
**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 2, 2016

SPS Commerce, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State of
Incorporation)

001-34702
(Commission
File Number)

41-2015127
(IRS Employer
Identification No.)

333 South Seventh Street, Suite 1000
Minneapolis, MN
(Address of Principal Executive Offices)

55402
(Zip Code)

Registrant's Telephone Number, Including Area Code (612) 435-9400

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

Severance and Change in Control Agreements

On February 2, 2016, we entered into new executive severance and change in control agreements with our Chief Operating Officer and Chief Financial Officer. These agreements provide that if a change in control occurs during the term of the agreement and the employee is employed by our company as of the date of the change in control, then all of the employee's unvested stock options, restricted stock units or other equity awards outstanding as of the change in control will become fully vested as of the change in control.

The agreements provide for severance equal to 12 months' base salary, 100% of the employee's target annual cash incentive bonus and 12 months of the employer's portion of health care premiums for the employee in the event of an involuntary termination without cause prior to a change in control. In addition, the agreements provide for severance equal to six months' base salary, 50% of the employee's target annual cash incentive bonus and six months of the employer's portion of health care premiums for the employee in the event of resignation of employment by the employee for good reason prior to a change in control. Finally, the agreements also provide for severance equal to 12 months' base salary, 100% of the employee's target annual cash incentive bonus 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 employee for good reason upon or within 12 months after a change in control.

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

Adoption of Management Incentive Plan

On February 2, 2016, our compensation committee also adopted a Management Incentive Plan (the "Plan") pursuant to which annual cash incentive opportunities will be provided to our executive officers and other employees during 2016 and subsequent years.

The Plan provides that any of our employees is eligible to participate in the Plan, and that the compensation committee will designate which employees will participate in the Plan and be granted an award for each fiscal year performance period. When an award is made, the compensation committee will specify the terms and conditions of the award, which will include that the award will be earned upon, and to the extent that, one or more performance goals based on one or more of the performance measures specified in the Plan have been attained over the course of the applicable performance period. The performance measures specified in the Plan involve a variety of financial and operational measures, and performance goals based on these measures may relate to company, subsidiary, business unit or individual performance.

In connection with establishing or applying the performance goals applicable to any performance period, the compensation committee may adjust the performance goals or the performance measures on which they are based to equitably reflect, in the compensation committee's judgment, the impact of events during the performance period that are unusual in nature or infrequently occurring (such as acquisitions, divestitures, restructuring activities or asset write-downs), changes in applicable tax laws or accounting principles, or equity restructurings, reorganizations or other changes in corporate capitalization.

Following the completion of each performance period, the compensation committee will determine the degree to which the applicable performance goals were attained and the corresponding award amounts that would be payable to participants based on such attainment. The compensation committee retains the discretion, based on factors it deems relevant, to increase or decrease (including to zero) the amount of an award that would otherwise be payable to any participant based on attainment of applicable performance goals. The amount of any award determined to be payable will be paid to the participant in a lump sum cash payment no later than March 15 following the end of the applicable performance period. A participant must continue to be employed by us on the date of payment to receive payment of an award.

This description of the Plan does not purport to be complete and is qualified in its entirety by reference to the Management Incentive Plan document which is attached as Exhibit 10.2 to this report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>No.</u>	<u>Description</u>
10.1*	Form of Executive Severance and Change in Control Agreement
10.2*	Management Incentive Plan

* Indicates executive compensation agreement

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 3, 2016

By: /s/ Kimberly K. Nelson

Kimberly K. Nelson

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>No.</u>	<u>Description</u>	<u>Manner of Filing</u>
10.1*	Form of Executive Severance and Change in Control Agreement	Filed Electronically
10.2*	Management Incentive Plan	Filed Electronically

* Indicates executive compensation agreement

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

This Executive Severance and Change in Control Agreement (the "Agreement"), dated effective as of _____, 2016 (the "Effective Date"), is entered into by and between _____ ("Employee"), and SPS Commerce, Inc., a Delaware corporation, with offices at Accenture 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 _____; and

WHEREAS, Employee and Employer are parties to an At-Will/Confidentiality Agreement Regarding Certain Terms and Conditions of Employment At SPS Commerce, Inc., dated _____, 20____ (the "Existing Employment Agreement"); 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 the Existing Employment 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 a Change in Control (as defined in the SPS Commerce, Inc. 2001 Stock Option Plan, as amended (the "Stock Option Plan")) occurs during the Term and Employee is employed by Employer as of the date of the Change in Control, then one hundred percent (100%) of all of Employee's unvested stock options, restricted stock units or other equity awards as of the Change in Control (the "Unvested Equity") will become fully vested as of the Change in Control.

3. TERMINATION; EFFECT OF TERMINATION.

a. Involuntary Termination Without Cause Prior to a Change in Control. If Employer terminates Employee's employment without Cause, and provided that such termination of employment occurs prior to a Change in Control, then, subject to the conditions identified 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 Existing Employment 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).

b. Resignation for Good Reason Prior to a Change in Control. If Employee resigns for Good Reason, and provided that such termination of employment occurs prior to a Change in Control, then, subject to the conditions identified 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 Existing Employment 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).

c. Involuntary Termination Without Cause or Resignation for Good Reason Upon or Within 12 Months After a Change in

Control. If Employer terminates Employee's employment without Cause upon or within twelve (12) months after a Change in Control, or in the event that Employee resigns for Good Reason upon or within twelve (12) months after a Change in Control, then 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.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 Existing Employment 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).

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 Stock Option Plan.

(ii) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder.

(iii) "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.

(iv) "Good Reason" shall mean the occurrence of any of the following events, in each case without Employee's consent: (A) a material reduction in Employee's base salary, (B) a material reduction in Employee's employment responsibilities, or (C) a relocation of Employee's primary work location by more than thirty (30) miles, provided that Employee first gives notice of the event giving rise to Good Reason to the Employer within ninety (90) days of the first occurrence of the event, and provided further that upon giving notice Employee provides Employer thirty (30) days in which to remedy the event and not be required to pay the severance pay or benefits set forth in Section 3.b. or Section 3.c. Notwithstanding anything to the contrary in this Section 3.d.(iv), Employee shall not be deemed to have resigned for Good Reason, and Employee shall not be entitled to payments upon Employee's resignation under this Agreement, unless Employee's Termination Date following Employee's resignation for Good Reason occurs within twelve (12) months following the first occurrence of the event giving rise to Good Reason.

(v) "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.a., Section 3.b. or Section 3.c.

(vi) "Service Recipient" shall have the meaning set forth in Treas. Reg. § 1.409A-1(g).

(vii) "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 the Service Recipient's taxable year, in which the Termination Date occurs.

(viii) "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. SURVIVAL OF CERTAIN TERMS OF THE EXISTING EMPLOYMENT AGREEMENT. This Agreement supersedes and replaces Sections 10, 11, 18, 19 and 20 of the Existing Employment Agreement in their entirety. All other terms of the Existing Employment Agreement remain in full force and effect in accordance with their terms.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. COMPLETE AGREEMENT. This Agreement, the provisions of the Existing Employment 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 Existing Employment 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, this Agreement shall, as of the Effective Date, supersede all other agreements between the parties. 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.

SPS COMMERCE, INC.

EMPLOYEE

EMPLOYER

By: _____

By: _____

Its: _____

Date: _____

Date: _____

SPS COMMERCE, INC.
MANAGEMENT INCENTIVE PLAN

In order to provide an additional incentive to eligible employees to contribute to the success of SPS Commerce, Inc. (the “*Company*”), the Company has adopted this Management Incentive Plan (the “*Plan*”) under which annual cash bonus awards (the “*Awards*”) may be provided to eligible employees. As set forth in this Plan, the grant of Awards is within the discretion of the Compensation Committee (the “*Committee*”) of the Company’s Board of Directors (the “*Board*”), and the payment of these Awards is subject to several contingencies, including the attainment of performance goals approved by the Committee that are based on one or more performance measures described below.

1. Eligibility. Any employee of the Company or any of its subsidiaries is eligible to participate in the Plan. The Committee will designate those employees who are to be participants in the Plan for each calendar year performance period. Designation by the Committee as a participant for a specific performance period does not confer on an employee the right to participate in the Plan during any other performance periods.

2. Grant of Performance Awards. The Committee will designate which employees may participate in the Plan and be granted Awards for each performance period. Awards may be granted to participants in such amounts and on such terms as may be determined by the Committee, consistent with the terms of the Plan. At the time an Award is made, the Committee will specify the terms and conditions that will govern the Award, which will include that the Award will be earned upon, and to the extent that, one or more performance goals based on one or more of the performance measures specified in Section 3 have been attained over the course of the applicable performance period. Different terms and conditions may be established by the Committee for different Awards and for different participants. The terms of individual Awards will be set forth in such written or electronic notices as the Committee may prescribe.

3. Performance Measures. The performance measures upon which performance goals applicable to Awards under the Plan may be based shall be one or a combination of two or more of the following: (i) net income; (ii) earnings before one or more of interest, taxes, depreciation, amortization and share-based compensation expense; (iii) revenue; (iv) gross profit; (v) operating income; (vi) profitability as measured by return ratios (including, but not limited to, return on assets, return on equity, return on invested capital and return on revenue); (vii) cash flow (including, but not limited to, operating cash flow, free cash flow and cash flow return on capital); (viii) market share; (ix) margins (including, but not limited to, one or more of gross, operating and net earnings margins); (x) stock price; (xi) total stockholder return; (xii) orders; (xiii) cost and expense management; (xiv) economic value added or similar value added measurements; and (xv) implementation or completion of critical projects. Any performance goal based on one or more of the foregoing performance measures may be expressed in absolute amounts, on a per share basis (basic or diluted), relative to one or more other performance measures, as a growth rate or change from preceding periods, or as a comparison to the performance of specified companies, indices or other external measures, and may relate to one or any combination of Company, subsidiary, business unit or individual performance.

4. Adjustments to Performance Measures or Goals. In connection with establishing or applying the performance goals applicable to any performance period, the Committee may adjust the performance goals or the performance measures on which they are based to equitably reflect, in the Committee’s judgment, the impact of (i) events during the performance period that are unusual in nature or infrequently occurring (such as acquisitions, divestitures, restructuring activities or asset write-downs), (ii) changes in applicable tax laws or accounting principles, or (iii) equity restructurings, reorganizations or other changes in corporate capitalization.

5. Determination of Award Amounts Payable. Following the completion of each performance period, the Committee will determine the degree to which the applicable performance goals were attained and the corresponding Award amounts that would be payable to participants based on such attainment. The Committee is authorized, in its sole and absolute discretion and based on such factors as it deems relevant, to increase or decrease (including to zero) the amount of an Award that would otherwise be payable to any participant based on attainment of applicable performance goals.

6. Payment of Awards. The amount of any Award determined by the Committee to be payable to a participant will be paid to the participant in a lump sum cash payment (less applicable withholding taxes) no later than March 15 of the calendar year immediately following the applicable performance period. As a condition to receiving any payment of an Award under this Plan, a participant must continue to be employed by the Company or one of its subsidiaries on the date of payment. If a participant's employment with the Company and its subsidiaries terminates for any reason (whether voluntary, involuntary, as a result of death or disability, or with or without cause) at any time prior to the date of payment, no payment under the Plan will be made.

7. Administration. The Committee shall have power to make Awards and to determine when and to whom Awards will be granted, and the form, amount and other terms and conditions of each Award, subject to the provisions of this Plan. The Committee shall have the authority to interpret this Plan and any Award made under this Plan, to establish, amend, waive and rescind any rules relating to the administration of this Plan, and to make all other determinations necessary or advisable for the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent it shall deem desirable. The determinations of the Committee in the administration of this Plan shall be final, binding and conclusive. The Committee may delegate all or any portion of its authority under the Plan to any one or more of its members or, as to Awards to participants or eligible employees who are not executive officers of the Company, to one or more executive officers of the Company

8. Miscellaneous.

(a) Effective Date and Term. The Plan shall become effective as of February 2, 2016, and shall remain in effect until it has been terminated pursuant to Section 8(d).

(b) No Right to Employment. Nothing in the Plan or any Award notice constitutes or implies (i) any obligation or undertaking to employ or retain a participant for any period of time or in any position, or (ii) any limitation on the right of the Company to terminate a participant's employment at any time with or without notice or cause.

(c) Tax and Other Withholding. Any payments under the Plan will be subject to withholding of all taxes and other amounts required by law to be withheld or paid to others. The Company may, in its discretion and to the full extent permitted by law, apply a payment otherwise payable to a participant under the Plan to pay any amounts, debts or claims owed to the Company by such participant, until all such amounts, debts and claims are paid in full.

(d) Amendment, Modification and Termination of the Plan. The Board or Committee may at any time terminate, suspend or modify the Plan and the terms and provisions of any Award to any participant which has not yet been paid. No Award may be granted during any suspension of the Plan or after its termination.

(e) Unfunded Plan. The Plan shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by Awards under the Plan. No participant shall, by virtue of this Plan, have any interest in any specific assets of the Company.

(f) Other Benefit Programs. Payments received by a participant under an Award made pursuant to the Plan shall not be deemed a part of the participant's regular recurring compensation

for purposes of the termination, indemnity or severance pay law of any state and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company unless expressly so provided by such other plan, contract or arrangement, or unless the Committee expressly determines otherwise.

(g) Governing Law. The Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Minnesota without regard to its conflicts-of-law principles, and shall be construed accordingly.

(h) Non-Transferability. No Award may be sold, assigned, transferred, exchanged or encumbered, voluntarily or involuntarily.