proposed amendments are marked with a strikethrough to indicate text that would be deleted and with an underline to indicate text that would be added.

14. **Renewal of authorized share capital**

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Meeting to renew the authorized share capital in the amount of CHF 1,980,774.10, corresponding to 19,807,741 registered shares with a nominal value of CHF 0.10 each, until June 10, 2024. The text of the proposed shareholder resolution and the proposed amendment to the Articles of Association are contained in Annex 2.

ORGANIZATIONAL MATTERS

As indicated above, in accordance with the COVID-19 Ordinance, it will not be possible for shareholders to attend the Annual Meeting in person. Shareholders will, however, be able to listen to a live audio webcast of the Annual Meeting. The webcast can be accessed at www.garmin.com/investors/AGMwebcast.

Information concerning the matters to be acted upon at the Annual Meeting is also contained in Garmin's proxy statement for the Annual Meeting, which, together with a proxy card, has been sent to each holder of shares registered in Garmin's share register with voting rights at the close of business, U.S. Eastern Daylight Time, on April 14, 2022. In addition, a proxy card will be sent with Garmin's proxy statement for the Annual Meeting to each additional holder of shares who is registered with voting rights in Garmin's share register as of the close of business, U.S. Eastern Daylight Time, on May 31, 2022. Shareholders registered in Garmin's share register with voting rights as of the close of business, U.S. Eastern Daylight Time, on May 31, 2022 are entitled to notice of, and to exercise voting rights by giving instructions to our independent voting rights representative (in the manner as further set out in Garmin's proxy statement) with respect to the matters to be resolved upon at, the Annual Meeting and any adjournments thereof.

Shareholders not registered in Garmin's share register as of May 31, 2022 will not be entitled to exercise voting rights with respect to the matters to be resolved upon at the Annual Meeting by giving instructions to our independent voting rights representative. No shareholder will be entered in Garmin's share register as a shareholder with voting rights between the close of business, U.S. Eastern Daylight Time, on May 31, 2022 and the opening of business on the day following the Annual Meeting. Computershare Trust Company, N.A., which maintains Garmin's share register, will, however, continue to register transfers of Garmin's shares in the share register in its capacity as transfer agent during this period. Shareholders who are registered in Garmin's share register on May 31, 2022 but have sold their shares before the Annual Meeting date are not entitled to exercise voting rights with respect to the matters to be resolved upon at the Annual Meeting by giving instructions to our independent voting rights representative. Shareholders who purchase shares from a registered holder before May 31, 2022 and who wish to exercise voting rights with respect to the matters to be resolved upon at the Annual Meeting by giving instructions to our independent voting rights representative must ask to be registered as a shareholder with respect to such shares in Garmin's share register prior to May 31, 2022.

In accordance with article 27 of the COVID-19 Ordinance, shareholders of record must appoint as their proxy the independent voting rights representative, the law firm of Wuersch & Gering LLP, 100 Wall Street, 10th Floor, New York, NY 10005, USA, or its designee, to vote their shares. Shareholders do so by checking the appropriate box on the proxy card that is made available to them. The independent voting rights representative will vote all shares for which it is the proxy in accordance with the instructions specified by the shareholders on the proxy card. In accordance with the COVID-19 Ordinance, it will not be possible for a registered shareholder to name as proxy someone other than the independent voting rights representative.

Holders of shares registered in Garmin's share register with voting rights at the close of business, U.S. Eastern Daylight Time, on May 31, 2022 may also submit voting instructions to the independent voting rights representative over the internet on www.investorvote.com/GRMN. This method of submitting voting instructions will be available up until 11:59 p.m., U.S. Eastern Daylight Time (which is 10:59 p.m., U.S. Central Daylight Time), on June 9, 2022 / 05:59 a.m., Central European Summer Time, on June 10, 2022.

Shares owned by registered shareholders who have timely submitted electronic voting instructions or timely submitted a properly executed proxy card and who have specifically instructed how their votes shall be cast will be voted by the independent voting rights representative in accordance with the electronic voting instructions or the instructions indicated on the shareholders' proxy cards. Shares owned by registered shareholders who have timely submitted electronic voting instructions or timely submitted a properly executed proxy card and who have not specifically indicated how their votes shall be cast are deemed to have instructed the independent voting rights representative to vote in the manner recommended by the Board of Directors. If any modifications to agenda items or proposals identified in this invitation to the Annual Meeting or other matters on which voting is permissible under Swiss law are properly presented at the Annual Meeting for consideration, a shareholder, in the absence of other specific instructions on the proxy card, is deemed to have instructed the independent voting rights representative, to vote in accordance with the recommendations of the Board of Directors.

Until the polls for a particular proposal on the agenda close (or in the case of plan participants, until the trustee of the Garmin International, Inc. Retirement Plan has submitted its voting instructions), voting instructions of registered shareholders and voting instructions of plan participants may be revoked or recast with a later-dated, properly executed and delivered proxy card or, in the case of plan participants, a voting instruction card. Voting instructions submitted by registered shareholders over the internet may be revoked or recast up until 11:59 p.m., U.S. Eastern Daylight Time (which is 10:59 p.m., U.S. Central Daylight Time), on June 9, 2022 / 05:59 a.m., Central European Summer Time, on June 10, 2022. Otherwise, shareholders may not revoke a vote, unless: (a) in the case of a registered shareholder, the registered shareholder delivers a written revocation to the independent voting rights representative at any time before the Chairman of the Annual Meeting closes the polls for a particular proposal on the agenda; (b) in the case of a plan participant, the revocation procedures of the trustee of the Garmin International, Inc. Retirement Plan are followed; or (c) in the case of a broker customer, the revocation procedures of the broker or nominee are followed.

We urge you to return your proxy card by the close of business, U.S. Eastern Daylight Time on June 6, 2022 to ensure that your proxy can be timely submitted.

Shareholders who hold their shares in the name of a bank, broker or other nominee should follow the instructions provided by their bank, broker or nominee when submitting voting instructions for their shares. In accordance with the COVID-19 Ordinance, shareholders who hold their shares in the name of a bank, broker or other nominee cannot obtain a "legal" proxy from the organization that holds their shares to vote their shares in person at the Annual Meeting.

We value the views and feedback of our shareholders. Since it is not possible for you to attend the meeting in person this year due to the COVID-19 pandemic, we are making alternative arrangements for you to ask questions to management. Garmin will accept pertinent pre-submitted questions to be answered at a question and answer session during the Annual General Meeting webcast. In accordance with Swiss company law, management will respond to questions to the extent possible without divulging confidential business information and may limit responses to protect other legitimate corporate interests. Depending on the nature and number of questions submitted, all questions may not be answered. Garmin also reserves the right to select the questions most appropriate for the audience of the Annual General Meeting. Registered shareholders may submit questions in advance of the webcast by e-mailing investor.relations@garmin.com by June 1, 2022 and must include proof they are a Garmin shareholder (such as a copy of the proxy card that was received by the shareholder). Shareholders who hold their shares through a United States broker or bank may submit questions in advance of the webcast by visiting www.proxyvote.com by June 1, 2022. To log in to the proxyvote.com site to submit questions, you will need your 16-digit voting control number printed in the box marked by the arrow on the Notice of Internet Availability of Proxy Materials that you received and follow the menus to submit questions.

Garmin's Annual Report on Form 10-K for the fiscal year ended December 25, 2021 which contains the consolidated financial statements of Garmin for the fiscal year ended December 25, 2021, the Swiss statutory financial statements of Garmin for the fiscal year ended December 25, 2021, and the Auditor's Reports for fiscal year 2021 thereon are available in the Investor Relations section of Garmin's website www.garmin.com, and will also be available (subject to any limitations arising from the COVID-19 Ordinance and any other applicable laws and regulations to combat COVID-19 as may be enacted or amended from time to time), together with the Swiss Compensation Report for fiscal year 2021, for physical inspection by the shareholders at Garmin's registered office at Mühlenalstrasse 2, 8200 Schaffhausen, Switzerland, as of May 20, 2022. Copies of the 2021 Annual Report, the Annual Report on Form 10-K for the fiscal year ended December 25, 2021, the Swiss statutory financial statements of Garmin for the fiscal year ended December 25, 2021, the Auditor's Reports and the Swiss Compensation Report for fiscal year 2021 may also be obtained without charge by contacting Garmin's Investor Relations department at +1 (913) 397-8200.

By Order of the Board of Directors,
May 4, 2022

Andrew R. Etkind
Vice President, General Counsel and Corporate Secretary

Annex 1

Amendment of 2005 Equity Incentive Plan to increase the maximum number of shares authorized for issuance under the Plan that may be delivered as Restricted Shares or pursuant to Performance Units or Restricted Stock Units from 10 million to 12 million

See separate document.

Annex 2

Renewal of Authorized Share Capital

Proposal of the Board of Directors

The Board of Directors submits and recommends the shareholder resolution set forth below for approval by the Company's shareholders:

Shareholder Resolution

It is hereby resolved that the Articles of Association shall be amended by insertion of a new Article 5 as set out further below:

Art. 5 Genehmigtes Kapital

Der Verwaltungsrat ist ermächtigt, jederzeit bis zum ~~5. Juni 2022~~ 10. Juni 2024 das Aktienkapital im Maximalbetrag von CHF 1'980'774.10 durch Ausgabe von höchstens 19'807'741 vollständig zu liberierenden Namenaktien mit einem Nennwert von je CHF 0.10. zu erhöhen. Erhöhungen in Teilbeträgen sind gestattet.

Der Verwaltungsrat legt den Ausgabebetrag, die Art der Einlagen, den Zeitpunkt der Ausgabe, die Bedingungen der Bezugsrechtsausübung und den Beginn der Dividendenberechtigung fest. Dabei kann der Verwaltungsrat neue Aktien mittels Festübernahme durch eine Bank oder einen Dritten und anschliessendem Angebot an die bisherigen Aktionäre ausgeben.

Der Verwaltungsrat ist ermächtigt, den Handel mit Bezugsrechten zu ermöglichen, zu beschränken oder auszuschliessen. Der Verwaltungsrat kann nicht ausgeübte Bezugsrechte verfallen lassen oder er kann diese bzw. Aktien, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, zu Marktkonditionen platzieren oder anderweitig im Interesse der Gesellschaft verwenden.

Der Verwaltungsrat ist ferner ermächtigt, das Bezugsrecht der Aktionäre zu beschränken oder aufzuheben und Dritten zuzuweisen, im Falle der Verwendung der Aktien:

- (a) für die Ausgabe von neuen Aktien, wenn der Ausgabebetrag der neuen Aktien unter Berücksichtigung des Marktpreises festgesetzt wird; oder
- (b) für die Übernahme von Unternehmen, Unternehmensteilen oder Beteiligungen oder für neue Investitionsvorhaben oder für die Finanzierung oder Refinanzierung solcher Transaktionen; oder
- (c) zum Zwecke der Erweiterung des Aktionärskreises in gewissen Finanz- oder Investorenmärkten oder im Zusammenhang mit der Kotierung der Aktien an inländischen oder an ausländischen Börsen; oder
- (d) für nationale und internationale Aktienplatzierungen zum Zwecke der Erhöhung des Streubesitzes oder zur Einhaltung anwendbarer Kotierungsvorschriften; oder
- (e) zwecks Beteiligung von strategischen Investoren; oder
- (f) für die Einräumung einer Mehrzuteilungsoption ("greenshoe") an ein oder mehrere Finanzinstitute im Zusammenhang mit einer Aktienplatzierung; oder
- (g) für die Beteiligung von Verwaltungsräten, Geschäftsleitungsmitgliedern, Mitarbeitern, Beauftragten, Beratern der Gesellschaft oder einer Gruppengesellschaft, oder anderen Personen, die Dienstleistungen an die Gesellschaft oder eine Gruppengesellschaft erbringen; oder
- (h) um Kapital auf eine schnelle und flexible Weise zu beschaffen, welche ohne den Ausschluss der Bezugsrechte der bestehenden Aktionäre nur schwer möglich wäre.

Zeichnung und Erwerb der neuen Aktien sowie jede nachfolgende Übertragung der Aktien unterliegen den Beschränkungen von Artikel 8 dieser Statuten.

Art. 5 Authorized Capital

The Board of Directors is authorized, at any time until ~~June 5, 2022~~ June 10, 2024 to increase the share capital in an amount not to exceed CHF 1,980,774.10 through the issuance of up to 19,807,741 fully paid-in registered shares with a nominal value of CHF 0.10 each. An increase in partial amounts shall be permitted.

The Board of Directors shall determine the issue price, the type of payment, the date of issue of new shares, the conditions for the exercise of pre-emptive rights and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a banking institution or a third party and a subsequent offer of these shares to the current shareholders.

The Board of Directors is entitled to permit, to restrict or to exclude the trade with pre-emptive rights. The Board of Directors may permit pre-emptive rights that have not been exercised to expire or it may place these rights and/or shares as to which pre-emptive rights have been granted but not exercised at market conditions or use them for other purposes in the interest of the Company.

The Board of Directors is further authorized to limit or withdraw the pre-emptive rights of shareholders and allocate such rights to individual shareholders or to third parties if the shares are to be used:

- (a) for issuing new shares if the issue price of the new shares is determined by reference to the market price; or
- (b) for the acquisition of an enterprise, parts of an enterprise or participations or for new investment projects or for purposes of financing or refinancing any such transactions; or
- (c) for the purpose of broadening the shareholder constituency in certain financial or investor markets or in connection with the listing of new shares on domestic or foreign stock exchanges; or
- (d) for purposes of national and international offerings of shares for the purpose of increasing the free float or to meet applicable listing requirements; or
- (e) for purposes of the participation of strategic partners; or
- (f) for an over-allotment option ("greenshoe") being granted to one or more financial institutions in connection with an offering of shares; or
- (g) for the participation of directors, officers, employees, contractors, consultants of, or other persons providing services to the Company or a group company; or
- (h) for raising capital in a fast and flexible manner which could only be achieved with great difficulty without exclusion of the pre-emptive rights of the existing shareholders.

The subscription and acquisition of the new shares as well as any subsequent transfer of the shares shall be subject to the restrictions pursuant to Article 8 of these articles of association.

ANNEX 1 Amended and Restated Garmin Ltd. 2005 Equity Incentive Plan

GARMIN LTD.

2005 EQUITY INCENTIVE PLAN

as amended and restated on ~~April 22, 2022~~ June 10, 2022

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GARMIN LTD. 2005 EQUITY INCENTIVE PLAN

as amended and restated on ~~April 22, 2022~~ June 10, 2022

Article 1. Establishment, Objectives and Duration

- 1.1 Establishment and Amendment of the Plan. The Board of Directors (the “Board”) of Garmin Ltd., a Swiss company (the “Company”), hereby establishes the incentive compensation plan to be known as the Garmin Ltd. 2005 Equity Incentive Plan (the “Plan”). The Plan was adopted by the Board of Directors of Garmin Ltd., a Cayman Islands company (“Garmin Cayman”), on March 1, 2005 and was approved by the shareholders of Garmin Cayman on June 3, 2005. The Plan is effective as of June 3, 2005 (the “Effective Date”). In 2006, Garmin Cayman effected a two-for-one stock split of its common Shares (the “Stock Split”). Subject to approval of the shareholders of Garmin Cayman, the Board of Directors of Garmin Cayman adopted an amended and restated plan effective June 5, 2009 with certain amendments reflecting the Stock Split, updated changes in the law and an expanded type of performance-based awards eligible to be granted under the Plan. The Plan was amended and restated on June 27, 2010 following the redomestication transaction on June 27, 2010 pursuant to which the shares of Garmin Cayman were exchanged for shares of the Company and the Company became the public holding company of Garmin Cayman and its subsidiaries. The Plan was amended and restated again on June 7, 2013, on October 21, 2016, on June 7, 2019 and on April 22, 2022.
- 1.2 Objectives of the Plan. The Plan is intended to allow employees of the Company and its Subsidiaries to acquire or increase equity ownership in the Company, or to be compensated under the Plan based on growth in the Company’s equity value, thereby strengthening their commitment to the success of the Company and stimulating their efforts on behalf of the Company, and to assist the Company and its Subsidiaries in attracting new employees and retaining existing employees. The Plan is also intended to optimize the profitability and growth of the Company through incentives which are consistent with the Company’s goals; to provide incentives for excellence in individual performance; and to promote teamwork.
- 1.3 Duration of the Plan. The Plan shall commence on the Effective Date and shall remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Article 13 hereof, until all Shares subject to it shall have been purchased or acquired according to the Plan’s provisions.

Article 2. Definitions

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

- 2.1 “Article” means an Article of the Plan.
- 2.2 “Award” means Options, Restricted Shares, Bonus Shares, SARs, Restricted Stock Units, Performance Units or Performance Shares granted under the Plan.
- 2.3 “Award Agreement” means a written agreement by which an Award is evidenced.
- 2.4 “Beneficial Owner” has the meaning specified in Rule 13d-3 of the SEC under the Exchange Act.
- 2.5 “Board” means the Board of Directors of the Company.
- 2.6 “Bonus Shares” means Shares that are awarded to a Grantee without cost and without restrictions in recognition of past performance (whether determined by reference to another employee benefit plan of the Company or otherwise) or as an incentive to become an employee of the Company or a Subsidiary.
- 2.7 “Cause” means, unless otherwise defined in an Award Agreement,
- (a) a Grantee’s conviction of, plea of guilty to, or plea of nolo contendere to a felony or other crime that involves fraud, dishonesty or moral turpitude,
 - (b) any willful action or omission by a Grantee which would constitute grounds for immediate dismissal under the employment policies of the Company or the Subsidiary by which Grantee is employed, including but not limited to intoxication with alcohol or illegal drugs while on the premises of the Company or any Subsidiary, or violation of sexual harassment laws or the internal sexual harassment policy of the Company or the Subsidiary by which Grantee is employed, irrespective of whether the applicable law would allow an immediate dismissal in these cases,
 - (c) a Grantee’s habitual neglect of duties, including but not limited to repeated absences from work without reasonable excuse, or

- (d) a Grantee's willful and intentional material misconduct in the performance of his duties that results in financial detriment to the Company or any Subsidiary;

provided, however, that for purposes of clauses (b), (c) and (d), Cause shall not include any one or more of the following: bad judgment, negligence or any act or omission believed by the Grantee in good faith to have been in or not opposed to the interest of the Company (without intent of the Grantee to gain, directly or indirectly, a profit to which the Grantee was not legally entitled). A Grantee who agrees to resign from his affiliation with the Company or a Subsidiary in lieu of being terminated for Cause may be deemed to have been terminated for Cause for purposes of the Plan.

2.8 "Change of Control" means, unless otherwise defined in an Award Agreement, any one or more of the following:

- (a) any Person other than (i) a Subsidiary, (ii) any employee benefit plan (or any related trust) of the Company or any of its Subsidiaries or (iii) any Excluded Person, becomes the Beneficial Owner of 35% or more of the shares of the Company representing 35% or more of the combined voting power of the Company (such a person or group, a "35% Owner"), except that (i) no Change of Control shall be deemed to have occurred solely by reason of such beneficial ownership by a corporation with respect to which both more than 60% of the common shares of such corporation and Voting Securities representing more than 60% of the aggregate voting power of such corporation are then owned, directly or indirectly, by the persons who were the direct or indirect owners of the shares of the Company immediately before such acquisition in substantially the same proportions as their ownership, immediately before such acquisition, of the shares of the Company, as the case may be and (ii) such corporation shall not be deemed a 35% Owner; or
- (b) the Incumbent Directors (determined using the Effective Date as the baseline date) cease for any reason to constitute at least a majority of the directors of the Company then serving; or
- (c) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of a merger, reorganization, consolidation, or similar transaction, or the sale or other disposition of all or substantially all (at least 40%) of the consolidated assets of the Company or a resolution of dissolution of the Company (any of the foregoing transactions, a "Reorganization Transaction") which is not an Exempt Reorganization Transaction.

The definition of "Change of Control" may be amended at any time prior to the occurrence of a Change of Control, and such amended definition shall be applied to all Awards granted under the Plan whether or not outstanding at the time such definition is amended, without requiring the consent of any Grantee. Notwithstanding the occurrence of any of the foregoing events, (a) a Change of Control shall be deemed not to have occurred with respect to any Section 16 Person if such Section 16 Person is, by agreement (written or otherwise), a participant on such Section 16 Person's own behalf in a transaction which causes the Change of Control to occur and (b) a Change of Control shall not occur with respect to a Grantee if, in advance of such event, the Grantee agrees in writing that such event shall not constitute a Change of Control.

2.9 "Change of Control Period" has the meaning set forth in Section 5.6(c).

2.10 "Change of Control Value" means the Fair Market Value of a Share on the date of a Change of Control.

2.11 "Code" means the Internal Revenue Code of 1986, as amended from time to time, and regulations and rulings thereunder. References to a particular section of the Code include references to successor provisions of the Code or any successor statute.

2.12 "Company" has the meaning set forth in Section 1.1.

2.13 "Disabled" or "Disability" means an individual (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than 3 months under a Company-sponsored accident and health plan. Notwithstanding the foregoing, with respect to an Incentive Stock Option, "Disability" means a permanent and total disability, within the meaning of Code Section 22(e)(3), as determined by the Board in good faith, upon receipt of medical advice from one or more individuals, selected by the Board, who are qualified to give professional medical advice.

2.14 "Effective Date" has the meaning set forth in Section 1.1.

2.15 "Eligible Person" means any employee (including any officer) of the Company or any Subsidiary, including any such employee who is on an approved leave of absence or has been subject to a disability which does not qualify as a Disability.

2.16 "Exchange Act" means the Securities Exchange Act of 1934, as amended. References to a particular section of the Exchange Act include references to successor provisions.

2.17 "Excluded Person" means any Person who, along with such Person's Affiliates and Associates (as such terms are defined in Rule 12b-2 of the General Rules and Regulations under the Exchange Act) is the Beneficial Owner of 15% or more of the Shares outstanding as of the Effective Date.

- 2.18 "Exempt Reorganization Transaction" means a Reorganization Transaction which (i) results in the Persons who were the direct or indirect owners of the outstanding shares of the Company immediately before such Reorganization Transaction becoming, immediately after the consummation of such Reorganization Transaction, the direct or indirect owners of both more than 60% of the then-outstanding common shares of the Surviving Corporation and Voting Securities representing more than 60% of the aggregate voting power of the Surviving Corporation, in substantially the same respective proportions as such Persons' ownership of the shares of the Company immediately before such Reorganization Transaction, or (ii) after such transaction, more than 50% of the members of the board of directors of the Surviving Corporation were Incumbent Directors at the time of the Board's approval of the agreement providing for the Reorganization Transaction or other action of the Board approving the transaction (or whose election or nomination was approved by a vote of at least two-thirds of the members who were members of the Board at that time).
- 2.19 "Fair Market Value" means, unless otherwise determined or provided by the Board in the circumstances, (A) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Board, and (B) with respect to Shares, (i) the last sale price (also referred to as the closing price) of a Share on such U.S. securities exchange as the Shares are then traded, for the applicable date, (ii) if such U.S. securities exchange is closed for trading on such date, or if the Shares do not trade on such date, then the last sales price used shall be the one on the date the Shares last traded on such U.S. securities exchange, or (iii) in the event that there shall be no public market for the Shares, the fair market value of the Shares as determined in good faith by the Board using a method consistently applied. Notwithstanding the above, for all Options, SARs and Deferred Shares (RSUs) granted before June 5, 2009, Fair Market Value for purposes of establishing Option Prices, Exercise Prices or values of Shares, respectively, was established based on the average of the high and low trading prices on the New York Stock Exchange (or, if no sale of Shares was reported for such date, on the next preceding date on which a sale of Shares was reported).
- 2.20 "Freestanding SAR" means any SAR that is granted independently of any Option.
- 2.21 "Good Reason" means any action by the Company or the Subsidiary employing a Grantee which results in any of the following without the Grantee's consent: (a) a material diminution or other material adverse change in the Grantee's position, authority or duties, (b) requiring the Grantee to be based at any office or location more than 50 miles from the location where he or she was previously based; (c) a material diminution in the Grantee's compensation in the aggregate, other than a diminution applicable to all similarly situated employees. A Grantee shall not have Good Reason to terminate his or her position unless, (1) within 60 days following the event or circumstance set forth above in (a), (b) or (c), the Grantee notifies the Company of such event or circumstance, (2) the Grantee gives the Company 30 days to correct the event or circumstance, and (3) the Company does not correct, in all material respects, such event or circumstance.
- 2.22 "Grant Date" has the meaning set forth in Section 5.2.
- 2.23 "Grantee" means an individual who has been granted an Award.
- 2.24 "Including" or "includes" mean "including, without limitation," or "includes, without limitation", respectively.
- 2.25 "Incumbent Directors" means, as of any specified baseline date, individuals then serving as members of the Board who were members of the Board as of the date immediately preceding such baseline date; *provided* that any subsequently-appointed or elected member of the Board whose election, or nomination for election by shareholders of the Company or the Surviving Corporation, as applicable, was approved by a vote or written consent of a majority of the directors then comprising the Incumbent Directors shall also thereafter be considered an Incumbent Director, unless the initial assumption of office of such subsequently-elected or appointed director was in connection with (i) an actual or threatened election contest, including a consent solicitation, relating to the election or removal of one or more members of the Board, (ii) a "tender offer" (as such term is used in Section 14(d) of the Exchange Act), or (iii) a proposed Reorganization Transaction.
- 2.26 "Option" means an option granted under Article 6 of the Plan, including an incentive stock option.
- 2.27 "Option Price" means the price at which a Share may be purchased by a Grantee pursuant to an Option.
- 2.28 "Option Term" means the period beginning on the Grant Date of an Option and ending on the expiration date of such Option, as specified in the Award Agreement for such Option and as may, consistent with the provisions of the Plan, be extended from time to time by the Board prior to the expiration date of such Option then in effect.
- 2.29 "Performance Period" has the meaning set forth in Section 10.2.
- 2.30 "Performance Share" or "Performance Unit" has the meaning set forth in Article 10.
- 2.31 "Period of Restriction" means the period during which the transfer of Restricted Shares is limited in some way (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Board) or the Shares are subject to a substantial risk of forfeiture, as provided in Article 8.
- 2.32 "Person" shall have the meaning ascribed to such term in Section 3(a) (9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.
- 2.33 "Plan" has the meaning set forth in Section 1.1.

- 2.34 “Plan Committee” has the meaning set forth in Section 3.1.
- 2.35 “Reorganization Transaction” has the meaning set forth in Section 2.9(c).
- 2.36 “Restricted Shares” means Shares that are issued as an Award under the Plan that is subject to Restrictions.
- 2.37 “Restricted Stock Units” (f/k/a “Deferred Shares”) means units awarded to Grantees pursuant to Article 9 hereof, which are convertible into Shares at such time as such units are no longer subject to Restrictions as established by the Board. Restricted Stock Units are the same as “Deferred Shares” previously referred to and granted under the Plan prior to this Amended and Restated Plan becoming effective.
- 2.38 “Restriction” means any restriction on a Grantee’s free enjoyment of the Shares or other rights underlying Awards, including (a) that the Grantee or other holder may not sell, transfer, pledge, or assign a Share or right, and (b) such other restrictions as the Board may impose in the Award Agreement that are permissible under Swiss law. Restrictions may be based on the passage of time or the satisfaction of performance criteria or the occurrence of one or more events or conditions, and shall lapse separately or in combination upon such conditions and at such time or times, in installments or otherwise, as the Board shall specify. Awards subject to a Restriction shall be forfeited if the Restriction does not lapse prior to such date or the occurrence of such event or the satisfaction of such other criteria as the Board shall determine.
- 2.39 “Rule 16b-3” means Rule 16b-3 promulgated by the SEC under the Exchange Act, together with any successor rule, as in effect from time to time.
- 2.40 “SAR” means a stock appreciation right and includes both Tandem SARs and Freestanding SARs.
- 2.41 “SAR Term” means the period beginning on the Grant Date of a SAR and ending on the expiration date of such SAR, as specified in the Award Agreement for such SAR and as may, consistent with the provisions of the Plan, be extended from time to time by the Board prior to the expiration date of such SAR then in effect.
- 2.42 “SEC” means the United States Securities and Exchange Commission, or any successor thereto.
- 2.43 “Section” means, unless the context otherwise requires, a Section of the Plan.
- 2.44 “Section 16 Person” means a person who is subject to obligations under Section 16 of the Exchange Act with respect to transactions involving equity securities of the Company.
- 2.45 “Share” means a registered share, CHF 0.10 par value, of the Company.
- 2.46 “Subsidiary” means with respect to any Person (a) any corporation of which more than 50% of the Voting Securities are at the time, directly or indirectly, owned by such Person, and (b) any partnership or limited liability company in which such Person has a direct or indirect interest (whether in the form of voting power or participation in profits or capital contribution) of more than 50%. Solely with respect to a grant of an incentive stock option under the requirements of Section 422 of the Code, “Subsidiary” means a “subsidiary corporation” as defined in Section 424(f) of the Code.
- 2.47 “Substitute Option” has the meaning set forth in Section 6.3.
- 2.48 “Surviving Corporation” means the corporation resulting from a Reorganization Transaction or, if Voting Securities representing at least 50% of the aggregate voting power of such resulting corporation are directly or indirectly owned by another corporation, such other corporation.
- 2.49 “Tandem SAR” means a SAR that is granted in connection with, or related to, an Option, and which requires forfeiture of the right to purchase an equal number of Shares under the related Option upon the exercise of such SAR; or alternatively, which requires the cancellation of an equal amount of SARs upon the purchase of the Shares subject to the Option.
- 2.50 “Tax Withholding” has the meaning set forth in Section 14.1(a).
- 2.51 “Termination of Affiliation” occurs on the first day on which an individual is for any reason no longer providing services to the Company or any Subsidiary in the capacity of an employee, or with respect to an individual who is an employee of a Subsidiary, the first day on which such Subsidiary ceases to be a Subsidiary. A Termination of Affiliation shall have the same meaning as a “separation from service” under Code Section 409A(2)(A)(i).
- 2.52 “Voting Securities” of a corporation means securities of such corporation that are entitled to vote generally in the election of directors, but not including any other class of securities of such corporation that may have voting power by reason of the occurrence of a contingency.

Article 3. Administration

- 3.1 Board and Plan Committee. Subject to Article 13, and to Section 3.2, the Plan shall be administered by the Board, or a committee of the Board appointed by the Board to administer the Plan ("Plan Committee"). To the extent the Board considers it desirable for transactions relating to Awards to be eligible to qualify for an exemption under Rule 16b-3, the Plan Committee shall consist of two or more directors of the Company, all of whom qualify as "non-employee directors" within the meaning of Rule 16b-3.

Any references herein to "Board" are, except as the context requires otherwise, references to the Board or the Plan Committee, as applicable.

- 3.2 Powers of the Board. Subject to the express provisions of the Plan, the Board has full and final authority and sole discretion as follows:

- (a) taking into consideration the reasonable recommendations of management, to determine when, to whom and in what types and amounts Awards should be granted and the terms and conditions applicable to each Award, including the Option Price, the Option Term, the Restrictions, the benefit payable under any SAR, Performance Unit or Performance Share and whether or not specific Awards shall be granted in connection with other specific Awards, and if so whether they shall be exercisable cumulatively with, or alternatively to, such other specific Awards;
- (b) to determine the amount, if any, that a Grantee shall pay for Restricted Shares, whether and on what terms to permit or require the payment of cash dividends thereon to be deferred, when Restrictions on Restricted Shares (including Restricted Shares acquired upon the exercise of an Option) shall lapse and whether such shares shall be held in escrow;
- (c) to construe and interpret the Plan and to make all determinations necessary or advisable for the administration of the Plan;
- (d) to make, amend, and rescind rules relating to the Plan, including rules with respect to the exercisability and nonforfeitability of Awards and lapse of Restrictions upon the Termination of Affiliation of a Grantee;
- (e) to determine the terms and conditions of all Award Agreements (which need not be identical) and, with the consent of the Grantee, to amend any such Award Agreement at any time, among other things, to permit transfers of such Awards to the extent permitted by the Plan; *provided* that the consent of the Grantee shall not be required for any amendment which (A) does not adversely affect the rights of the Grantee, or (B) is necessary or advisable (as determined by the Board) to carry out the purpose of the Award as a result of any new or change in existing applicable law;
- (f) to cancel, with the consent of the Grantee, outstanding Awards and to grant new Awards in substitution thereof; *provided* that any replacement grant that would be considered a repricing shall be subject to shareholder approval;
- (g) to accelerate the exercisability (including exercisability within a period of less than six months after the Grant Date) of, and to accelerate or waive any or all of the terms conditions or Restrictions applicable to, any Award or any group of Awards for any reason and at any time, including in connection with a Termination of Affiliation;
- (h) subject to Section 5.3, to extend the time during which any Award or group of Awards may be exercised;
- (i) to make such adjustments or modifications to Awards to Grantees who are working outside the United States as are advisable to fulfill the purposes of the Plan or to comply with applicable local law, and to authorize foreign Subsidiaries to adopt plans as provided in Article 15;
- (j) to delegate to any member of the Board or committee of Board members such of its powers as it deems appropriate, including the power to subdelegate, except that only a member of the Board of Directors of the Company (or a committee thereof) may grant Awards from time to time to specified categories of Eligible Persons in amounts and on terms to be specified by the Board; *provided* that no such grants shall be made other than by the Board or the Plan Committee to individuals who are then Section 16 Persons;
- (k) to delegate to officers, employees or independent contractors of the Company matters involving the routine administration of the Plan and which are not specifically required by any provision of the Plan to be performed by the Board of Directors of the Company;
- (l) to delegate its duties and responsibilities under the Plan with respect to foreign Subsidiary plans, except its duties and responsibilities with respect to Section 16 Persons, and (A) the acts of such delegates shall be treated hereunder as acts of the Board and (B) such delegates shall report to the Board regarding the delegated duties and responsibilities;
- (m) to correct any defect or supply any omission or reconcile any inconsistency, and construe and interpret the Plan, the rules and regulations, any Award Agreement or any other instrument entered into or relating to an Award under the Plan, and to make all determinations, including factual determinations, necessary or advisable for the administration of the Plan;

- (n) to impose such additional terms and conditions upon the grant, exercise or retention of Awards as the Board may, before or concurrently with the grant thereof, deem appropriate, including limiting the percentage of Awards which may from time to time be exercised by a Grantee; and
- (o) to take any other action with respect to any matters relating to the Plan for which it is responsible.

All determinations on any matter relating to the Plan or any Award Agreement may be made in the sole and absolute discretion of the Board, and to the fullest extent permitted by the applicable law all such determinations of the Board shall be final, conclusive and binding on all Persons. To the fullest extent permitted by the applicable law no member of the Board shall be liable for any action or determination made with respect to the Plan or any Award.

Article 4. Shares Subject to the Plan

4.1 Number of Shares Available.

- (a) *Plan Limit.* Subject to adjustment as provided in Section 4.2, the number of Shares hereby reserved for delivery under the Plan is thirteen million (13,000,000) Shares. The maximum number of Shares that may be delivered pursuant to the exercise of Options (including incentive stock options under Code Section 422) or SARs is ten million (10,000,000) Shares. The maximum number of Shares that may be delivered as Restricted Shares or pursuant to Performance Units or Restricted Stock Units is ~~ten million (10,000,000)~~ twelve million (12,000,000) Shares. The maximum number of Bonus Shares that may be awarded is one million (1,000,000) Shares. If any Shares subject to an Award granted hereunder are forfeited or an Award or any portion thereof otherwise terminates or is settled without the issuance of Shares, the Shares subject to such Award, to the extent of any such forfeiture, termination or settlement, shall again be available for grant under the Plan. The Board may from time to time determine the appropriate methodology for calculating the number of Shares issued pursuant to the Plan.
- (b) *Individual Limit.* No individual Grantee may be granted Options, SARs, Restricted Shares, Restricted Stock Units, Bonus Shares, Performance Units or Performance Shares in Shares, or in any combination thereof, relating to an aggregate number of Shares under the Plan that exceeds two million (2,000,000) Shares in any 5-year period. If a previously granted Option, SAR, Restricted Stock Unit, Performance Unit, or Performance Share is forfeited, canceled or repriced, such forfeited, canceled or repriced Award as the case may be, shall continue to be counted against the maximum number of Shares subject to Awards that may be delivered to any Grantee under this Section 4.1(b).

4.2 Adjustments in Shares.

- (a) *Adjustment Principle.* In the event that the Board determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, share split, reverse share split, subdivision, consolidation or reduction of capital, reorganization, merger, scheme of arrangement, split-up, spin-off or combination involving the Company or repurchase or exchange of Shares or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that any adjustment is determined by the Board to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Board shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property of the Company or any Person that is a party to a Reorganization Transaction with the Company) with respect to which Awards may be granted, (ii) the number and type of Shares (or other securities or property of the Company or any Person that is a party to a Reorganization Transaction with the Company) subject to outstanding Awards, and (iii) the grant or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award or the substitution of other property for Shares subject to an outstanding Award; provided, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.
- (b) *Example.* By way of illustration, and not by way of limitation, the following illustrates how the foregoing adjustment principles would apply in the context of a stock split: Assume a Grantee holds an Option to purchase 1,000 shares of Company stock at an Option Price of \$50 per share. Assume further that the Company completes a two-for-one share split such that every shareholder on the requisite record date receives two Shares for every one Share held on the record date. Pursuant to the adjustment principles set forth above in Section 4.2(a), the Grantee's Option would be adjusted such that, after such adjustment, the Grantee would hold an Option to purchase 2,000 Shares at an Option Price of \$25 per Share. All other terms and conditions of the Option would remain the same. Similar adjustment principles would apply to SARs, Performance Shares, Performance Units, Bonus Shares and Deferred Shares. This Section 4.2(b) is for illustrative purposes only, assumes hypothetical facts, and shall not, under any event or circumstance, be interpreted as the adjustment outcome with respect to specific factual situations.

Article 5. Eligibility and General Conditions of Awards

- 5.1 Eligibility. The Board may grant Awards to any Eligible Person, whether or not he or she has previously received an Award.
- 5.2 Grant Date. The Grant Date of an Award shall be the date on which the Board grants the Award or such later date as specified by the Board (i) in the Board's resolutions or minutes addressing the Award grants or (ii) in the Award Agreement.
- 5.3 Maximum Term. Subject to the following proviso, the Option Term or other period during which an Award may be outstanding shall not extend more than 10 years after the Grant Date, and shall be subject to earlier termination as herein specified.
- 5.4 Award Agreement. To the extent not set forth in the Plan, the terms and conditions of each Award (which need not be the same for each grant or for each Grantee) shall be set forth in an Award Agreement.
- 5.5 Restrictions on Share Transferability. The Board may include in the Award Agreement such restrictions on any Shares acquired pursuant to the exercise or vesting of an Award as it may deem advisable, including restrictions under applicable federal securities laws.
- 5.6 Termination of Affiliation. Except as otherwise provided in an Award Agreement (including an Award Agreement as amended by the Board pursuant to Section 3.2), and subject to the provisions of Section 13.1, the extent to which the Grantee shall have the right to exercise, vest in, or receive payment in respect of an Award following Termination of Affiliation shall be determined in accordance with the following provisions of this Section 5.6.
- (a) For Cause. If a Grantee has a Termination of Affiliation for Cause:
- (i) the Grantee's Restricted Shares that are forfeitable immediately before such Termination of Affiliation shall automatically be forfeited on such date, subject in the case of Restricted Shares to the provisions of Section 8.5 regarding repayment of certain amounts to the Grantee;
 - (ii) the Grantee's Restricted Stock Units shall automatically be forfeited; and
 - (iii) any unexercised Option or SAR, and any Performance Share or Performance Unit with respect to which the Performance Period has not ended immediately before such Termination of Affiliation, shall terminate effective immediately upon such Termination of Affiliation.
- (b) On Account of Death or Disability. If a Grantee has a Termination of Affiliation on account of death or Disability:
- (i) the Grantee's Restricted Shares that were forfeitable immediately before such Termination of Affiliation shall thereupon become nonforfeitable;
 - (ii) the Grantee's Restricted Stock Units shall immediately be settled in accordance with Section 9.4;
 - (iii) any unexercised Option or SAR, whether or not exercisable immediately before such Termination of Affiliation, shall be fully exercisable and may be exercised, in whole or in part, at any time up to one year after such Termination of Affiliation (but only during the Option Term or SAR Term, respectively) by the Grantee or, after his or her death, by (A) his or her personal representative or the person to whom the Option or SAR, as applicable, is transferred by will or the applicable laws of descent and distribution, or (B) the Grantee's beneficiary designated in accordance with Article 11; and
 - (iv) the benefit payable with respect to any Performance Share or Performance Unit with respect to which the Performance Period has not ended immediately before such Termination of Affiliation on account of death or Disability shall be equal to the product of the Fair Market Value of a Share as of the date of such Termination of Affiliation or the value of the Performance Unit specified in the Award Agreement (determined as of the date of such Termination of Affiliation), as applicable, multiplied successively by each of the following:
 - (A) a fraction, the numerator of which is the number of months (including as a whole month any partial month) that have elapsed since the beginning of such Performance Period until the date of such Termination of Affiliation and the denominator of which is the number of months (including as a whole month any partial month) in the Performance Period; and
 - (B) a percentage determined by the Plan Committee that would be earned under the terms of the applicable Award Agreement assuming that the rate at which the performance goals have been achieved as of the date of such Termination of Affiliation would continue until the end of the Performance Period, or, if the Board elects to compute the benefit after the end of the Performance Period, the Performance percentage, as determined by the Board, attained during the Performance Period.
- (c) Change of Control Period. If a Grantee has a Termination of Affiliation during the period ("Change of Control Period") commencing on a Change of Control and ending on the first anniversary of the Change of Control, which Termination of Affiliation is initiated by the Company or a Subsidiary other than for Cause, or initiated by the Grantee for Good Reason, then

- (i) the Grantee's Restricted Shares that were forfeitable shall thereupon become nonforfeitable;
 - (ii) the Grantee's Restricted Stock Units shall immediately be settled in accordance with Section 9.4;
 - (iii) any unexercised Option or SAR, whether or not exercisable on the date of such Termination of Affiliation, shall thereupon be fully exercisable and may be exercised, in whole or in part for ninety (90) days following such Termination of Affiliation (but only during the Option Term or SAR Term, respectively); and
 - (iv) the Company shall immediately pay to the Grantee, with respect to any Performance Share or Performance Unit with respect to which the Performance Period has not ended as of the date of such Termination of Affiliation, a cash payment equal to the product of (A) in the case of a Performance Share, the Change of Control Value or (B) in the case of a Performance Unit, the value of the Performance Unit specified in the Award Agreement, as applicable, multiplied successively by each of the following:
 - (A) a fraction, the numerator of which is the number of whole and partial months that have elapsed between the beginning of such Performance Period and the date of such Termination of Affiliation and the denominator of which is the number of whole and partial months in the Performance Period; and
 - (B) a percentage equal to a greater of (x) the target percentage, if any, specified in the applicable Award Agreement or (y) the maximum percentage, if any, that would be earned under the terms of the applicable Award Agreement assuming that the rate at which the performance goals have been achieved as of the date of such Termination of Affiliation would continue until the end of the Performance Period.
- (d) Any Other Reason. If a Grantee has a Termination of Affiliation for any reason other than for Cause, death or Disability, and other than under the circumstances described in Section 5.6(c), then:
- (i) the Grantee's Restricted Shares, to the extent forfeitable immediately before such Termination of Affiliation, shall thereupon automatically be forfeited, subject in the case of Restricted Shares to the provisions of Section 8.5 regarding repayment of certain amounts to the Grantee;
 - (ii) the Grantee's Restricted Stock Units shall automatically be forfeited;
 - (iii) any unexercised Option or SAR, to the extent exercisable immediately before such Termination of Affiliation, shall remain exercisable in whole or in part for ninety (90) days after such Termination of Affiliation (but only during the Option Term or SAR Term, respectively) by the Grantee or, after his or her death, by (A) his or her personal representative or the person to whom the Option or SAR, as applicable, is transferred by will or the applicable laws of descent and distribution, or (B) the Grantee's beneficiary designated in accordance with Article 11; and
 - (iv) any Performance Shares or Performance Units with respect to which the Performance Period has not ended as of the date of such Termination of Affiliation shall terminate immediately upon such Termination of Affiliation.

5.7 Nontransferability of Awards.

- (a) Except as provided in Section 5.7(c) below, each Award, and each right under any Award, shall be exercisable only by the Grantee during the Grantee's lifetime, or, if permissible under applicable law, by the Grantee's guardian or legal representative.
- (b) Except as provided in Section 5.7(c) below, no Award (prior to the time, if applicable, Shares are issued in respect of such Award), and no right under any Award, may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Grantee otherwise than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Subsidiary; *provided*, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.
- (c) To the extent and in the manner permitted by the Board, and subject to such terms and conditions as may be prescribed by the Board, a Grantee may transfer an Award to (a) a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the Grantee, (including adoptive relationships), (b) any person sharing the Grantee's household (other than a tenant or employee), (c) a trust in which persons described in (a) or (b) have more than 50% of the beneficial interest, (d) a foundation in which persons described in (a) or (b) or the Grantee own more than 50% of the voting interests; provided such transfer is not for value. The following shall not be considered transfers for value: (i) a transfer under a domestic relations order in settlement of marital property rights; and (ii) a transfer to an entity in which more than 50% of the voting interests are owned by persons described in (a) or (b) above or the Grantee, in exchange for an interest in that entity.

Article 6. Stock Options

- 6.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to any Eligible Person in such number, and upon such terms, and at any time and from time to time as shall be determined by the Board. Without limiting the generality of the foregoing, the Board may grant to any Eligible Person, or permit any Eligible Person to elect to receive, an Option in lieu of or in substitution for any other compensation (whether payable currently or on a deferred basis, and whether payable under the Plan or otherwise) which such Eligible Person may be eligible to receive from the Company or a Subsidiary, which Option may have a value (as determined by the Board under Black-Scholes or any other option valuation method) that is equal to or greater than the amount of such other compensation.
- 6.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the Option Term, the number of shares to which the Option pertains, the time or times at which such Option shall be exercisable and such other provisions as the Board shall determine.
- 6.3 Option Price. The Option Price of an Option under the Plan shall be determined by the Board, and shall be the higher of 100% of the Fair Market Value of a Share on the Grant Date or 100% of the par value of a Share; *provided, however*, that any Option ("Substitute Option") that is (x) granted to a Grantee in connection with the acquisition ("Acquisition"), however effected, by the Company of another corporation or entity ("Acquired Entity") or the assets thereof, (y) associated with an option to purchase shares of stock or other equity interest of the Acquired Entity or an affiliate thereof ("Acquired Entity Option") held by such Grantee immediately prior to such Acquisition, and (z) intended to preserve for the Grantee the economic value of all or a portion of such Acquired Entity Option, shall be granted such that such option substitution is completed in conformity with the rules set forth in Section 424(a) of the Code.
- 6.4 Grant of Incentive Stock Options.
- (a) At the time of the grant of any Option to an Eligible Person who is an employee of the Company or a Subsidiary, the Board may designate that such option shall be made subject to additional restrictions to permit it to qualify as an "incentive stock option" under the requirements of Section 422 of the Code. Any option designated as an incentive stock option:
 - (i) shall not be granted to a person who owns shares (including shares treated as owned under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of shares of the Company;
 - (ii) shall be for a term of not more than 10 years from the Grant Date, and shall be subject to earlier termination as provided herein or in the applicable Award Agreement;
 - (iii) shall not have an aggregate Fair Market Value (determined for each incentive stock option at its Grant Date) of Shares with respect to which incentive stock options are exercisable for the first time by such Grantee during any calendar year (under the Plan and any other employee stock option plan of the Grantee's employer or any parent or Subsidiary thereof ("Other Plans")), determined in accordance with the provisions of Section 422 of the Code, which exceeds \$100,000 (the "\$100,000 Limit");
 - (iv) shall, if the aggregate Fair Market Value of a Share (determined on the Grant Date) with respect to the portion of such grant which is exercisable for the first time during any calendar year ("Current Grant") and all incentive stock options previously granted under the Plan and any Other Plans which are exercisable for the first time during a calendar year ("Prior Grants") would exceed the \$100,000 Limit, be exercisable as follows:
 - (A) the portion of the Current Grant which would, when added to any Prior Grants, be exercisable with respect to Shares which would have an aggregate Fair Market Value (determined as of the respective Grant Date for such options) in excess of the \$100,000 Limit shall, notwithstanding the terms of the Current Grant, be exercisable for the first time by the Grantee in the first subsequent calendar year or years in which it could be exercisable for the first time by the Grantee when added to all Prior Grants without exceeding the \$100,000 Limit; and
 - (B) if, viewed as of the date of the Current Grant, any portion of a Current Grant could not be exercised under the preceding provisions of this Subsection (iv) during any calendar year commencing with the calendar year in which it is first exercisable through and including the last calendar year in which it may by its terms be exercised, such portion of the Current Grant shall not be an incentive stock option, but shall be exercisable as a separate Option at such date or dates as are provided in the Current Grant;
 - (v) shall be granted within 10 years from the earlier of the date the Plan is adopted or the date the Plan is approved by the shareholders of the Company;
 - (vi) shall require the Grantee to notify the Board of any disposition of any Shares issued pursuant to the exercise of the incentive stock option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), within 10 days of such disposition; and
 - (vii) shall by its terms not be assignable or transferable other than by will or the laws of descent and distribution and may be exercised, during the Grantee's lifetime, only by the Grantee; provided, however, that the Grantee may, to the extent

provided in the Plan in any manner specified by the Board, designate in writing a beneficiary to exercise such incentive stock option after the Grantee's death.

Notwithstanding the foregoing, the Board may, without the consent of the Grantee, at any time before the exercise of an option (whether or not an incentive stock option), take any action necessary to prevent such option from being treated as an incentive stock option.

- 6.5 Exercise of Options. Options shall be exercised by the delivery of a written notice of exercise to the Company or its designee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares as instructed by the Board or, subject to the approval of the Board pursuant to procedures approved by the Board,
- (a) through the sale of the Shares acquired on exercise of the Option through a broker-dealer to whom the Grantee has submitted an irrevocable notice of exercise and irrevocable instructions to deliver promptly to the Company the amount of sale or loan proceeds sufficient to pay for such Shares, together with, if requested by the Company, the amount of federal, state, local or foreign withholding taxes payable by Grantee by reason of such exercise,
 - (b) through simultaneous sale through a broker of Shares acquired on exercise, as permitted under Regulation T of the Federal Reserve Board,
 - (c) by transfer to the Company of the number of Shares then owned by the Grantee, the Fair Market Value of which equals the purchase price of the Shares purchased in connection with the Option exercise, properly endorsed for transfer to the Company; provided however, that Shares used for this purpose must have been held by the Grantee for such minimum period of time as may be established from time to time by the Board; and provided further that the Fair Market Value of any Shares delivered in payment of the purchase price upon exercise of the Options shall be the Fair Market Value as of the exercise date, which shall be the date of delivery of the certificates for the Stock used as payment of the exercise price. For purposes of this Section 6.5(c), in lieu of actually transferring to the Company the number of Shares then owned by the Grantee, the Board may, in its discretion permit the Grantee to submit to the Company a statement affirming ownership by the Grantee of such number of Shares and request that such Shares, although not actually transferred, be deemed to have been transferred by the Grantee as payment of the exercise price, or
 - (d) by a "net exercise" arrangement pursuant to which the Company will not require a payment of the Option Price but will reduce the number of Shares upon the exercise by the largest number of whole shares that has a Fair Market Value on the date of exercise that does not exceed the aggregate Option Price. With respect to any remaining balance of the aggregate option price, the Company will accept a cash payment from the Grantee. Notwithstanding the foregoing, a "net exercise" arrangement will not be an eligible exercise method for incentive stock options unless and until the Company and its advisors conclude that such method of exercise may be utilized without resulting in a disqualification of the incentive stock option.

Article 7. Stock Appreciation Rights

- 7.1 Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to any Eligible Person at any time and from time to time as shall be determined by the Board in its sole discretion. The Board may grant Freestanding SARs or Tandem SARs, or any combination thereof.
- (a) Number of Shares. The Board shall have complete discretion to determine the number of SARs granted to any Grantee, subject to the limitations imposed in the Plan and by applicable law.
 - (b) Exercise Price and Other Terms. All SARs shall be granted with an exercise price no less than the Fair Market Value of the underlying Shares on the SARs' Grant Date. The Board, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan. The exercise price per Share of Tandem SARs shall equal the exercise price per Share of the related Option.
- 7.2 SAR Award Agreement. Each SAR granted under the Plan shall be evidenced by a written SAR Award Agreement which shall be entered into by the Company and the Grantee to whom the SAR is granted and which shall specify the exercise price per share, the SAR Term, the conditions of exercise, and such other terms and conditions as the Board in its sole discretion shall determine.
- 7.3 Exercise of SARs. SARs shall be exercised by the delivery of a written notice of exercise to the Company or its designee, setting forth the number of Shares over which the SAR is to be exercised. Tandem SARs (a) may be exercised with respect to all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option; (b) may be exercised only with respect to the Shares for which its related Option is then exercisable; and (c) may be exercised only when the Fair Market Value of the Shares subject to the Option exceeds the Option Price of the Option. The value of the payment with respect to the Tandem SAR may be no more than 100% of the difference between the Option Price of the underlying Option and the Fair Market Value of the Shares subject to the underlying Option at the time the Tandem SAR is exercised.
- 7.4 Expiration of SARs. A SAR granted under the Plan shall expire on the date set forth in the SAR Award Agreement, which date shall be determined by the Board in its sole discretion. Unless otherwise specifically provided for in the SAR Award agreement, a Tandem SAR granted under the Plan shall be exercisable at such time or times and only to the extent that the related Option is exercisable. The Tandem SAR shall terminate and no longer be exercisable upon the termination or exercise of the related

Options, except that Tandem SARs granted with respect to less than the full number of Shares covered by a related Option shall not be reduced until the exercise or termination of the related Option exceeds the number of Shares not covered by the SARs.

- 7.5 Payment of SAR Amount. Upon exercise of a SAR, a Grantee shall be entitled to receive payment from the Company in an amount determined by multiplying (i) the positive difference between the Fair Market Value of a Share on the date of exercise over the exercise price per Share by (ii) the number of Shares with respect to which the SAR is exercised. The payment upon a SAR exercise shall be solely in whole Shares of equivalent value. Fractional Shares shall be rounded down to the nearest whole Share with no cash consideration being paid upon exercise.

Article 8. Restricted Shares and Bonus Shares

- 8.1 Grant of Restricted Shares. Subject to the terms and provisions of the Plan, the Board, at any time and from time to time, may grant Restricted Shares to any Eligible Person in such amounts as the Board shall determine.
- 8.2 Bonus Shares. Subject to the terms of the Plan, the Board may grant Bonus Shares to any Eligible Person, in such amount and upon such terms and at any time and from time to time as shall be determined by the Board. Bonus Shares shall be Shares issued without any Restriction.
- 8.3 Award Agreement. Each grant of Restricted Shares shall be evidenced by an Award Agreement, which shall specify the Restrictions and the Period(s) of Restriction, the number of Restricted Shares granted, and such other provisions as the Board shall determine. The Board may impose such Restrictions on any Restricted Shares as it may deem advisable, including Restrictions based upon the achievement of specific performance goals (Company-wide, divisional, Subsidiary or individual), time-based Restrictions on vesting or Restrictions under applicable securities laws; provided that in all cases, the Restricted Shares shall be subject to a minimum two-year graduated vesting schedule (50% each year), except, if as provided in the Award Agreement, in the event of death, disability, Change of Control, Termination of Affiliation with Good Reason, or Termination of Affiliation by the Employer other than for Cause.
- 8.4 Consideration. The Board shall determine the amount, if any, that a Grantee shall pay for Restricted Shares or Bonus Shares. Such payment shall be made in full by the Grantee before the delivery of the shares and in any event no later than 10 business days after the Grant Date for such shares.
- 8.5 Effect of Forfeiture. If Restricted Shares are forfeited, and if the Grantee was required to pay for such shares or acquired such Restricted Shares upon the exercise of an Option, the Grantee shall resell such Restricted Shares to the Company at a price equal to the lesser of (x) the amount paid by the Grantee for such Restricted Shares, or (y) the Fair Market Value of a Share on the date of such forfeiture. The Company shall pay to the Grantee the required amount as soon as is administratively practical.
- 8.6 Escrow. The Board may provide that any Restricted Shares or Bonus Shares shall be represented by, at the option of the Board, either book entry registration or by a stock certificate or certificates. If the shares of Restricted Shares are represented by a certificate or certificates, such shares shall be held (together with an assignment or endorsement executed in blank by the Grantee) in escrow by an escrow agent until such Restricted Shares become nonforfeitable or are forfeited.

Article 9. Restricted Stock Units (f/k/a “Deferred Shares”)

- 9.1 Grant of Restricted Stock Units. Subject to and consistent with the provisions of the Plan and Code Sections 409A(a)(2), (3) and (4), the Board, at any time and from time to time, may grant Restricted Stock Units to any Eligible Person, in such amount and upon such terms as the Board shall determine. A Grantee shall have no voting rights in Restricted Stock Units.
- 9.2 Award Agreement. Each grant of Restricted Stock Units shall be evidenced by an Award Agreement that shall specify the Restrictions, the number of Shares subject to the Restricted Stock Units granted, and such other provisions as the Plan Committee shall determine in accordance with the Plan and Code Section 409A. The Plan Committee may impose such Restrictions on Restricted Stock Units, including time-based Restrictions, Restrictions based on the achievement of specific performance goals, time-based Restrictions following the achievement of specific performance goals, Restrictions based on the occurrence of a specified event, and/or restrictions under applicable securities laws; provided that in all cases the Restricted Stock Units shall be subject to a minimum two-year graduated vesting schedule (50% each year), except, if as provided in the Award Agreement, in the event of death, Disability, Change of Control, Termination of Affiliation with Good Reason, or Termination of Affiliation by the Employer other than for Cause.
- 9.3 Crediting Restricted Stock Units. The Company shall establish an account (“RSU Account”) on its books for each Eligible Person who receives a grant of Restricted Stock Units. Restricted Stock Units shall be credited to the Grantee’s RSU Account as of the Grant Date of such Restricted Stock Units. RSU Accounts shall be maintained for recordkeeping purposes only and the Company shall not be obligated to segregate or set aside assets representing securities or other amounts credited to RSU Accounts. The obligation to make distributions of securities or other amounts credited to RSU Accounts shall be an unfunded, unsecured obligation of the Company.
- 9.4 Settlement of RSU Accounts. The Company shall settle an RSU Account by delivering to the holder thereof (which may be the Grantee or his or her Beneficiary, as applicable) a number of Shares equal to the whole number of Shares underlying the Restricted Stock Units then credited to the Grantee’s RSU Account (or a specified portion in the event of any partial settlement); provided that any fractional Shares underlying Restricted Stock Units remaining in the RSU Account on the Settlement Date shall be distributed in cash in an amount equal to the Fair Market Value of a Share as of the Settlement Date multiplied by the

remaining fractional Restricted Share Unit. The “Settlement Date” for all Restricted Stock Units credited to a Grantee’s RSU Account shall be the date when Restrictions applicable to an Award of Restricted Stock Units have lapsed.

Article 10. Performance Units and Performance Shares

- 10.1** Grant of Performance Units and Performance Shares. Subject to the terms of the Plan, Performance Units or Performance Shares may be granted to any Eligible Person in such amounts and upon such terms, and at any time and from time to time, as the Board shall determine. Each grant of Performance Units or Performance Shares shall be evidenced by an Award Agreement which shall specify the terms and conditions applicable to the Performance Units or Performance Shares, as the Board determines.
- 10.2** Value/Performance Goals. Each Performance Unit shall have an initial value that is established by the Board at the time of grant, that is equal to the Fair Market Value of a Share on the Grant Date. The Board shall set the business criteria which, depending on the extent to which they are met, will determine the number or value of Performance Units or Performance Shares that will be paid to the Grantee. For purposes of this Article 10, the time period during which the performance goals must be met shall be called a “Performance Period.” The Board shall have complete discretion to establish the performance goals.
- 10.3** Payment of Performance Units and Performance Shares. Subject to the terms of the Plan, after the applicable Performance Period has ended, the holder of Performance Units or Performance Shares shall be entitled to receive a payment based on the number and value of Performance Units or Performance Shares earned by the Grantee over the Performance Period, determined as a function of the extent to which the corresponding performance goals have been achieved.

If a Grantee is promoted, demoted or transferred to a different business unit of the Company during a Performance Period, then, to the extent the Board determines appropriate, the Board may adjust, change or eliminate the performance goals or the applicable Performance Period as it deems appropriate in order to make them appropriate and comparable to the initial performance goals or Performance Period.

- 10.4** Form and Timing of Payment of Performance Units and Performance Shares. Payment of earned Performance Units or Performance Shares shall be made in a lump sum following the close of the applicable Performance Period. The Board may cause earned Performance Units or Performance Shares to be paid in cash or in Shares (or in a combination thereof) which have an aggregate Fair Market Value equal to the value of the earned Performance Units or Performance Shares at the close of the applicable Performance Period. Such Shares may be granted subject to any restrictions deemed appropriate by the Board. The form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

As determined by the Board, a Grantee may be entitled to receive any dividends declared with respect to Shares which have been earned in connection with grants of Performance Units or Performance Shares but not yet distributed to the Grantee. In addition, a Grantee may, as determined by the Board, be entitled to exercise his or her voting rights with respect to such Shares.

Article 11. Beneficiary Designation

Each Grantee under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of the Grantee’s death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Grantee, shall be in a form prescribed by the Company, and will be effective only when filed by the Grantee in writing with the Company during the Grantee’s lifetime. In the absence of any such designation, benefits remaining unpaid at the Grantee’s death shall be paid to the Grantee’s estate.

Article 12. Rights of Employees

- 12.1** Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Grantee’s employment at any time, nor confer upon any Grantee the right to continue in the employ of the Company.
- 12.2** Participation. No employee shall have the right to be selected to receive an Award, or, having been so selected, to be selected to receive a future Award.

Article 13. Amendment, Modification, and Termination

- 13.1 Amendment, Modification, and Termination. Subject to the terms of the Plan, the Board of Directors of the Company may at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part without the approval of the Company's shareholders, except to the extent the Board of Directors of the Company determines it is desirable to obtain approval of the Company's shareholders, to have available the ability for Options to qualify as ISOs, to comply with the requirements for listing on any exchange where the Company's Shares are listed, or for any other purpose the Board of Directors of the Company deems appropriate.
- 13.2 Adjustments Upon Certain Unusual or Nonrecurring Events. The Board may make adjustments in the terms and conditions of Awards in recognition of unusual or nonrecurring events (including the events described in Section 4.2) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Board determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.
- 13.3 Awards Previously Granted. Notwithstanding any other provision of the Plan to the contrary (but subject to Section 2.8 and Section 13.2), no termination, amendment or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Grantee of such Award. Any adjustment, modification, extension or renewal of an Option shall be effected such that the Option is either exempt from, or is compliant with, Code section 409A.
- 13.4 Adjustments in Connection with Change of Control. In the event the Company undergoes a Change of Control or in the event of a separation, spin-off, sale of a material portion of the Company's assets or any "going private" transaction under Rule 13e-3 promulgated pursuant to the Exchange Act and in which a Change of Control does not occur, the Board, or the board of directors of any corporation assuming the obligations of the Company, shall have the full power and discretion to prescribe and amend the terms and conditions for the exercise, or modification, of any outstanding Awards granted hereunder in the manner as agreed to by the Board as set forth in the definitive agreement relating to the transaction. Without limitation, the Board or Plan Committee may:
- (a) remove restrictions on Restricted Shares and Restricted Stock Units;
 - (b) modify the performance requirements for any other Awards;
 - (c) provide that Options or other Awards granted hereunder must be exercised in connection with the closing of such transactions, and that if not so exercised such Awards will expire;
 - (d) provide for the purchase by the Company of any such Award, upon the Grantee's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Grantee's rights had such Award been currently exercisable or payable;
 - (e) make such adjustment to any such Award then outstanding as the Board deems appropriate to reflect such Change of Control;
 - (f) cause any such Award then outstanding to be assumed, or new rights substituted therefore, by the acquiring or surviving corporation after such Change of Control. Any such determinations by the Board may be made generally with respect to all Participants, or may be made on a case-by-case basis with respect to particular Participants.

Notwithstanding the foregoing, any transaction undertaken for the purpose of reincorporating the Company under the laws of another jurisdiction, if such transaction does not materially affect the beneficial ownership of the Company's Shares, such transaction shall not constitute a merger, consolidation, major acquisition of property for stock, separation, reorganization, liquidation, or Change of Control.

- 13.5 Prohibition on Repricings. Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price of outstanding Options or SARs or cancel outstanding Options or SARs in exchange for cash, other Awards or Options or SARs with an exercise price that is less than the exercise price of the original Options or SARs without stockholder approval.

Article 14. Withholding

14.1. Mandatory Tax Withholding.

- (a) Whenever under the Plan, Shares are to be delivered upon exercise or payment of an Award, or upon the lapse of Restrictions on an Award, or any other event with respect to rights and benefits hereunder (the exercise date, date such Restrictions lapse or such payment of any other benefit or right occurs hereinafter referred to as the "Tax Date"), the Company shall be entitled to require and may accommodate the Grantee's request if so requested, to satisfy all federal, state, local and foreign tax withholding requirements, including Social Security and Medicare ("FICA") taxes related thereto ("Tax Withholding"), by one or a combination of the following methods:

- (i) Payment of an amount in cash equal to the amount to be withheld;
- (ii) Requesting the Company to withhold from those Shares that would otherwise be received upon exercise of the Option or the SAR payable in Shares, upon the lapse of Restrictions on an Award, a number of Shares having a Fair Market Value on the Tax Date equal to the amount to be withheld; or
- (iii) withholding from compensation otherwise due to the Grantee.

The Board in its sole discretion may provide that the maximum amount of tax withholding to be satisfied by withholding Shares pursuant to clause (ii) above shall not exceed the minimum amount of taxes, including FICA taxes, required to be withheld under federal, state and local law. An election by Grantee under this subsection is irrevocable. Any fractional share amount and any additional withholding not paid by the withholding or surrender of Shares must be paid in cash. If no timely election is made, the Grantee must deliver cash to satisfy all tax withholding requirements.

- (b) Any Grantee who makes a disqualifying disposition of an incentive stock option granted under the Plan or who makes an election under Section 83(b) of the Code shall remit to the Company an amount sufficient to satisfy all resulting Tax Withholding; *provided that*, in lieu of or in addition to the foregoing, the Company shall have the right to withhold such Tax Withholding from compensation otherwise due to the Grantee or from any Shares or other payment due to the Grantee under the Plan.

14.2 Notification under Code Section 83(b). If the Grantee, in connection with the exercise of any Option, or the grant of Restricted Shares, makes the election permitted under Section 83(b) of the Code to include in such Grantee's gross income in the year of transfer the amounts specified in Section 83(b) of the Code, then such Grantee shall notify the Company of such election within 10 days of filing the notice of the election with the Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code. The Board may, in connection with the grant of an Award or at any time thereafter prior to such an election being made, prohibit a Grantee from making the election described above.

Article 15. Equity Incentive Plans of Foreign Subsidiaries

The Board may authorize any foreign Subsidiary to adopt a plan for granting Awards ("Foreign Equity Incentive Plan"). All awards granted under such Foreign Equity Incentive Plans shall be treated as grants under the Plan. Such Foreign Equity Incentive Plans shall have such terms and provisions as the Board permits not inconsistent with the provisions of the Plan and which may be more restrictive than those contained in the Plan. Awards granted under such Foreign Equity Incentive Plans shall be governed by the terms of the Plan except to the extent that the provisions of the Foreign Equity Incentive Plans are more restrictive than the terms of the Plan, in which case such terms of the Foreign Equity Incentive Plans shall control.

Article 16. Additional Provisions

- 16.1** Successors. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise of all or substantially all of the business or assets of the Company.
- 16.2** Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.
- 16.3** Severability. If any part of the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other part of the Plan. Any Section or part of a Section so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.
- 16.4** Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or stock exchanges as may be required. Notwithstanding any provision of the Plan or any Award, Grantees shall not be entitled to exercise, or receive benefits under, any Award, and the Company shall not be obligated to deliver any Shares or other benefits to a Grantee, if such exercise or delivery would constitute a violation by the Grantee or the Company of any applicable law or regulation.
- 16.5** Securities Law Compliance.
 - (a) If the Board deems it necessary to comply with any applicable securities law, or the requirements of any stock exchange upon which Shares may be listed, the Board may impose any restriction on Shares acquired pursuant to Awards under the Plan as it may deem advisable. All Shares transferred under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Board may deem advisable under the rules, regulations and other requirements of the SEC, any stock exchange upon which Shares are then listed, any applicable securities law. If so requested by the Company, the Grantee shall represent to the Company in writing that he or she will not sell or offer to sell any Shares unless a registration statement shall be in effect with respect to such Shares under the Securities Act of 1933 or unless he or she shall have furnished to the Company evidence satisfactory to the Company that such registration is not required.

- (b) If the Board determines that the exercise of, or delivery of benefits pursuant to, any Award would violate any applicable provision of securities laws or the listing requirements of any stock exchange upon which any of the Company's equity securities are then listed, then the Board may postpone any such exercise or delivery, as applicable, but the Company shall use all reasonable efforts to cause such exercise or delivery to comply with all such provisions at the earliest practicable date.
- 16.6 **No Rights as a Shareholder.** A Grantee shall not have any rights as a shareholder with respect to the Shares (other than Restricted Shares) which may be deliverable upon exercise or payment of such Award until such shares have been delivered to him or her. Restricted Shares, whether held by a Grantee or in escrow by the escrow agent, shall confer on the Grantee all rights of a shareholder of the Company, except as otherwise provided in the Plan or Award Agreement. Unless otherwise determined by the Board at the time of a grant of Restricted Shares, any cash dividends that become payable on Restricted Shares shall be deferred and, if the Board so determines, reinvested in additional Restricted Shares. Except as otherwise provided in an Award Agreement, any share dividends and deferred cash dividends issued with respect to Restricted Shares shall be subject to the same restrictions and other terms as apply to the Restricted Shares with respect to which such dividends are issued. The Board may provide for payment of interest on deferred cash dividends.
- 16.7 **Nature of Payments.** Awards shall be special incentive payments to the Grantee and shall not be taken into account in computing the amount of salary or compensation of the Grantee for purposes of determining any pension, retirement, death or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance or other employee benefit plan of the Company or any Subsidiary or (b) any agreement between (i) the Company or any Subsidiary and (ii) the Grantee, except as such plan or agreement shall otherwise expressly provide.
- 16.8 **Military Service.** Awards shall be administered in accordance with Section 414(u) of the Code and the Uniformed Services Employment and Reemployment Rights Act of 1994.
- 16.9 **Data Protection.** The Board, the Plan Committee and any other person or entity empowered by the Board or the Plan Committee to administer the Plan may process, store, transfer or disclose personal data of the Grantees to the extent required for the implementation and administration of the Plan. The Board, the Plan Committee and any other person or entity empowered by the Board or the Plan Committee to administer the Plan shall comply with any applicable data protection laws.
- 16.10 **Governing Law.** The Plan and the rights of any Grantee receiving an Award thereunder shall be construed and interpreted in accordance with and governed by the laws of the State of Kansas without giving effect to the principles of the conflict of laws to the contrary.

Annex to the Plan for Swiss based Grantees and Grantees subject to Swiss inheritance law

1. Section 5.6(a)(i) shall be replaced with the following:
 - (i) to the extent permitted by the applicable Swiss law the Grantee's Restricted Shares that are forfeitable immediately before such Termination of Affiliation shall automatically be forfeited on such date, subject in the case of Restricted Shares to the provisions of Section 0 regarding repayment of certain amounts to the Grantee;
2. Section 5.6(a)(ii) shall be replaced with the following:
 - (ii) to the extent permitted by the applicable Swiss law the Grantee's Restricted Stock Units shall automatically be forfeited;
3. Section 5.6(a)(iii) shall be replaced with the following:
 - (iii) to the extent permitted by the applicable Swiss law any unexercised Option or SAR, and any Performance Share or Performance Unit with respect to which the Performance Period has not ended immediately before such Termination of Affiliation, shall terminate effective immediately upon such Termination of Affiliation;
4. Section 5.6(d)(i) shall be replaced with the following:
 - (i) to the extent permitted by the applicable Swiss law the Grantee's Restricted Shares and Deferred Shares, to the extent forfeitable immediately before such Termination of Affiliation, shall thereupon automatically be forfeited, subject in the case of Restricted Shares to the provisions of Section 8.4 regarding repayment of certain amounts to the Grantee;
5. Section 5.6(d)(ii) shall be replaced with the following:
 - (ii) to the extent permitted by the applicable Swiss law the Grantee's Restricted Stock Units shall automatically be forfeited;
6. Section 5.6(d)(iv) shall be replaced with the following:
 - (iv) to the extent permitted by the applicable Swiss law any Performance Shares or Performance Units with respect to which the Performance Period has not ended as of the date of such Termination of Affiliation shall terminate immediately upon such Termination of Affiliation;
7. Section 6.1 shall be replaced with the following:

Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to any Eligible Person in such number, and upon such terms, and at any time and from time to time as shall be determined by the Board. Without limiting the generality of the foregoing and to the extent permitted by the applicable Swiss law, the Board may grant to any Eligible Person, or permit any Eligible Person to elect to receive, an Option in lieu of or in substitution for any other compensation (whether payable currently or on a deferred basis, and whether payable under the Plan or otherwise) which such Eligible Person may be eligible to receive from the Company or a Subsidiary, which Option may have a value (as determined by the Board under Black-Scholes or any other option valuation method) that is equal to or greater than the amount of such other compensation;

8. Article 11 shall be replaced with the following:

Each Grantee under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of the Grantee's death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Grantee, shall be in a form and procedure prescribed by the applicable Swiss inheritance law. Irrespective of any such designation, benefits remaining unpaid at the Grantee's death shall be paid to the Grantee's estate.