

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

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported) February 13, 2020**

**SPS COMMERCE, INC.**

(Exact Name of Registrant as Specified in its Charter)

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

**001-34702**  
(Commission  
File Number)

**41-2015127**  
(I.R.S. Employer  
Identification No.)

**333 South Seventh Street, Suite 1000 Minneapolis, Minnesota 55402**  
(Address of Principal Executive Offices) (Zip Code)

**(612) 435-9400**  
(Registrant's telephone number, including area code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001 par value	SPSC	The Nasdaq Stock Market LLC (Nasdaq Global Market)

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

Emerging growth company

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

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

On February 13, 2020, we entered into, amended and restated executive severance and change in control agreements with our chief executive officer, chief operating officer and chief financial officer. The agreements replace the agreements that were already in place and provide for severance, (i) for the chief executive officer, equal to 12 months' base salary and 12 months of the employer's portion of health care premiums for the employee in the event of an involuntary termination without cause or resignation of employment by the employee for good reason outside of a change of control period, which is substantially similar to the chief executive officer's current agreement, and (ii) for the chief financial officer and the chief operating officer, (a) equal to 6 months' base salary, 50% target bonus and 6 months of the employer's portion of health care premiums in the event of a resignation of employment by the employee for good reason outside of a change of control period, (b) equal to 12 months' base salary, 100% target bonus and 12 months of the employer's portion of health care premiums in the event of an involuntary termination without cause outside of a change in control period, and (c) equal to 12 months' base salary, 100% target bonus and 12 months of the employer's portion of health care premiums in the event of an involuntary termination or resignation of employment by the employee for good reason within the three-month period before or the 12-month period following a change in control, which is substantially similar to the executives' current agreements. The new agreements provide severance benefits for the chief executive officer equal to 18 months' base salary, a pro-rated annual bonus, and 18 months of the employer's portion of health care premiums for the employee in the event of an involuntary termination without cause or resignation of employment by the employee for good reason within the three-month period before or the 12-month period following a change in control. The new agreements also provide that if (i) the sum of the employee's age plus years of service as an employee is 78 or greater, (ii) the employee provides no less than six months' written notice of his retirement from employment to the company and (iii) the employee's termination date occurs on the retirement date identified by the employee ("Retirement") then (a) all of the employee's unvested service-based stock options, restricted stock units or other equity awards outstanding will become fully vested, (b) for any equity awards whose vesting or settlement is subject to the satisfaction of performance goals over a performance period, the employee will be entitled to have those awards vest on each originally scheduled vesting date for such award in an amount equal to the number of shares, share units or share equivalents subject to the equity award that would otherwise have been determined to have been earned by employee had employee remained continuously employed by the company through the originally scheduled vesting date based on the degree to which the applicable performance goals were satisfied during the applicable performance period through the originally scheduled vesting date and (c) for the chief executive officer only, the employee shall receive a pro-rated portion of any target annual cash incentive bonus. The new agreements for the chief financial officer and the chief operating officer add the Retirement benefits described in the preceding sentence and amend the definition of Retirement for the chief executive officer to be consistent with the agreements of the other executive officers. For all three executive officers, in the event of an involuntary termination without cause or resignation of employment by the employee for good reason during the three-month period before or the 12-month period following a change in control, then all of the employee's unvested equity awards outstanding as of the change in control will become fully vested as of the change in control.

This description of the employment agreements does not purport to be complete and is qualified in its entirety by reference to the form of employment agreement, which is attached as Exhibit 10.1 to this report and is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

EXHIBIT INDEX

10.1	<a href="#">Amended and Restated Executive Severance and Change in Control Agreement with Archie C. Black, dated February 13, 2020</a>
10.2	<a href="#">Form of Amended and Restated Executive Severance and Change in Control Agreement</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

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

**SPS COMMERCE, INC.**

Date: February 18, 2020

By: /s/ KIMBERLY K. NELSON

Kimberly K. Nelson

*Executive Vice President and Chief Financial Officer*

**SPS COMMERCE, INC.**  
**AMENDED AND RESTATED EXECUTIVE SEVERANCE AND CHANGE IN CONTROL AGREEMENT**

This Amended and Restated Executive Severance and Change in Control Agreement (the “Agreement”), dated effective as of February 13, 2020 (the “Effective Date”), is entered into by and between Archie C. Black (“Employee”), and SPS Commerce, Inc., a Delaware corporation, with offices at SPS Tower, 333 South Seventh Street, Suite 1000, Minneapolis, Minnesota 55402 (“Employer”).

**WHEREAS**, Employer is engaged in the business of developing, marketing and distributing computer software products and services; and

**WHEREAS**, Employee is currently employed by Employer as Employer’s Chief Executive Officer; and

**WHEREAS**, Employee and Employer are parties to an Executive Severance Change in Control Agreement, dated November 14, 2017 (the “Prior Agreement”) and a Confidentiality, Intellectual Property Assignment and Restrictive Covenant Agreement, dated November 14, 2017 (the “Confidentiality Agreement”); and

**WHEREAS**, Employer and Employee desire to amend, modify and restate the Prior Agreement;

**WHEREAS**, Under the terms and conditions of the Confidentiality Agreement, Employee previously agreed to certain obligations with respect to non-disclosure of Employer’s trade secrets and confidential information, disclosure and assignment of intellectual property and non-competition and non-solicitation restrictions that apply during Employee’s employment with Employer and for a period thereafter; and

**WHEREAS**, Employee is willing to continue to be employed by Employer, and Employer is willing to continue to employ Employee, on the terms, covenants, and conditions included in this Agreement and the Confidentiality Agreement and as hereinafter set forth.

For the reasons set forth above, and in consideration of the mutual promises and agreements hereinafter set forth, Employer and Employee agree as follows:

1. **TERM.** Employer and Employee agree that the term of this Agreement is the period commencing on the Effective Date and continuing until Employee’s employment with Employer is terminated (the “Term”). Employee understands that Employer is an at-will employment employer, and that this means the employment relationship may be terminated by either party at any time and for any reason and that this Agreement is not a contract for employment for any specific length of time.

2. **VESTING OF OPTIONS AND OTHER EQUITY UPON A CHANGE IN CONTROL.** If Employer terminates Employee’s employment without Cause (as defined below), or if Employee resigns with Good Reason (as defined below) during the Change in Control Period (as defined below), then, with respect to any equity-based award that has been granted to Employee under the SPS Commerce, Inc. 2010 Equity Incentive Plan, as amended from time to time (the “Equity Plan”) or any predecessor or successor plan and is outstanding and not fully vested on Employee’s Termination Date (as defined below) (an “Equity Award”), and notwithstanding any language in the Equity Plan or any predecessor or successor plan, the unvested portion of any Equity Award that is outstanding on Employee’s Termination Date will vest as of the later of the date both (a) Employee’s Release (as defined below) becomes irrevocable, and (b) the date of the Change in Control (as defined below), if it has not occurred by the Termination Date. Notwithstanding any provision to the contrary in the terms of any Equity Award agreement regarding the expiration date of the Equity Award, if such Equity Award is a stock option, it will remain exercisable to the extent so vested for one year after Employee’s Termination Date unless otherwise terminated under the terms of the Equity Award (other than due to the expiration of the exercisable period identified in the Equity Award) or any claw back policy of or agreement with Employer.

If the vesting of the Equity Award is subject to the satisfaction of performance goals over a performance period, the unvested portion of such Equity Award will be determined by subtracting from the number of shares or stock units that would otherwise vest at the end of the applicable performance period if target level performance (rather than maximum level performance) had been achieved the number of shares or stock units as to which the Equity Award had vested prior to Employee's Termination Date. For the avoidance of doubt, upon the termination of Employee's employment by Employer without Cause or by Employee for Good Reason, any unvested equity awards then held by Employee shall not lapse until the earliest of a Change in Control, three months after the Employee's Termination Date (subject to the one year exercisability extension for stock options as identified above), or the expiration date of such Equity Award.

### **3. TERMINATION; EFFECT OF TERMINATION.**

#### **a. Involuntary Termination Without Cause or Resignation For Good Reason Outside of the Change in Control Period.**

Employer terminates Employee's employment without Cause, or if Employee resigns for Good Reason, and in either case the Termination Date is not during the Change in Control Period, then, subject to the conditions identified below and the provisions of Section 11 below, Employer shall:

(i) pay Employee severance equal to twelve (12) months of Employee's base salary as of immediately prior to the Termination Date (or an amount equal to twelve (12) months of Employee's base salary as of immediately prior to a reduction of 10% or more in Employee's base salary by Employer if Employee resigns for Good Reason as a result of such reduction), less normal payroll withholdings, provided that such severance shall not exceed two times the lesser of (A) the Code § 401(a)(17) compensation limit for the year in which the Termination Date occurs, or (B) Employee's annualized compensation based upon the annual rate of pay for services to Employer for the calendar year prior to the calendar year in which the Termination Date occurs (adjusted for any increase during that year that was expected to continue indefinitely if the Employee had not separated from service), with such severance payable to Employee over the twelve (12) month period commencing from and after the Termination Date, in accordance with Employer's normal payroll schedule; provided, however, that any installments that otherwise would be payable on Employer's regular payroll dates between the Termination Date and the expiration of the rescission period applicable to Release will be delayed until Employer's first regular payroll date that is after the expiration of the rescission period applicable to Release and included with the installment payable on such payroll date, and provided further that if the severance otherwise payable to Employee is reduced to zero (0) by application of the maximum limitation identified above, then Employer shall in the alternative pay Employee severance equal to twelve (12) months of Employee's base salary as of immediately prior to the Termination Date, less normal payroll withholdings, payable to Employee over the twelve (12) month period commencing from and after the Termination Date, in accordance with Employer's normal payroll schedule, except that any amounts that remain payable as of the Short-Term Deferral Deadline shall be paid in a lump sum no later than the Short-Term Deferral Deadline; and

(ii) if Employee is eligible for and takes all steps necessary to continue Employee's group health insurance coverage with Employer following the Termination Date (including completing and returning the forms necessary to elect COBRA coverage), pay for the portion of the premium costs for such coverage that Employer would pay if Employee remained employed by Employer, at the same level of coverage that was in effect as of the Termination Date, through the earliest of: (A) the twelve (12) month anniversary of the Termination Date, (B) the date Employee becomes eligible for group health insurance coverage from any other employer, or (C) the date Employee is no longer eligible to continue Employee's group health insurance coverage with Employer under applicable law.

Payment of any severance pay or benefits under this Section 3.a. will be conditioned on Employee's execution (and non-rescission) of a Release and continued compliance with Employee's obligations under this Agreement and the Confidentiality Agreement. Any severance payments under this Section 3.a. shall be subject to normal payroll withholdings. Employer and Employee intend the severance payments and benefits under this Section 3.a. to be a "short-term deferral" under Treas. Reg. § 1.409A-

1(b)(4) and/or a “separation pay plan due to involuntary separation from service” under Treas. Reg. § 1.409A-1(b)(9)(iii). The benefits described in this Section 3.a. will be reduced, as and when it is otherwise payable, by the amount of any severance or similar payment required to be paid to Employee by Employer under applicable federal, state, and local laws.

**b. Involuntary Termination Without Cause or Resignation For Good Reason During the Change in Control Period.** If

Employer terminates Employee’s employment without Cause, or if Employee resigns for Good Reason, and in either case the Termination Date occurs during the Change in Control Period, then, subject to the conditions identified below and the provisions of Section 11 below, Employer shall:

(i) pay Employee severance equal to (x) eighteen (18) months of Employee’s base salary as of immediately prior to the Termination Date (or an amount equal to eighteen (18) months of Employee’s base salary as of immediately prior to a reduction of 10% or more in Employee’s base salary by Employer if Employee resigns for Good Reason as a result of such reduction), plus (y) an amount equal to one times Employee’s target annual incentive bonus as of Employee’s Termination Date, multiplied by a fraction, the numerator of which is the number of days Employee was employed by Employer during the calendar year in which the Termination Date occurs and the denominator of which is 365, less (z) any amounts paid to Employee pursuant to Section 3.a.(i) prior to the Termination Date if the Termination Date was during the three-month period prior to a Change in Control, less normal payroll withholdings, paid in a lump sum on Employer’s first payroll date occurring more than sixty (60) calendar days after the later of the date of the Change in Control and the Termination Date (but no later than seventy-five (75) days thereafter); and

(ii) if Employee is eligible for and takes all steps necessary to continue Employee’s group health insurance coverage with Employer following the Termination Date (including completing and returning the forms necessary to elect COBRA coverage), Employer will pay for the portion of the premium costs for such coverage that Employer would pay if Employee remained employed by Employer, at the same level of coverage that was in effect as of the Termination Date, through the earliest of: (A) the eighteen (18) month anniversary of the Termination Date, (B) the date Employee becomes eligible for group health insurance coverage from any other employer, or (C) the date Employee is no longer eligible to continue Employee’s group health insurance coverage with Employer under applicable law. The benefit continuation described in this Section 3.b.(ii) shall be in lieu of and not in addition to any benefits described in Section 3.a.(ii) (if applicable).

Payment of any severance pay or benefits under this Section 3.b. will be conditioned on Employee’s execution (and non-rescission) of a Release and continued compliance with Employee’s obligations under this Agreement and the Confidentiality Agreement. Any severance payments under this Section 3.b. shall be subject to normal payroll withholdings. Employer and Employee intend the severance payments and benefits under this Section 3.b. to be a “short-term deferral” under Treas. Reg. § 1.409A-1(b)(4) and/or a “separation pay plan due to involuntary separation from service” under Treas. Reg. § 1.409A-1(b)(9)(iii). The benefits described in this Section 3.b. will be reduced, as and when it is otherwise payable, by the amount of any severance or similar payment required to be paid to Employee by Employer under applicable federal, state, and local laws.

**c. Definitions.** For purposes of this Agreement, the following terms shall have the following meanings:

(i) “Cause” shall have the meaning ascribed to such term as set forth in the SPS Commerce, Inc. 2001 Stock Option Plan, as amended (the “Stock Option Plan”).

(ii) “Change in Control” shall have the meaning ascribed to such term as set forth in the Stock Option Plan.

(iii) “Change in Control Period” means the period starting three months immediately before a Change in Control and continuing for 12 months immediately following a Change in Control.

(iv) “Code” means the Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder.

(v) “Employer” shall include any current or future successor, parent, subsidiary, affiliate or other joint venture partner to which any right or obligation has been assigned or delegated by SPS Commerce, Inc. or by operation of law.

(vi) “Good Reason” means the occurrence of any of the following events, in each case without Employee’s consent: (i) a reduction of 10% or more in Employee’s base salary or annual bonus opportunity, (ii) a material reduction in Employee’s employment responsibilities, including Employee no longer serving as Chief Executive Officer of Employer or Employer is no longer a reporting company under the Securities Exchange Act of 1934, as may be amended from time to time, or (iii) a relocation of Employee’s primary work location by more than 30 miles, provided that with regard to events described in (i) and (ii), Employee first gives notice of the event giving rise to Good Reason to Employer within ninety (90) calendar days of the first occurrence of the event, and provided further that upon giving notice Employee provides Employer thirty (30) calendar days in which to remedy the event.

(vii) “Release” means a standard release of claims in the form provided by Employer at the time of a termination for which Employee is eligible to receive severance pay or benefits under Section 3.

(viii) “Short-Term Deferral Deadline” shall mean the date that is the 15th day of the third month following the end of the later of the calendar year, or Employer’s taxable year, in which the Termination Date occurs.

(ix) “Termination Date” shall mean the date on which a “separation from service” has occurred for purposes of Section 409A of the Code and the regulations and guidance thereunder.

**4. RETIREMENT.** If (i) the sum of Employee’s age plus years of service as an employee of Employer is 78 or greater, (ii) Employee provides no less than six (6) months’ written notice of his retirement from employment with Employer to the Chair of Employer’s Board of Directors (the “Board Chair”), (iii) Employee continues to perform full-time services for Employer materially consistent with the full-time responsibilities and services performed by Employee prior to the date on which Employee provided written notice of Employee’s retirement from employment with Employer to the Board Chair through the Termination Date, and (iv) Employee’s Termination Date occurs on the retirement date identified by Employee (and such Termination Date is no less than six (6) months after the date on which Employee provided written notice of his retirement to the Board Chair) (a “Retirement”), then, subject to the conditions identified in Section 4.c and the provisions of Section 11 below:

**a. Outstanding Service-Based Equity Awards.** With respect to any Equity Award whose vesting is based solely on the satisfaction by Employee of a service-based vesting condition, then one hundred percent (100%) of all of Employee’s unvested service-based Equity Awards as of the Termination Date will become fully vested as of the Termination Date.

**b. Outstanding Performance-Based Equity Awards.** With respect to any Equity Award that has been granted to Employee under the Equity Incentive Plan and is outstanding on such Termination Date and whose vesting or settlement is subject to the satisfaction of performance goals over a performance period, Employee will be entitled to have vest on each originally scheduled vesting date for such award the number of shares, share units or share equivalents subject to the Equity Award that would otherwise have been determined to have been earned by Employee had Employee remained continuously employed by Employer through each such originally scheduled vesting date based on the

degree to which the applicable performance goals were satisfied during the applicable performance period through each such originally scheduled vesting date. For the avoidance of doubt, upon Employee's Retirement, any unvested Equity Awards whose vesting or settlement is subject to the satisfaction of performance goals over a performance period then held by Employee shall not lapse until the earliest of a Change in Control, three months after the Termination Date (subject to the one year exercisability extension for stock options as identified above), or the expiration date of such Equity Award.

**c. Pro-Rated Annual Bonus.** Employer shall pay Employee a pro-rated portion, based on the Termination Date, of Employee's target annual cash incentive bonus for Employer's fiscal year during with the Termination Date occurs, based on the portion of such fiscal year Employee was employed by Employer prior to the Termination Date, less normal payroll withholdings, payable to Employee in a lump sum no later than sixty (60) calendar days after the Termination Date.

**d. Conditions to Accelerated or Continued Vesting.** The payment of the pro-rated bonus and the accelerated or continued vesting of Equity Awards under this Section 4 following a Retirement will be conditioned on (i) Employee's execution (and non-rescission) of a Release, and (ii) Employee's continued compliance with Employee's obligations under this Agreement and the Confidentiality Agreement. Notwithstanding anything to the contrary in this Agreement or any agreement evidencing an Equity Award, if Employee breaches any provision of this Agreement or the Confidentiality Agreement, then (i) Employee shall immediately forfeit all outstanding Equity Awards and any right to receive shares thereunder, and (ii) with respect to shares that have been issued pursuant to an Equity Award within two (2) years prior to such breach, Employee shall either (A) return such shares to Employer or (B) pay to Employer in cash an amount equal to the fair market value of the shares as of the date their receipt became taxable to Employee.

**5. TERMINATION OF THE PRIOR AGREEMENT.** This Agreement supersedes and replaces the Prior Agreement in its entirety.

**6. BENEFITS IN LIEU OF PLAN BENEFITS.** The benefits described in this Agreement are in lieu of any pay or benefits that would otherwise be provided to Employee under any Employer-sponsored severance pay policy, plans or practice, and Employee shall not be entitled to any benefits under any Employer-sponsored severance pay policy, plans or practice in the event that pay or benefits are payable thereunder.

**7. MODIFICATION OF AGREEMENT.** No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by both parties.

**8. CHOICE OF LAW, JURISDICTION, AND VENUE.** The validity, construction and performance of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Minnesota, without reference to any choice of laws provisions thereof. The parties further agree that any litigation or proceeding arising out of, or relating to, this Agreement (whether the same sounds in tort or contract or both) shall be commenced and maintained in a federal or state court located in Hennepin County, Minnesota, and for such purpose the parties consent to any such court's exercise of personal jurisdiction over them.

**9. ASSIGNMENTS.** This Agreement is personal in nature and cannot be assigned by Employee. The terms, conditions, covenants, and representations herein shall inure to and be binding upon the heirs and representatives of Employee and shall inure to the benefit of and shall be binding upon the successors and assigns of Employer.

**10. SEVERABILITY.** Agreements and covenants contained herein are severable, and in the event any of them shall be held to be invalid by any competent court, this Agreement shall be interpreted as if such invalid agreement or covenants were not contained herein.



**11. SECTION 409A.** This Agreement is intended to satisfy, or be exempt from, the requirements of Section 409A(a)(2)(3) and (4) of the Code, including current and future guidance and regulations interpreting such provisions, and should be interpreted accordingly. Notwithstanding anything to the contrary in this Agreement or any other agreement between Employer and Employee, including without limitation any agreement evidencing an Equity Award, if Employee is considered a “specified employee” (as defined in Treasury Regulation Section 1.409A-1(i)) as of the date of the Termination Date, then no payments of deferred compensation payable due to Employee’s separation from service, including without limitation any amount payable under this Agreement with respect to any Equity Award, shall be made under this Agreement before the first business day that is six (6) months after the Termination Date (or upon Employee’s death, if earlier) (the “Specified Period”). Any deferred compensation payments that would otherwise be required to be made to Employee during the Specified Period will be accumulated by Employer and paid to Employee on the first day after the end of the Specified Period. The foregoing restriction on the payment of amounts to Employee during the Specified Period will not apply to the payment of employment taxes. In addition, notwithstanding anything to the contrary in this Agreement or any agreement evidencing an Equity Award, with respect to an Equity Award that constitutes a deferral of compensation subject to Section 409A of the Code: (i) if any amount is payable under any Equity Award upon a termination of Service, a termination of Service will be deemed to have occurred only at such time as Employee has experienced a “separation from service” as such term is defined for purposes of Section 409A of the Code; and (ii) no Change in Control shall be deemed to have occurred upon an event described in the definition of the term contained in the Stock Option Plan unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, Employer under Section 409A of the Code.

**12. SECTION 280G.** If any payment or benefit to be paid or provided to Employee under this Agreement, taken together with any payments or benefits otherwise paid or provided to Employee by Employer or any corporation that is a member of an “affiliated group” (as defined in Section 1504 of the Code without regard to Section 1504(b) of the Code) of which Employer is a member (the “other arrangements”), would collectively constitute a “parachute payment” (as defined in Section 280G(b)(2) of the Code), and if the net after-tax amount of such parachute payment to Employee is less than what the net after-tax amount to Employee would be if the aggregate payments and benefits otherwise constituting the parachute payment were limited to three times Employee’s “base amount” (as defined in Section 280G(b)(3) of the Code) less \$1.00, then the aggregate payments and benefits otherwise constituting the parachute payment shall be reduced to an amount that shall equal three times Employee’s base amount, less \$1.00. Should such a reduction in payments and benefits be required, Employee shall be entitled, subject to the following sentence, to designate those payments and benefits under this Agreement or the other arrangements that will be reduced or eliminated so as to achieve the specified reduction in aggregate payments and benefits to Employee and avoid characterization of such aggregate payments and benefits as a parachute payment. Employer will provide Employee with all information reasonably requested by Employee to permit Employee to make such designation. To the extent that Employee’s ability to make such a designation would cause any of the payments and benefits to become subject to any additional tax under Code Section 409A, or if Employee fails to make such a designation within ten (10) business days of receiving the requested information from Employer, then Employer shall achieve the necessary reduction in such payments and benefits by first reducing or eliminating the portion of the payments and benefits that are payable in cash and then by reducing or eliminating the non-cash portion of the payments and benefits, in each case in reverse order beginning with payments and benefits which are to be paid or provided the furthest in time from the date of Employer’s determination. A net after-tax amount shall be determined by taking into account all applicable income, excise and employment taxes, whether imposed at the federal, state or local level, including the excise tax imposed under Section 4999 of the Code.

**13. TAXES.** Employer may withhold from any amounts payable under this Agreement such federal, state and local income and employment taxes as Employer shall determine are required to be withheld pursuant to any applicable law or regulation. Employee shall be solely responsible for the payment of all taxes due and owing with respect to any compensation provided to Employee hereunder. Employer does not guarantee any particular tax consequence or result with respect to any payment made by Employer under this Agreement, including with respect to any Equity Award.

**14. COMPLETE AGREEMENT.** This Agreement, the Confidentiality Agreement, and any stock option or other equity agreements between Employer and Employee contain the complete agreement concerning the terms and conditions of the employment arrangement between the parties. Except for the Confidentiality Agreement, which shall remain in full force and effect in accordance with its terms, and any stock option or other equity agreements between Employer and Employee, which shall remain in full force and effect in accordance with their terms except to the extent they are agreements evidencing Equity Awards and have been amended by this Agreement, this Agreement shall, as of the Effective Date, supersede all other agreements between the parties, including without limitation the Prior Agreement. The parties stipulate that neither of them has made any representation with respect to the subject matter of this Agreement or any representations including the execution and delivery hereof except such representations as are specifically set forth herein and the parties hereto acknowledge that they have relied on their own judgment in entering into this Agreement.

**EMPLOYEE**

**By:** /s/ Archie C. Black

**Date:** February 13, 2020

**SPS COMMERCE, INC.  
EMPLOYER**

**By:** /s/ Tami Reller

**Name:** Tami Reller

**Its:** Director and Authorized Signatory

**Date:** February 13, 2020

## SPS COMMERCE, INC.

## AMENDED AND RESTATED EXECUTIVE SEVERANCE AND CHANGE IN CONTROL AGREEMENT

This Amended and Restated Executive Severance and Change in Control Agreement (the "Agreement"), dated effective as of February 13, 2020 (the "Effective Date"), is entered into by and between ("Employee"), and SPS Commerce, Inc., a Delaware corporation, with offices at SPS Tower, 333 South Seventh Street, Suite 1000, Minneapolis, Minnesota 55402 ("Employer").

**WHEREAS**, Employer is engaged in the business of developing, marketing and distributing computer software products and services; and

**WHEREAS**, Employee is currently employed by Employer as Employer's Chief Operating Officer;

**WHEREAS**, Employee and Employer are parties to an Executive Severance Change in Control Agreement, dated February 2, 2016 (the "Prior Agreement") and an At-Will/Confidentiality Agreement Regarding Certain Terms and Conditions of Employment At SPS Commerce, Inc., dated February 2, 2016 (the "Confidentiality Agreement"); and

**WHEREAS**, Employer has adopted the SPS Commerce, Inc. Executive and Senior Leadership Severance and Retirement Plan (the "Plan");

**WHEREAS**, Employer and Employee desire to amend, modify and restate the Prior Agreement;

**WHEREAS**, Under the terms and conditions of the Confidentiality Agreement, Employee previously agreed to certain obligations with respect to non-disclosure of Employer's trade secrets and confidential information, disclosure and assignment of intellectual property and non-competition and non-solicitation restrictions that apply during Employee's employment with Employer and for a period thereafter; and

**WHEREAS**, Employee is willing to continue to be employed by Employer, and Employer is willing to continue to employ Employee, on the terms, covenants, and conditions included in this Agreement and the Confidentiality Agreement and as hereinafter set forth.

For the reasons set forth above, and in consideration of the mutual promises and agreements hereinafter set forth, Employer and Employee agree as follows:

1. **TERM.** Employer and Employee agree that the term of this Agreement is the period commencing on the Effective Date and continuing until Employee's employment with Employer is terminated (the "Term"). Employee understands that Employer is an at-will employment employer, and that this means the employment relationship may be terminated by either party at any time and for any reason and that this Agreement is not a contract for employment for any specific length of time.

2. **VESTING OF OPTIONS AND OTHER EQUITY UPON A CHANGE IN CONTROL.** If Employer terminates Employee's employment without Cause (as defined below), or if Employee resigns with Good Reason (as defined below) during the Change in Control Period (as defined below), then, with respect to any equity-based award that has been granted to Employee under the SPS Commerce, Inc. 2010 Equity Incentive Plan, as amended from time to time (the "Equity Plan") or any predecessor or successor plan and is outstanding and not fully vested on Employee's Termination Date (as defined below) (an "Equity Award"), and notwithstanding any language in the Equity Plan or any predecessor or successor plan, the unvested portion of any Equity Award that is outstanding on Employee's Termination Date will vest as of the later of the date both (a) Employee's Release (as defined below) becomes irrevocable, and (b) the date of the Change in Control (as defined below), if it has not occurred by the Termination Date. Notwithstanding any provision to the contrary in the terms of any Equity Award agreement regarding the expiration date of the Equity Award, if such Equity Award is a stock option, it will remain exercisable to the extent so vested for one year after Employee's Termination Date unless otherwise terminated under the

terms of the Equity Award (other than due to the expiration of the exercisable period identified in the Equity Award) or any claw back policy of or agreement with Employer. If the vesting of the Equity Award is subject to the satisfaction of performance goals over a performance period, the unvested portion of such Equity Award will be determined by subtracting from the number of shares or stock units that would otherwise vest at the end of the applicable performance period if target level performance (rather than maximum level performance) had been achieved the number of shares or stock units as to which the Equity Award had vested prior to Employee's Termination Date. For the avoidance of doubt, upon the termination of Employee's employment by Employer without Cause or by Employee for Good Reason, any unvested equity awards then held by Employee shall not lapse until the earliest of a Change in Control, three months after the Employee's Termination Date (subject to the one year exercisability extension for stock options as identified above), or the expiration date of such Equity Award.

### **3. TERMINATION; EFFECT OF TERMINATION.**

**a. Involuntary Termination Without Cause Outside of the Change in Control Period.** If Employer terminates Employee's employment without Cause, and provided that such termination of employment is not during the Change in Control Period (as defined below), then, subject to the conditions identified below and the provisions of Section 11 below, Employer shall:

(i) pay Employee severance equal to twelve (12) months of Employee's base salary as of immediately prior to the Termination Date, less normal payroll withholdings, provided that such severance shall not exceed two times the lesser of (A) the Code § 401(a)(17) compensation limit for the year in which the Termination Date occurs, or (B) Employee's annualized compensation based upon the annual rate of pay for services to Employer for the calendar year prior to the calendar year in which the Termination Date occurs (adjusted for any increase during that year that was expected to continue indefinitely if the Employee had not separated from service), with such severance payable to Employee over the twelve (12) month period commencing from and after the Termination Date, in accordance with Employer's normal payroll schedule; provided, however, that any installments that otherwise would be payable on Employer's regular payroll dates between the Termination Date and the expiration of the rescission period applicable to Release will be delayed until Employer's first regular payroll date that is after the expiration of the rescission period applicable to Release and included with the installment payable on such payroll date, and provided further that if the severance otherwise payable to Employee is reduced to zero (0) by application of the maximum limitation identified above, then Employer shall in the alternative pay Employee severance equal to twelve (12) months of Employee's base salary as of immediately prior to the Termination Date, less normal payroll withholdings, payable to Employee over the twelve (12) month period commencing from and after the Termination Date, in accordance with Employer's normal payroll schedule, except that any amounts that remain payable as of the Short-Term Deferral Deadline shall be paid in a lump sum no later than the Short-Term Deferral Deadline;

(ii) pay Employee an amount equal to one hundred percent (100%) of Employee's target annual cash incentive bonus for Employer's fiscal year during which the Termination Date occurs, payable to Employee in a lump sum no later than sixty (60) calendar days after the Termination Date, and

(iii) if Employee is eligible for and takes all steps necessary to continue Employee's group health insurance coverage with Employer following the Termination Date (including completing and returning the forms necessary to elect COBRA coverage), pay for the portion of the premium costs for such coverage that Employer would pay if Employee remained employed by Employer, at the same level of coverage that was in effect as of the Termination Date, through the earliest of: (A) the twelve (12) month anniversary of the Termination Date, (B) the date Employee becomes eligible for group health insurance coverage from any other employer, or (C) the date Employee is no longer eligible to continue Employee's group health insurance coverage with Employer under applicable law.

Payment of any severance pay or benefits under this Section 3.a. will be conditioned on Employee's execution (and non-rescission) of a Release and continued compliance with Employee's obligations under this Agreement and the Confidentiality Agreement. Any severance payments under this Section 3.a. shall be subject to normal payroll withholdings. Employer and Employee intend the severance payments and

benefits under this Section 3.a. to be a “short-term deferral” under Treas. Reg. § 1.409A-1(b)(4) and/or a “separation pay plan due to involuntary separation from service” under Treas. Reg. § 1.409A-1(b)(9)(iii). The benefits described in this Section 3.a. will be reduced, as and when it is otherwise payable, by the amount of any severance or similar payment required to be paid to Employee by Employer under applicable federal, state, and local laws.

**b. Resignation for Good Reason Outside the Change in Control Period.** If Employee resigns for Good Reason, and provided that such termination of employment is not during the Change in Control Period, then, subject to the conditions identified below and the provisions of Section 11 below, Employer shall:

(i) pay Employee severance equal to six (6) months of Employee’s base salary as of immediately prior to the Termination Date, less normal payroll withholdings, provided that such severance shall not exceed two times the lesser of (A) the Code § 401(a)(17) compensation limit for the year in which the Termination Date occurs, or (B) Employee’s annualized compensation based upon the annual rate of pay for services to Employer for the calendar year prior to the calendar year in which the Termination Date occurs (adjusted for any increase during that year that was expected to continue indefinitely if the Employee had not separated from service), with such severance payable to Employee over the six (6) month period commencing from and after the Termination Date, in accordance with Employer’s normal payroll schedule; provided, however, that any installments that otherwise would be payable on Employer’s regular payroll dates between the Termination Date and the expiration of the rescission period applicable to Release will be delayed until Employer’s first regular payroll date that is after the expiration of the rescission period applicable to Release and included with the installment payable on such payroll date, and provided further that if the severance otherwise payable to Employee is reduced to zero (0) by application of the maximum limitation identified above, then Employer shall in the alternative pay Employee severance equal to six (6) months of Employee’s base salary as of immediately prior to the Termination Date, less normal payroll withholdings, payable to Employee over the six (6) month period commencing from and after the Termination Date, in accordance with Employer’s normal payroll schedule, except that any amounts that remain payable as of the Short-Term Deferral Deadline shall be paid in a lump sum no later than the Short-Term Deferral Deadline;

(ii) pay Employee an amount equal to fifty percent (50%) of Employee’s target annual cash incentive bonus for Employer’s fiscal year during which the Termination Date occurs, payable to Employee in a lump sum no later than sixty (60) calendar days after the Termination Date, and

(iii) if Employee is eligible for and takes all steps necessary to continue Employee’s group health insurance coverage with Employer following the Termination Date (including completing and returning the forms necessary to elect COBRA coverage), pay for the portion of the premium costs for such coverage that Employer would pay if Employee remained employed by Employer, at the same level of coverage that was in effect as of the Termination Date, through the earliest of: (A) the six (6) month anniversary of the Termination Date, (B) the date Employee becomes eligible for group health insurance coverage from any other employer, or (C) the date Employee is no longer eligible to continue Employee’s group health insurance coverage with Employer under applicable law.

Payment of any severance pay or benefits under this Section 3.b. will be conditioned on Employee’s execution (and non-rescission) of a Release and continued compliance with Employee’s obligations under this Agreement and the Confidentiality Agreement. Any severance payments under this Section 3.b. shall be subject to normal payroll withholdings. Employer and Employee intend the severance payments and benefits under this Section 3.b. to be a “short-term deferral” under Treas. Reg. § 1.409A-1(b)(4) and/or a “separation pay plan due to involuntary separation from service” under Treas. Reg. § 1.409A-1(b)(9)(iii). The benefits described in this Section 3.b. will be reduced, as and when it is otherwise payable, by the amount of any severance or similar payment required to be paid to Employee by Employer under applicable federal, state, and local laws.

**c. Involuntary Termination Without Cause or Resignation For Good Reason During the Change in Control Period. If**

Employer terminates Employee's employment without Cause or if Employee resigns for Good Reason, and in either case the Termination Date occurs during the Change in Control Period, then, subject to the conditions identified below and the provisions of Section 11 below, Employer shall:

(i) pay Employee severance equal to: (x) twelve (12) months of Employee's base salary as of the Termination Date (or an amount equal to twelve (12) months of Employee's base salary as of immediately prior to a reduction of 10% or more in Employee's base salary by Employer if Employee resigns for Good Reason as a result of such reduction) less (y) any amounts paid to Employee pursuant to Section 3.a.(i) or Section 3.b.(i) (as applicable) prior to the Termination Date if the Termination Date was during the three-month period prior to a Change in Control, less normal payroll withholdings, paid in a lump sum on Employer's first payroll date occurring more than sixty (60) calendar days after the later of the date of the Change in Control and the Termination Date (but no later than seventy-five (75) days thereafter);

(ii) pay Employee an amount equal to: (x) one hundred percent (100%) of Employee's target annual cash incentive bonus for Employer's fiscal year during which the Termination Date occurs, less (y) any amount paid to Employee pursuant to Section 3.a.(ii) or Section 3.b.(ii) (as applicable) prior to the Termination Date if the Termination Date was during the three-month period prior to a Change in Control, less normal payroll withholdings, payable to Employee in a lump sum no later than sixty (60) calendar days after the later of the date of the Change in Control and the Termination Date (but no later than seventy-five (75) days thereafter), and

(iii) if Employee is eligible for and takes all steps necessary to continue Employee's group health insurance coverage with Employer following the Termination Date (including completing and returning the forms necessary to elect COBRA coverage), pay for the portion of the premium costs for such coverage that Employer would pay if Employee remained employed by Employer, at the same level of coverage that was in effect as of the Termination Date, through the earliest of: (A) the twelve (12) month anniversary of the Termination Date, (B) the date Employee becomes eligible for group health insurance coverage from any other employer, or (C) the date Employee is no longer eligible to continue Employee's group health insurance coverage with Employer under applicable law. The benefit continuation described in this Section 3.c.(iii) shall be in lieu of and not in addition to the benefits described in Section 3.a.(iii) and Section 3.b.(iii).

Payment of any severance pay or benefits under this Section 3.c. will be conditioned on Employee's execution (and non-rescission) of a Release and continued compliance with Employee's obligations under this Agreement and the Confidentiality Agreement. Any severance payments under this Section 3.c. shall be subject to normal payroll withholdings. Employer and Employee intend the severance payments and benefits under this Section 3.c. to be a "short-term deferral" under Treas. Reg. § 1.409A-1(b)(4) and/or a "separation pay plan due to involuntary separation from service" under Treas. Reg. § 1.409A-1(b)(9)(iii). The benefits described in this Section 3.c. will be reduced, as and when it is otherwise payable, by the amount of any severance or similar payment required to be paid to Employee by Employer under applicable federal, state, and local laws.

**d. Definitions.** For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Cause" shall have the meaning ascribed to such term as set forth in the SPS Commerce, Inc. 2001 Stock Option Plan, as amended (the "Stock Option Plan").

(ii) "Change in Control" shall have the meaning ascribed to such term as set forth in the Stock Option Plan.

(iii) "Change in Control Period" means the period starting three months immediately before a Change in Control and continuing for 12 months immediately following a Change in Control.

(iv) “Code” means the Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder.

(v) “Employer” shall include any current or future successor, parent, subsidiary, affiliate or other joint venture partner to which any right or obligation has been assigned or delegated by SPS Commerce, Inc. or by operation of law.

(vi) “Good Reason” means the occurrence of any of the following events, in each case without Employee’s consent: (i) a reduction of 10% or more in Employee’s base salary or annual bonus opportunity, (ii) a material reduction in Employee’s employment responsibilities, including Employee no longer serving as the Chief Operating Officer of Employer or Employer is no longer a reporting company under the Securities Exchange Act of 1934, as may be amended from time to time, or (iii) a relocation of Employee’s primary work location by more than 30 miles, provided that with regard to events described in (i) and (ii), Employee first gives notice of the event giving rise to Good Reason to Employer within ninety (90) calendar days of the first occurrence of the event, and provided further that upon giving notice Employee provides Employer thirty (30) calendar days in which to remedy the event.

(vii) “Release” means a standard release of claims in the form provided by Employer at the time of a termination for which Employee is eligible to receive severance pay or benefits under Section 3.

(viii) “Short-Term Deferral Deadline” shall mean the date that is the 15th day of the third month following the end of the later of the calendar year, or Employer’s taxable year, in which the Termination Date occurs.

(ix) “Termination Date” shall mean the date on which a “separation from service” has occurred for purposes of Section 409A of the Code and the regulations and guidance thereunder.

**4. RETIREMENT.** If (i) the sum of Employee’s age plus years of service as an employee of Employer is 78 or greater, (ii) Employee provides no less than six (6) months’ written notice of his retirement from employment with Employer to the Chair of Employer’s Board of Directors (the “Board Chair”), (iii) Employee continues to perform full-time services for Employer materially consistent with the full-time responsibilities and services performed by Employee prior to the date on which Employee provided written notice of Employee’s retirement from employment with Employer to the Board Chair through the Termination Date, and (iv) Employee’s Termination Date occurs on the retirement date identified by Employee (and such Termination Date is no less than six (6) months after the date on which Employee provided written notice of his retirement to the Board Chair) (a “Retirement”), then, subject to the conditions identified in Section 4.c and the provisions of Section 11 below:

**a. Outstanding Service-Based Equity Awards.** With respect to any Equity Award whose vesting is based solely on the satisfaction by Employee of a service-based vesting condition, then one hundred percent (100%) of all of Employee’s unvested service-based Equity Awards as of the Termination Date will become fully vested as of the Termination Date.

**b. Outstanding Performance-Based Equity Awards.** With respect to any Equity Award that has been granted to Employee under the Equity Incentive Plan and is outstanding on such Termination Date and whose vesting or settlement is subject to the satisfaction of performance goals over a performance period, Employee will be entitled to have vest on each originally scheduled vesting date for such award the number of shares, share units or share equivalents subject to the Equity Award that would otherwise have been determined to have been earned by Employee had Employee remained continuously employed by Employer through each such originally scheduled vesting date based on the degree to which the applicable performance goals were satisfied during the applicable performance period through each such originally scheduled vesting date. For the avoidance of doubt, upon Employee’s Retirement, any unvested Equity Awards whose vesting or settlement is subject to the satisfaction of performance goals over a performance period then held by Employee shall not lapse until the earliest of a Change in Control,

three months after the Termination Date (subject to the one year exercisability extension for stock options as identified above), or the expiration date of such Equity Award.

**c. Conditions to Accelerated or Continued Vesting.** The payment of the pro-rated bonus and the accelerated or continued vesting of Equity Awards under this Section 4 following a Retirement will be conditioned on (i) Employee's execution (and non-rescission) of a Release, and (ii) Employee's continued compliance with Employee's obligations under this Agreement and the Confidentiality Agreement. Notwithstanding anything to the contrary in this Agreement or any agreement evidencing an Equity Award, if Employee breaches any provision of this Agreement or the Confidentiality Agreement, then (i) Employee shall immediately forfeit all outstanding Equity Awards and any right to receive shares thereunder, and (ii) with respect to shares that have been issued pursuant to an Equity Award within two (2) years prior to such breach, Employee shall either (A) return such shares to Employer or (B) pay to Employer in cash an amount equal to the fair market value of the shares as of the date their receipt became taxable to Employee.

**5. TERMINATION OF THE PRIOR AGREEMENT; SURVIVAL OF CERTAIN TERMS OF THE CONFIDENTIALITY AGREEMENT.** This Agreement supersedes and replaces the Prior Agreement in its entirety. Except for Sections 10, 11, 18, 19 and 20 of the Confidentiality Agreement, which were superseded by the Prior Agreement, all other terms of the Confidentiality Agreement remain in full force and effect in accordance with their terms.

**6. BENEFITS IN LIEU OF PLAN BENEFITS.** The benefits described in this Agreement are in lieu of any pay or benefits that would otherwise be provided to Employee under any Employer-sponsored severance pay policy, plans or practice, and Employee shall not be entitled to any benefits under any Employer-sponsored severance pay policy, plans or practice in the event that pay or benefits are payable thereunder.

**7. MODIFICATION OF AGREEMENT.** No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by both parties.

**8. CHOICE OF LAW, JURISDICTION, AND VENUE.** The validity, construction and performance of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Minnesota, without reference to any choice of laws provisions thereof. The parties further agree that any litigation or proceeding arising out of, or relating to, this Agreement (whether the same sounds in tort or contract or both) shall be commenced and maintained in a federal or state court located in Hennepin County, Minnesota, and for such purpose the parties consent to any such court's exercise of personal jurisdiction over them.

**9. ASSIGNMENTS.** This Agreement is personal in nature and cannot be assigned by Employee. The terms, conditions, covenants, and representations herein shall inure to and be binding upon the heirs and representatives of Employee and shall inure to the benefit of and shall be binding upon the successors and assigns of Employer.

**10. SEVERABILITY.** Agreements and covenants contained herein are severable, and in the event any of them shall be held to be invalid by any competent court, this Agreement shall be interpreted as if such invalid agreement or covenants were not contained herein.

**11. SECTION 409A.** This Agreement is intended to satisfy, or be exempt from, the requirements of Section 409A(a)(2)(3) and (4) of the Code, including current and future guidance and regulations interpreting such provisions, and should be interpreted accordingly. Notwithstanding anything to the contrary in this Agreement or any other agreement between Employer and Employee, including without limitation any agreement evidencing an Equity Award, if Employee is considered a "specified employee" (as defined in Treasury Regulation Section 1.409A-1(i)) as of the date of the Termination Date, then no payments of deferred compensation payable due to Employee's separation from service, including without limitation any amount payable under this Agreement with respect to any Equity Award, shall be



made under this Agreement before the first business day that is six (6) months after the Termination Date (or upon Employee's death, if earlier) (the "Specified Period"). Any deferred compensation payments that would otherwise be required to be made to Employee during the Specified Period will be accumulated by Employer and paid to Employee on the first day after the end of the Specified Period. The foregoing restriction on the payment of amounts to Employee during the Specified Period will not apply to the payment of employment taxes. In addition, notwithstanding anything to the contrary in this Agreement or any agreement evidencing an Equity Award, with respect to an Equity Award that constitutes a deferral of compensation subject to Section 409A of the Code: (i) if any amount is payable under any Equity Award upon a termination of Service, a termination of Service will be deemed to have occurred only at such time as Employee has experienced a "separation from service" as such term is defined for purposes of Section 409A of the Code; and (ii) no Change in Control shall be deemed to have occurred upon an event described in the definition of the term contained in the Stock Option Plan unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, Employer under Section 409A of the Code.

**12. SECTION 280G.** If any payment or benefit to be paid or provided to Employee under this Agreement, taken together with any payments or benefits otherwise paid or provided to Employee by Employer or any corporation that is a member of an "affiliated group" (as defined in Section 1504 of the Code without regard to Section 1504(b) of the Code) of which Employer is a member (the "other arrangements"), would collectively constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), and if the net after-tax amount of such parachute payment to Employee is less than what the net after-tax amount to Employee would be if the aggregate payments and benefits otherwise constituting the parachute payment were limited to three times Employee's "base amount" (as defined in Section 280G(b)(3) of the Code) less \$1.00, then the aggregate payments and benefits otherwise constituting the parachute payment shall be reduced to an amount that shall equal three times Employee's base amount, less \$1.00. Should such a reduction in payments and benefits be required, Employee shall be entitled, subject to the following sentence, to designate those payments and benefits under this Agreement or the other arrangements that will be reduced or eliminated so as to achieve the specified reduction in aggregate payments and benefits to Employee and avoid characterization of such aggregate payments and benefits as a parachute payment. Employer will provide Employee with all information reasonably requested by Employee to permit Employee to make such designation. To the extent that Employee's ability to make such a designation would cause any of the payments and benefits to become subject to any additional tax under Code Section 409A, or if Employee fails to make such a designation within ten business days of receiving the requested information from Employer, then Employer shall achieve the necessary reduction in such payments and benefits by first reducing or eliminating the portion of the payments and benefits that are payable in cash and then by reducing or eliminating the non-cash portion of the payments and benefits, in each case in reverse order beginning with payments and benefits which are to be paid or provided the furthest in time from the date of Employer's determination. A net after-tax amount shall be determined by taking into account all applicable income, excise and employment taxes, whether imposed at the federal, state or local level, including the excise tax imposed under Section 4999 of the Code.

**13. TAXES.** Employer may withhold from any amounts payable under this Agreement such federal, state and local income and employment taxes as Employer shall determine are required to be withheld pursuant to any applicable law or regulation. Employee shall be solely responsible for the payment of all taxes due and owing with respect to any compensation provided to Employee hereunder. Employer does not guarantee any particular tax consequence or result with respect to any payment made by Employer under this Agreement, including with respect to any Equity Award.

**14. COMPLETE AGREEMENT.** This Agreement, the provisions of the Confidentiality Agreement that have not been explicitly superseded and replaced by this Agreement, and any stock option or other equity agreements between Employer and Employee contain the complete agreement concerning the terms and conditions of the employment arrangement between the parties. Except for the provisions of the Confidentiality Agreement that have not been explicitly superseded and replaced by this Agreement and any stock option or other equity agreements between Employer and Employee, each of which shall remain in full force and effect in accordance with its terms except to the extent they are agreements evidencing Equity Awards and have been amended by this Agreement, this Agreement shall, as of the

Effective Date, supersede all other agreements between the parties, including without limitation the Prior Agreement. The parties stipulate that neither of them has made any representation with respect to the subject matter of this Agreement or any representations including the execution and delivery hereof except such representations as are specifically set forth herein and the parties hereto acknowledge that they have relied on their own judgment in entering into this Agreement.

**EMPLOYEE**

**By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**SPS COMMERCE, INC.  
EMPLOYER**

**By:** \_\_\_\_\_

**Name:** Archie C. Black  
**Its:** Chief Executive Officer

**Date:** \_\_\_\_\_