

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

BANTA CORP

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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): April 26, 2005

Banta Corporation
(Exact name of registrant as specified in its charter)

Wisconsin
(State or other
jurisdiction of incorporation)

1-14637
(Commission File Number)

39-0148550
(IRS Employer
Identification No.)

225 Main Street, Menasha, Wisconsin 54952
(Address of principal executive offices, including zip code)

(920) 751-7777
(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:

- 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 1.01. Entry into a Material Definitive Agreement.

At the annual meeting of shareholders of Banta Corporation (the "Corporation") held on April 26, 2005, the Corporation's shareholders approved the Banta Corporation 2005 Equity Incentive Plan (the "2005 Equity Plan").

The purpose of the 2005 Equity Plan is to promote the best interests of the Corporation and its shareholders by providing key employees of the Corporation and its affiliates, and members of the Corporation's Board of Directors who are not employees of the Corporation or its affiliates, with an opportunity to acquire a proprietary interest in the Corporation. The 2005 Equity Plan is intended to promote continuity of

management and to provide increased incentive and personal interest in the welfare of the Corporation by those key employees who are primarily responsible for shaping and carrying out the long-range plans of the Corporation and securing the Corporation's continued growth and financial success. In addition, by encouraging stock ownership by directors who are not employees of the Corporation or its affiliates, the Corporation seeks to attract and retain on its Board of Directors persons of exceptional competence and to provide a further incentive to serve as a director of the Company.

The 2005 Equity Plan is administered by the Compensation Committee (the "Committee") of the Corporation's Board of Directors. Any key employee of the Corporation or any affiliate, including any executive officer or employee-director of the Corporation, is eligible to be granted awards by the Committee under the 2005 Equity Plan. In addition to key employees, each non-employee director of the Corporation is automatically entitled to receive option grants under the 2005 Equity Plan.

The 2005 Equity Plan provides that up to a total of 3,500,000 shares of the Corporation's common stock (subject to adjustment) are available for the granting of awards thereunder. The 2005 Equity Plan authorizes the granting to key employees of: (a) stock options, which may be either incentive stock options meeting the requirements of Section 422 of the Internal Revenue Code or non-qualified stock options; (b) stock appreciation rights; and (c) restricted stock.

The 2005 Equity Plan is described in detail in the Corporation's proxy statement filed with the Securities and Exchange Commission on Schedule 14A in connection with the annual meeting of shareholders held on April 26, 2005.

The foregoing description of the 2005 Equity Plan does not purport to be complete and is qualified in its entirety by reference to the full text of the 2005 Equity Plan, a copy of which is filed as Exhibit 10.1 to this Current Report and is incorporated herein by reference.

On April 26, 2005, the Corporation's Board of Directors approved amendments to the Banta Corporation 1991 Stock Option Plan, as amended (the "1991 Option Plan"), to provide for the designation by optionees (including non-employee directors) who have been granted options under the 1991 Option Plan of a beneficiary or beneficiaries to exercise their rights with respect to such options upon the death of the optionees. As a result of the amendments to the 1991 Stock Option Plan, the Committee, as the administrator of the 1991 Option Plan, authorized and directed the appropriate officers of the Corporation to take such actions as are necessary or appropriate to allow all optionees holding options granted under the 1991 Option Plan to designate a beneficiary or beneficiaries to exercise their rights with respect to such options upon the death of the optionees in accordance with the amendments to the 1991 Option Plan approved by the Board of Directors.

The foregoing description of the amendments to the 1991 Option Plan does not purport to be complete and is qualified in its entirety by reference to the full text of the 1991 Option Plan, as amended, a copy of which is filed as Exhibit 10.2 to this Current Report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits. The following exhibits are being filed herewith:

(10.1) Banta Corporation 2005 Equity Incentive Plan.

(10.2) Banta Corporation 1991 Stock Option Plan, as amended.

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.

BANTA CORPORATION

Date: April 29, 2005

By: */s/ Ronald D. Kneezel* _____

Ronald D. Kneezel

Vice President, General Counsel and Secretary

BANTA CORPORATION

Exhibit Index to Current Report on Form 8-K

**Exhibit
Number**

(10.1) Banta Corporation 2005 Equity Incentive Plan.

(10.2) Banta Corporation 1991 Stock Option Plan, as amended.

BANTA CORPORATION

2005 EQUITY INCENTIVE PLAN

Section 1. Purpose

The purpose of the Banta Corporation 2005 Equity Incentive Plan (the "Plan"), is to promote the best interests of Banta Corporation (together with any successor thereto, the "Company") and its shareholders by providing key employees of the Company and its Affiliates (as defined below) and members of the Company's Board of Directors who are not employees of the Company or its Affiliates with an opportunity to acquire a proprietary interest in the Company. It is intended that the Plan will promote continuity of management and increased incentive and personal interest in the welfare of the Company by those key employees who are primarily responsible for shaping and carrying out the long-range plans of the Company and securing the Company's continued growth and financial success. In addition, by encouraging stock ownership by directors who are not employees of the Company or its Affiliates, the Company seeks to attract and retain on its Board of Directors persons of exceptional competence and to provide a further incentive to serve as a director of the Company.

Section 2. Definitions

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

- (a) "Affiliate" shall mean any entity that, directly or through one or more intermediaries, is controlled by, controls, or is under common control with, the Company.
 - (b) "Award" shall mean any Option, Stock Appreciation Right or Restricted Stock granted under the Plan.
 - (c) "Award Agreement" shall mean any written agreement, contract, or other instrument or document evidencing any Award granted under the Plan.
 - (d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
 - (e) "Commission" shall mean the United States Securities and Exchange Commission or any successor agency.
 - (f) "Committee" shall mean a committee of the Board of Directors of the Company designated by such Board to administer the Plan and composed of not less than two directors, each of whom is a "non-employee director for purposes of Section 16" within the meaning of Rule 16b-3 and each of whom is an "outside director" within the meaning of Section 162(m)(4)(C) of the Code (or any successor provision thereto).
 - (g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.
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- (h) "Excluded Items" shall mean any items which the Committee determines shall be excluded in fixing Performance Goals, such as any gains or losses from discontinued operations, any extraordinary gains or losses and the effects of accounting changes.
 - (i) "Fair Market Value" shall mean, with respect to any property (including, without limitation, any Shares or other securities), the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

(j) "Incentive Stock Option" shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code (or any successor provision thereto).

(k) "Key Employee" shall mean any officer or other key employee of the Company or of any Affiliate who is responsible for or contributes to the management, growth or profitability of the business of the Company or any Affiliate as determined by the Committee.

(l) "Non-Employee Director" shall mean any member of the Company's Board of Directors who is not an employee of the Company or of any Affiliate.

(m) "Non-Qualified Stock Option" shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option and shall mean any option granted to a Non-Employee Director under Section 6(b) of the Plan.

(n) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(o) "Participating Key Employee" shall mean a Key Employee designated to be granted an Award under the Plan.

(p) "Performance Goals" shall mean the following (in all cases after excluding the impact of applicable Excluded Items):

(i) Return on equity for the Performance Period for the Company on a consolidated basis.

(ii) Return on investment for the Performance Period (aa) for the Company on a consolidated basis, (bb) for any one or more Affiliates or divisions of the Company and/or (cc) for any other business unit or units of the Company as defined by the Committee at the time of selection.

(iii) Return on net assets for the Performance Period (aa) for the Company on a consolidated basis, (bb) for any one or more Affiliates or divisions of the Company and/or (cc) for any other business unit or units of the Company as defined by the Committee at the time of selection.

(iv) Economic value added (as defined by the Committee at the time of selection) for the Performance Period (aa) for the Company on a consolidated basis, (bb) for any one or more Affiliates or divisions of the Company and/or (cc) for any other business unit or units of the Company as defined by the Committee at the time of selection.

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(v) Earnings from operations for the Performance Period (aa) for the Company on a consolidated basis, (bb) for any one or more Affiliates or divisions of the Company and/or (cc) for any other business unit or units of the Company as defined by the Committee at the time of selection.

(vi) Pre-tax profits for the Performance Period (aa) for the Company on a consolidated basis, (bb) for any one or more Affiliates or divisions of the Company and/or (cc) for any other business unit or units of the Company as defined by the Committee at the time of selection.

(vii) Net earnings for the Performance Period (aa) for the Company on a consolidated basis, (bb) for any one or more Affiliates or divisions of the Company and/or (cc) for any other business unit or units of the Company as defined by the Committee at the time of selection.

(viii) Net earnings per Share for the Performance Period for the Company on a consolidated basis.

(ix) Working capital as a percent of net sales for the Performance Period (aa) for the Company on a consolidated basis, (bb) for any one or more Affiliates or divisions of the Company and/or (cc) for any other business unit or units of the Company as defined by the Committee at the time of selection.

(x) Net cash provided by operating activities for the Performance Period (aa) for the Company on a consolidated basis, (bb) for any one or more Affiliates or divisions of the Company and/or (cc) for any other business unit or units of the Company as defined by the Committee at the time of selection.

(xi) Market price per Share for the Performance Period.

(xii) Total shareholder return for the Performance Period for the Company on a consolidated basis.

(q) "Performance Period" shall mean any period for which a Performance Goal or Goals have been established; provided, however, that such period shall not be less than one year.

(r) "Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, or government or political subdivision thereof.

(s) "Released Securities" shall mean Shares of Restricted Stock with respect to which all applicable restrictions have expired, lapsed, or been waived.

(t) "Restricted Securities" shall mean Awards of Restricted Stock or other Awards under which issued and outstanding Shares are held subject to certain restrictions.

(u) "Restricted Stock" shall mean any Share granted under Section 6(d) of the Plan.

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(v) "Rule 16b-3" shall mean Rule 16b-3 as promulgated by the Commission under the Exchange Act, or any successor rule or regulation thereto.

(w) "Shares" shall mean shares of common stock of the Company, \$.10 par value, and such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(b) of the Plan.

(x) "Stock Appreciation Right" shall mean any right granted under Section 6(c) of the Plan.

Section 3. Administration

The Plan shall be administered by the Committee; *provided, however*, that if at any time the Committee shall not be in existence, the functions of the Committee as specified in the Plan shall be exercised by a committee consisting of those members of the Board of Directors of the Company who qualify as "non-employee directors for purposes of Section 16" under Rule 16b-3 and as "outside directors" under Section 162(m)(4)(C) of the Code (or any successor provision thereto). To the extent permitted by applicable law, the Committee may delegate to one or more executive officers of the Company any or all of the authority and responsibility of the Committee with respect to the Plan, other than with respect to Persons who are subject to Section 16 of the Exchange Act. To the extent the Committee has so delegated to one or more executive officers the authority and responsibility of the Committee, all references to the Committee herein shall include such officer or officers. Subject to the terms of the Plan and without limitation by reason of enumeration, the Committee shall have full power and authority to: (i) designate Participating Key Employees; (ii) determine the type or types of Awards to be granted to each Participating Key Employee under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters

are to be calculated in connection with) Awards granted to Participating Key Employees; (iv) determine the terms and conditions of any Award granted to a Participating Key Employee; (v) determine whether, to what extent, and under what circumstances Awards granted to Participating Key Employees may be settled or exercised in cash, Shares, other securities, other Awards, or other property, and the method or methods by which Awards may be settled, exercised, cancelled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other Awards, and other amounts payable with respect to an Award granted to Participating Key Employees under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan (including, without limitation, any Award Agreement); (viii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (ix) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time, and shall be final, conclusive, and binding upon all Persons, including the Company, any Affiliate, any Participating Key Employee, any Non-Employee Director, any holder or beneficiary of any Award, any shareholder, and any employee of the Company or of any Affiliate. Notwithstanding the foregoing, Awards to Non-Employee Directors under the Plan shall be automatic and the amount and terms of such Awards shall be determined as provided in Section 6(b) of the Plan.

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Section 4. Shares Available for Award

(a) **Shares Available.** Subject to adjustment as provided in Section 4(b):

(i) **Number of Shares Available.** The number of Shares with respect to which Awards may be granted under the Plan shall be 3,500,000. If, after the effective date of the Plan, any Shares covered by an Award granted under the Plan, or to which any Award relates, are forfeited or if an Award otherwise terminates, expires or is cancelled prior to the delivery of all of the Shares or of other consideration issuable or payable pursuant to such Award, then the number of Shares counted against the number of Shares available under the Plan in connection with the grant of such Award, to the extent of any such forfeiture, termination, expiration or cancellation, shall again be available for granting of additional Awards under the Plan. Upon payment in Shares pursuant to the exercise of a Stock Appreciation Right, the number of shares available for issuance under the Plan shall be reduced by the total number of shares with respect to which the Stock Appreciation Right is exercised and not only by the number of Shares actually issued in such payment.

(ii) **Limitations on Awards to Individual Participants.** No Participating Key Employee shall be granted, during any calendar year, Options for more than 300,000 Shares, Stock Appreciation Rights with respect to more than 50,000 Shares and/or more than 50,000 Shares of Restricted Stock under the Plan. Such number of Shares as specified in the preceding sentence shall be subject to adjustment in accordance with the terms of Section 4(b) hereof. In all cases, determinations under this Section 4(a)(ii) shall be made in a manner that is consistent with the exemption for performance-based compensation provided by Section 162(m) of the Code (or any successor provision thereto) and any regulations promulgated thereunder.

(iii) **Accounting for Awards.** The number of Shares covered by an Award under the Plan, or to which such Award relates, shall be counted on the date of grant of such Award against the number of Shares available for granting Awards under the Plan.

(iv) **Sources of Shares Deliverable Under Awards.** Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

(b) **Adjustments.** In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is

determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee may, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares subject to the Plan and which thereafter may be made the subject of Awards under the Plan, (ii) the number and type of Shares subject to outstanding Awards, and (iii) the grant, purchase, or exercise price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; *provided, however*, in each case, that with respect to Awards of Incentive Stock Options no such adjustment shall be authorized to the extent that such authority would cause the Plan to violate Section 422(b) of the Code (or any successor provision thereto); and *provided further* that the number of Shares subject to any Award payable or denominated in Shares shall always be a whole number. Notwithstanding the foregoing, Non-Qualified Stock Options subject to grant or previously granted to Non-Employee Directors under Section 6(b) of the Plan at the time of any event described in the preceding sentence shall be subject to only such adjustments as shall be necessary to maintain the relative proportionate interest represented thereby immediately prior to any such event and to preserve, without exceeding, the value of such Options.

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Section 5. Eligibility

Any Key Employee, including any executive officer or employee-director of the Company or of any Affiliate, shall be eligible to be designated a Participating Key Employee. All Non-Employee Directors shall receive Awards of Non-Qualified Stock Options as provided in Section 6(b).

Section 6. Awards

(a) **Option Awards to Key Employees.** The Committee is hereby authorized to grant Options to Key Employees with the terms and conditions as set forth below and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine.

(i) **Exercise Price.** The exercise price per Share of an Option granted pursuant to this Section 6(a) shall be determined by the Committee; *provided, however*, that such exercise price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.

(ii) **Option Term.** The term of each Option shall be fixed by the Committee; *provided, however*, that in no event shall the term of any Incentive Stock Option exceed a period of ten years from the date of its grant.

(iii) **Exercisability and Method of Exercise.** An Option shall become exercisable in such manner and within such period or periods and in such installments or otherwise as shall be determined by the Committee. The Committee also shall determine the method or methods by which, and the form or forms, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price, in which payment of the exercise price with respect to any Option may be made or deemed to have been made.

(iv) **Incentive Stock Options.** The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code (or any successor provision thereto) and any regulations promulgated thereunder. Notwithstanding any provision in the Plan to the contrary, no Incentive Stock Option may be granted hereunder after April 26, 2015.

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(b) Non-Qualified Stock Option Awards to Non-Employee Directors.

(i) **Eligibility.** Each Non-Employee Director shall automatically be granted Non-Qualified Stock Options under the Plan in the manner set forth in this Section 6(b). A Non-Employee Director may hold more than one Non-Qualified Stock Option, but only on the terms and subject to any restrictions set forth herein.

(ii) **Grant of Options to Newly-Elected Non-Employee Directors.** Any Person who is first elected as a Non-Employee Director after the effective date of the Plan shall, on the date of such election, automatically be granted a Non-Qualified Stock Option to purchase 6,000 Shares (which number of Shares shall be subject to adjustment in the manner provided in Section 4(b) hereof).

(iii) **Annual Option Grants to Non-Employee Directors.** Beginning with the annual meeting of shareholders next succeeding the annual meeting at which the Plan is approved by shareholders, each Non-Employee Director (if he or she continues to serve in such capacity) shall, on the day following the annual meeting of shareholders in each year during the time the Plan is in effect, automatically be granted a Non-Qualified Stock Option to purchase 3,000 Shares (which number of Shares shall be subject to adjustment in the manner provided in Section 4(b) hereof); *provided, however*, that a Person who is first elected as a Non-Employee Director on the date of an annual meeting of shareholders and who receives on that date a Non-Qualified Stock Option pursuant to Section 6(b)(ii) hereof shall not be eligible to begin to receive grants pursuant to this Section 6(b)(iii) until the day following the next succeeding annual meeting of shareholders.

(iv) **Grant Limitation.** Notwithstanding the provisions of Sections 6(b)(ii) and 6(b)(iii) hereof, Non-Qualified Stock Options shall be automatically granted to Non-Employee Directors under the Plan only for so long as the Plan remains in effect and a sufficient number of Shares are available hereunder for the granting of such Options.

(v) **Exercise Price.** The exercise price per Share for a Non-Qualified Stock Option granted to a Non-Employee Director under the Plan shall be equal to 100% of the “market value” of a Share on the date of grant of such Option. The “market value” of a Share on the date of grant to the Non-Employee Director shall be the closing price per Share for the Shares on the New York Stock Exchange on the trading date next preceding the date of grant, or if no trading occurred on the trading date next preceding the date on which the Non-Qualified Stock Option is granted, then the “market value” per Share shall be determined with reference to the next preceding date on which the Shares were traded.

(vi) **Exercisability and Termination of Options.** Non-Qualified Stock Options granted to Non-Employee Directors under the Plan shall become exercisable six months following the date of grant; *provided, however*, that if a Non-Employee Director ceases to be a director of the Company by reason of death, disability or retirement within six months after the date of grant, the Option shall become immediately exercisable in full. Non-Qualified Stock Options granted to Non-Employee Directors shall terminate on the earlier of:

(A) ten years after the date of grant; or

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(B) twelve months after the Non-Employee Director ceases to be a director of the Company for any reason, including as a result of the Non-Employee Director’s death, disability or retirement.

(vii) **Exercise of Options.** A Non-Qualified Stock Option granted to a Non-Employee Director may be exercised, subject to its terms and conditions and the terms and conditions of the Plan, in full at any time or in part from time to time by delivery to the Secretary of the Company at the Company’s principal office in Menasha, Wisconsin, of a written notice of exercise specifying the number of shares with respect to which the Option is being exercised. Any notice of exercise shall be accompanied by full payment of the exercise price of the Shares being purchased (x) in cash or its equivalent; (y) by tendering previously acquired Shares (valued at their “market value” [as determined in accordance with Section 6(b)(v)] as of the date of exercise); or (z) by any combination of the means of payment set forth in subparagraphs (x) and (y). For purposes of subparagraphs (y) and (z) above, the term “previously acquired Shares” shall only include Shares owned by the Non-Employee Director prior to the exercise of the Option for which payment

is being made and shall not include Shares which are being acquired pursuant to the exercise of said Option. No shares will be issued until full payment therefor has been made.

(c) **Stock Appreciation Rights.** The Committee is hereby authorized to grant Stock Appreciation Rights to Key Employees. Non-Employee Directors are not eligible to be granted Stock Appreciation Rights under the Plan. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right. Subject to the terms of the Plan, the grant price, term, methods of exercise, methods of settlement (including whether the Participating Key Employee will be paid in cash, Shares, other securities, other Awards, or other property, or any combination thereof), and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(d) **Restricted Stock Awards.**

(i) **Issuance.** The Committee is hereby authorized to grant Awards of Restricted Stock to Key Employees; provided, however, that the aggregate number of Shares of Restricted Stock granted under the Plan to all Participating Key Employees as a group shall not exceed 350,000 (such number of Shares subject to adjustment in accordance with the terms of Section 4(b) hereof). Non-Employee Directors are not eligible to be granted Restricted Stock under the Plan.

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(ii) **Restrictions.** Shares of Restricted Stock granted to Participating Key Employees shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate (including, without limitation, the continued employment of the Participant with the Company for a specified period or upon the achievement of Performance Goals or other terms set by the Committee at the time the shares of Restricted Stock are granted). With respect to any shares of Restricted Stock the restrictions on which are subject to the achievement of Performance Goals, the Committee shall determine the Performance Period, the Performance Goal or Goals (and the performance level or levels related thereto) to be achieved during any Performance Period, the restrictions that shall lapse, if any, for performance between the minimum and full performance levels for any Performance Goal and, if applicable, the relative percentage weighting given to each of the selected Performance Goals. The Committee shall have sole discretion to alter the selected Performance Goals set forth in Section 2(p), subject to shareholder approval, to the extent required to qualify the Award for the performance-based exemption provided by Section 162(m) of the Code (or any successor provision thereto). Notwithstanding the foregoing, in the event the Committee determines it is advisable to grant Restricted Stock which do not qualify for the performance-based exemption under Section 162(m) of the Code (or any successor provision thereto), the Committee may make such grants without satisfying the requirements thereof.

(iii) **Registration.** Any Restricted Stock granted under the Plan to a Participating Key Employee may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Shares of Restricted Stock granted under the Plan to a Participating Key Employee, such certificate shall be registered in the name of the Participating Key Employee and shall bear an appropriate legend (as determined by the Committee) referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

(iv) **Payment of Restricted Stock.** Upon the lapse of the applicable restrictions relating to Restricted Stock granted to a Participating Key Employee, one or more stock certificates for the appropriate number of Shares, free of restrictions imposed under the Plan, shall be delivered to the Participating Key Employee, or, if the Participating Key Employee received stock certificates representing the Restricted Stock at the time of grant, the legends placed on such certificates shall be removed.

(v) **Forfeiture.** Except as otherwise determined by the Committee, upon termination of employment of a Participating Key Employee (as determined under criteria established by the Committee) for any reason during the applicable restriction period, all Shares of Restricted Stock still subject to restriction shall be forfeited by the Participating Key Employee; provided, however, that the Committee may, when it finds that a waiver would be in the best interests of the Company, waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock held by a Participating Key Employee.

(e) **General.**

(i) **No Consideration for Awards.** Awards shall be granted to Participating Key Employees for no cash consideration unless otherwise determined by the Committee. Awards of Non-Qualified Stock Options granted to Non-Employee Directors under Section 6(b) of the Plan shall be granted for no cash consideration unless otherwise required by law.

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(ii) **Award Agreements.** Each Award granted under the Plan shall be evidenced by an Award Agreement in such form (consistent with the terms of the Plan) as shall have been approved by the Committee.

(iii) **Awards May Be Granted Separately or Together.** Awards to Participating Key Employees under the Plan may be granted either alone or in addition to, in tandem with, or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iv) **Forms of Payment Under Awards.** Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award to a Participating Key Employee may be made in such form or forms as the Committee shall determine, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of interest on installment or deferred payments.

(v) **Limits on Transfer of Awards.** No Award (other than Released Securities), and no right under any such Award, shall be assignable, alienable, saleable, or transferable by a Participating Key Employee or a Non-Employee Director otherwise than by will or by the laws of descent and distribution (or, in the case of an Award of Restricted Securities, to the Company); provided, however, that a Participating Key Employee at the discretion of the Committee may, and a Non-Employee Director shall, be entitled, in the manner established by the Committee, to designate a beneficiary or beneficiaries to exercise his or her rights, and to receive any property distributable, with respect to any Award upon the death of the Participating Key Employee or the Non-Employee Director, as the case may be. Each Award, and each right under any Award, shall be exercisable, during the lifetime of the Participating Key Employee or the Non-Employee Director, only by such individual or, if permissible under applicable law, by such individual's guardian or legal representative. No Award (other than Released Securities), and no right under any such Award, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.

(vi) **Term of Awards.** Except as otherwise provided in the Plan, the term of each Award shall be for such period as may be determined by the Committee.

(vii) **Share Certificates; Representation.** In addition to the restrictions imposed pursuant to Section 6(d) and Section 6(e) hereof, all certificates for Shares delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Commission, any stock exchange or other market upon which such Shares are then listed or traded, and any applicable federal or

state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. The Committee may require each Participating Key Employee, Non-Employee Director or other Person who acquires Shares under the Plan by means of an Award originally made to a Participating Key Employee or a Non-Employee Director to represent to the Company in writing that such Participating Key Employee, Non-Employee Director or other Person is acquiring the Shares without a view to the distribution thereof.

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(viii) **No Re-Pricing of Options.** Notwithstanding any provision in the Plan to the contrary, without the approval of the Company's shareholders, no Option under the Plan shall be re-priced or shall be granted in connection with the cancellation of a previously granted Option under the Plan if the exercise price of the later granted Option is less than the exercise price of the earlier granted Option.

Section 7. Amendment and Termination of the Plan; Correction of Defects and Omissions

(a) **Amendments to and Termination of the Plan.** The Board of Directors of the Company may at any time amend, alter, suspend, discontinue, or terminate the Plan; provided, however, that the provisions of Section 6(b) of the Plan shall not be amended more than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended, or the rules promulgated thereunder; and provided further that shareholder approval of any amendment of the Plan shall also be obtained (i) if such amendment (A) increases the number of Shares with respect to which Awards may be granted under the Plan (other than increases related to adjustments made as provided in Section 4(b) hereof), (B) expands the class of persons eligible to participate under the Plan or (C) otherwise increases in any material respect the benefits payable under the Plan; or (ii) if otherwise required by: (A) the Code or any rules promulgated thereunder (in order to allow for Incentive Stock Options to be granted under the Plan), or (B) the listing requirements of the New York Stock Exchange or any principal securities exchange or market on which the Shares are then traded (in order to maintain the listing of the Shares thereon). Termination of the Plan shall not affect the rights of Participating Key Employees or Non-Employee Directors with respect to Awards previously granted to them, and all unexpired Awards shall continue in force and effect after termination of the Plan except as they may lapse or be terminated by their own terms and conditions.

(b) **Correction of Defects, Omissions and Inconsistencies.** The Committee may correct any defect, supply any omission, or reconcile any inconsistency in any Award or Award Agreement in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 8. General Provisions

(a) **No Rights to Awards.** No Key Employee, Participating Key Employee or other Person (other than a Non-Employee Director to the extent provided in Section 6(b) of the Plan) shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Key Employees, Participating Key Employees, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each Participating Key Employee.

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(b) **Withholding.** No later than the date as of which an amount first becomes includable in the gross income of a Participating Key Employee for federal income tax purposes with respect to any Award under the Plan, the Participating Key Employee shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, withholding obligations arising with respect to Awards to Participating Key Employees under the Plan may be settled with Shares (other than Restricted Securities), including

Shares that are part of, or are received upon exercise of, the Award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and any Affiliate shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participating Key Employee. The Committee may establish such procedures as it deems appropriate for the settling of withholding obligations with Shares, including, without limitation, the establishment of such procedures as may be necessary to satisfy the requirements of Rule 16b-3.

(c) **No Limit on Other Compensation Arrangements.** Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) **Rights and Status of Recipients of Awards.** The grant of an Award shall not be construed as giving a Participating Key Employee the right to be retained in the employ of the Company or any Affiliate. Further, the Company or any Affiliate may at any time dismiss a Participating Key Employee from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement. The grant of an Award to a Non-Employee Director pursuant to Section 6(b) of the Plan shall confer no right on such Non-Employee Director to continue as a director of the Company. Except for rights accorded under the Plan and under any applicable Award Agreement, Participating Key Employees and Non-Employee Directors shall have no rights as holders of Shares as a result of the granting of Awards hereunder.

(e) **Unfunded Status of the Plan.** Unless otherwise determined by the Committee, the Plan shall be unfunded and shall not create (or be construed to create) a trust or a separate fund or funds. The Plan shall not establish any fiduciary relationship between the Company and any Participating Key Employee, any Non-Employee Director or other Person. To the extent any Person holds any right by virtue of a grant under the Plan, such right (unless otherwise determined by the Committee) shall be no greater than the right of an unsecured general creditor of the Company.

(f) **Governing Law.** The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Wisconsin and applicable federal law.

(g) **Severability.** If any provision of the Plan or any Award Agreement or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan, any Award Agreement or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, any Award Agreement or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan, any such Award Agreement and any such Award shall remain in full force and effect.

(h) **No Fractional Shares.** No fractional Shares or other securities shall be issued or delivered pursuant to the Plan, any Award Agreement or any Award, and the Committee shall determine (except as otherwise provided in the Plan) whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or other securities, or whether such fractional Shares or other securities or any rights thereto shall be canceled, terminated, or otherwise eliminated.

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(i) **Headings.** Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 9. Effective Date of the Plan

The Plan originally became effective on April 26, 2005.

BANTA CORPORATION

1991 STOCK OPTION PLAN

(As amended through April 26, 2005)

1. *Purpose.* The purpose of the Banta Corporation 1991 Stock Option Plan (the "Plan") is to promote the best interests of Banta Corporation (the "Company") and its shareholders by providing key employees of the Company and its subsidiaries and members of the Company's Board of Directors who are not employees of the Company or its subsidiaries with an opportunity to acquire a proprietary interest in the Company. It is intended that the Plan will promote continuity of management and increased incentive and personal interest in the welfare of the Company by those key employees who are primarily responsible for shaping and carrying out the long-range plans of the Company and securing the Company's continued growth and financial success. In addition, by encouraging stock ownership by non-employee directors, the Company seeks both to attract and retain on its Board of Directors (the "Board") persons of exceptional competence and to provide a further incentive to serve as a director of the Company.

It is intended that certain of the options issued pursuant to the Plan will constitute incentive stock options within the meaning of Section 422 of the Internal Revenue Code and successor provisions thereto ("Incentive Stock Options") and the remainder of the options issued under the Plan will constitute nonstatutory stock options.

2. *Administration.* The Plan shall be administered by the Compensation Committee (the "Committee") of the Board. The Committee shall consist of not less than two members of the Board who are "disinterested persons" as defined in Section 13 hereof. A majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by at least a majority of its members. Any decision or determination reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made by a unanimous vote at a meeting duly called and held.

In accordance with the provisions of the Plan, the Committee shall select the key employees to whom options shall be granted; shall determine the number of shares to be embraced in each option, the time at which the option is to be granted, the type of option, the option period, the option price and the manner in which options become exercisable; and shall establish such other provisions of the option agreements as the Committee may deem necessary or desirable. Grants of options to non-employee directors, all of which options shall be nonstatutory stock options, shall be automatic and the amount and the terms of such awards shall be determined in accordance with Section 5 hereof.

The Committee may adopt such rules and regulations for carrying out the Plan as it may deem proper and in the best interests of the Company. The interpretation of any provision of the Plan by the Committee and any determination on the matters referred to in this Section 2 shall be final.

3. *Shares Subject to the Plan.* The shares to be subject to options under the Plan shall be shares of the Company's Common Stock, \$.10 par value ("Stock"). The total number of shares of Stock which may be purchased pursuant to options granted under the Plan shall not exceed an aggregate of 800,000 shares, subject to adjustment as provided in Section 8 hereof. In the event that an option granted under the Plan expires, is cancelled or terminates unexercised as to any shares of Stock covered thereby, such shares shall thereafter be available for the granting of additional options under the Plan.

4. *Grants to Key Employees.*

(a) *Eligibility.* Any key employee ("Employee") of the Company or its present and future subsidiaries, as defined in Section 424(f) of the Internal Revenue Code ("Subsidiaries"), including any such Employee who is also an officer or director of the

Company, whose judgment, initiative and efforts contribute materially to the successful performance of the Company shall be eligible to receive options under the Plan.

(b) *Option Price.* The option price per share of Stock shall be fixed by the Committee, but shall not be less than 100% of the fair market value of a share of Stock on the date the option is granted. Unless otherwise determined by the Committee, the “fair market value” of a share of Stock on the date of grant shall be the last sale price for shares of Stock in the NASDAQ National Market System on the trading date next preceding the date on which the option is granted, as reported in *The Wall Street Journal* (Midwest Edition); *provided, however*, that if the principal market for the Stock is then a national securities exchange, the “fair market value” shall be the closing price for shares of Stock on the principal securities exchange on which the Stock is traded on the trading date next preceding the date of grant, or, in either case above, if no trading occurred on the trading date next preceding the date of grant, then the option price per share shall be determined with reference to the next preceding date on which the Stock is traded.

(c) *Grant of Options.* Subject to the terms and conditions of the Plan, the Committee may, from time to time, grant to Employees options to purchase such number of shares of Stock and on such terms and conditions as the Committee may determine; *provided, however*, that any option granted to an Employee who is subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, on the date of the grant shall not become exercisable (except as otherwise contemplated by Section 4(g) hereof or as otherwise specifically set forth in the option agreement) until at least six months elapse from the date of grant. More than one option may be granted to the same Employee. The date on which an option is granted shall be the date the Committee approves the granting of the option or, if the Committee so specifies, such later date as the Committee may determine. Options granted to Employees may be either Incentive Stock Options or nonstatutory stock options as determined by the Committee.

Without in any way limiting the authority of the Committee to make grants of options to Employees hereunder, and in order to induce Employees to retain ownership of shares of Stock, the Committee shall have the authority (but not an obligation) to include within any option agreement a provision entitling an Employee to a further option (a “Re-load Option”) in the event the Employee exercises an option under the Plan, in whole or in part, by surrendering previously acquired shares of Stock (as defined below). Any such Re-load Option shall be for a number of shares equal to the number of shares surrendered, shall only become exercisable on the terms specified by the Committee in the event the shares acquired upon such exercise are held for a minimum period of time as prescribed by the Committee, and shall be subject to such other terms and conditions as the Committee may determine.

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(d) *Option Period.* The Committee shall determine the expiration date of each option, but such expiration date shall be not later than five years after the date such option is granted.

(e) *Maximum Per Participant.* The aggregate fair market value (determined as of the date the option is granted) of the Stock with respect to which any Incentive Stock Options are exercisable for the first time by an Employee during any calendar year under the Plan or any other plan of the Company or any parent corporation or Subsidiary shall not exceed \$100,000.

(f) *Exercise of Options.* An option may be exercised, subject to its terms and conditions and the terms and conditions of the Plan, in full at any time or in part from time to time by delivery to the Secretary of the Company at the Company’s principal office in Menasha, Wisconsin, of a written notice of exercise specifying the number of shares with respect to which the option is being exercised. Any notice of exercise shall be accompanied by full payment of the option price of the shares being purchased (i) in cash or its equivalent; (ii) with the consent of the Committee (as set forth in the option agreement or otherwise), by tendering previously acquired shares of Stock (valued at their fair market value as of the date of exercise, as determined by the Committee consistent with the method of valuation set forth in Section 4(b) above); or (iii) with the consent of the Committee (as set forth in the option agreement or otherwise), by any combination of the means of payment set forth in subparagraphs (i) and (ii). For purposes of this Section 4, the term “previously acquired shares of Stock” shall only include Stock owned by the Employee prior to the exercise of the option for which payment is being made and shall not include shares of Stock which are being acquired pursuant to the exercise of said option. No shares shall be issued until full payment therefor has been made.

(g) *Termination of Options.* Except as hereinafter provided, an option granted under the Plan to an Employee may be exercised only while the recipient is an employee of the Company or its Subsidiaries and only if he has been continuously so employed since the date the option was granted. Subject to the terms of any option agreement, in the event an Employee ceases to be employed by the Company or a Subsidiary by reason of death, disability or retirement after reaching the age of 65, the option, to the extent not theretofore exercised, may be exercised in full as follows: (i) by the beneficiary or beneficiaries, if any, designated by the Employee in accordance with the Plan, or if no such beneficiary or beneficiaries have been so designated by the Employee, by the legal representative of the Employee, at any time within six months after the date of termination of employment due to death; or (ii) by the Employee or his legal representative or guardian at any time within three months after termination of the Employee's employment by reason of retirement after reaching the age of 65 or disability, but in either case no later than five years after the date of grant. Subject to the terms of any option agreement, in the event the Employee is discharged or leaves the employ of the Company and its Subsidiaries for any reason other than death, disability or retirement after reaching the age of 65, the option, to the extent not theretofore exercised and then exercisable in accordance with its terms, may be exercised by the Employee or his legal representative or guardian at any time within three months after the date of termination of employment, but in no event later than five years after the date of grant.

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5. *Grants to Non-Employee Directors.*

(a) *Eligibility.* Each member of the Board who is not an employee of the Company or any of its Subsidiaries or any parent corporation of the Company (a "Non-Employee Director") shall be eligible to be granted nonstatutory stock options under the Plan. A Non-Employee Director may hold more than one option, but only on the terms and subject to any restrictions set forth in this Section 5.

(b) *Option Price.* The option price per share of Stock shall be equal to 100% of the fair market value of such shares on the date the option is granted. The "fair market value" of a share of Stock shall be determined with reference to the reported market price of the Stock in the manner set forth in Section 4(b) hereof.

(c) *Grant of Options.* Each person then serving as a Non-Employee Director shall automatically be granted an option to purchase 3,000 shares of Stock on the date following the date on which shareholders of the Company approve the Plan. Any person who is first elected as a Non-Employee Director after the date of approval of the Plan by shareholders and prior to the date of the 1995 annual meeting of shareholders shall automatically on the date of such election be granted an option to purchase 3,000 shares of Stock.

(d) *Exercisability and Termination of Options.* Options granted to Non-Employee Directors shall become exercisable six months following the date of grant; *provided, however,* that if a Non-Employee Director ceases to be a director of the Company by reason of death, disability or retirement within six months after the date of grant, the option shall become immediately exercisable in full. Options granted to Non-Employee Directors shall terminate on the earlier of:

- (i) five years after the date of grant;
- (ii) six months after the Non-Employee Director ceases to be a director of the Company by reason of death; or
- (iii) three months after the Non-Employee Director ceases to be a director of the Company for any reason other than death.

(e) *Exercise of Options.* An option may be exercised, subject to its terms and conditions and the terms and conditions of the Plan, in full at any time or in part from time to time by delivery to the Secretary of the Company at the Company's principal office in Menasha, Wisconsin, of a written notice of exercise specifying the number of shares with respect to which the option is being exercised. Any notice of exercise shall be accompanied by full payment of the option price of the shares being purchased (i) in cash or its equivalent; (ii) by tendering previously acquired shares of Stock (valued at their fair market value as of the date of exercise, as

determined with reference to the reported market price in the manner set forth in Section 4(b) above); or (iii) by any combination of the means of payment set forth in subparagraphs (i) and (ii). For purposes of subparagraphs (ii) and (iii) above, the term “previously acquired shares of Stock” shall only include Stock owned by the Non-Employee Director prior to the exercise of the option for which payment is being made and shall not include shares of Stock which are being acquired pursuant to the exercise of said option. No shares shall be issued until full payment therefor has been made.

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6. *Nontransferability of Options.* No option shall be transferable by an optionee other than by will or the laws of descent and distribution; provided, however, that an Employee at the discretion of the Committee may, and a non-employee director shall, be entitled, in the manner established by the Committee, to designate a beneficiary or beneficiaries to exercise his or her rights, and to receive any property distributable, with respect to any option upon the death of the Employee or the non-employee director, as the case may be. Options under the Plan may be exercised during the life of the optionee only by the optionee or his guardian or legal representative.

7. *Powers of the Company Not Affected.* The existence of the Plan or any options granted under the Plan shall not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company’s capital structure or its business, or any merger or consolidation of the Company, or any issuance of bonds, debentures, preferred, or prior preference stock ahead of or affecting the Stock or the rights thereof, or any dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company’s assets or business or any other corporate act or proceeding, whether of a similar character or otherwise.

8. *Capital Adjustments Affecting Stock.* In the event of a capital adjustment resulting from a stock dividend (other than a stock dividend in lieu of an ordinary cash dividend), stock split, reorganization, spin-off, split-up or distribution of assets to shareholders, recapitalization, merger, consolidation, combination or exchange of shares or the like, the number of shares of Stock subject to the Plan and the number of shares under option in outstanding option agreements shall be adjusted in a manner consistent with such capital adjustment; *provided, however,* that no such adjustment shall require the Company to sell any fractional shares and the adjustment shall be limited accordingly. The price of any shares under option shall be adjusted so that there will be no change in the aggregate purchase price payable upon exercise of any such option. The determination of the Committee as to any adjustment shall be final.

9. *Corporate Mergers and Other Consolidations.* The Committee may also grant options having terms and provisions which vary from those specified in the Plan provided that any options granted pursuant to this Section 9 are granted in substitution for, or in connection with the assumption of, existing options granted by another corporation and assumed or otherwise agreed to be provided for by the Company pursuant to or by reason of a transaction involving a corporate merger, consolidation, acquisition or other combination or reorganization to which the Company is a party.

10. *Option Agreements.* All options granted under the Plan shall be evidenced by written agreements (which need not be identical) in such form as the Committee shall determine. Each option agreement shall specify whether the option granted thereunder is intended to constitute an Incentive Stock Option or a nonstatutory stock option.

11. *Rights as a Shareholder; Rights as an Employee or a Director.* No optionee (or beneficiary or beneficiaries designated by an optionee in accordance with the Plan) shall have any rights as a shareholder with respect to shares covered by an option until the date of issuance of stock certificates to him or her and only after such shares are fully paid. Neither the Plan nor any option granted hereunder shall confer upon any optionee the right to continue as an employee or as a director of the Company.

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12. *Transfer Restrictions.* Shares of Stock purchased under the Plan and held by any person who is an officer or director of the Company, or who directly or indirectly controls the Company, may not be sold or otherwise disposed of except pursuant to an effective

registration statement under the Securities Act of 1933, as amended, or except in a transaction which, in the opinion of counsel for the Company, is exempt from registration under said Act. The Committee may waive the foregoing restrictions in whole or in part in any particular case or cases or may terminate such restrictions whenever the Committee determines that such restrictions afford no substantial benefit to the Company.

13. *Disinterested Person.* A “disinterested person” for purposes of the Plan shall mean (except as otherwise provided in Rule 16b-3 under the Securities Exchange Act of 1934, as amended) a director who is not, during the one year period prior to service as an administrator of the Plan, granted or awarded equity securities pursuant to the Plan (except for any automatic grants to Non-Employee Directors pursuant to Section 5 hereof) or any other plan of the Company or any of its affiliates.

14. *Amendment of Plan.* The Board shall have the right to amend the Plan at any time and for any reason; *provided, however*, that the provisions of Section 5 of the Plan shall not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code of 1986, as amended, the Employee Retirement Income Security Act of 1974, as amended, or the rules promulgated thereunder; and *provided further* that shareholder approval of any amendment to the Plan shall also be obtained; (a) if otherwise required by (i) the rules and/or regulations promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (in order for the Plan to remain qualified under Rule 16b-3 or any successor provisions under such Act), (ii) the Internal Revenue Code of 1986, as amended, or any rules promulgated thereunder (in order to allow for Incentive Stock Options to be granted under the Plan) or (iii) the quotation or listing requirements of NASDAQ or any principal securities exchange or market on which the Stock is then traded (in order to maintain the Stock’s quotation or listing thereon); (b) if such amendment materially modifies the eligibility requirements as provided in Sections 4(a) and 5(a) hereof; (c) if such amendment increases the total number of shares of Stock, except as provided in Section 8 hereof, which may be purchased pursuant to the exercise of options granted under the Plan; or (d) if such amendment reduces the minimum option price per share at which options may be granted as provided in Sections 4(b) and 5(b) hereof. Any amendment of the Plan shall not, without the consent of the optionee, alter or impair any of the rights or obligations under any option previously granted to the optionee.

15. *Termination of Plan.* The Board shall have the right to suspend or terminate the Plan at any time; *provided, however*, that no Incentive Stock Options may be granted after the tenth anniversary of the effective date of the Plan. Termination of the Plan shall not affect the rights of optionees under options previously granted to them, and all unexpired options shall continue in force and operation after termination of the Plan except as they may lapse or be terminated by their own terms and conditions.

16. *Effective Date.* The Plan shall become effective on the date of adoption by the Board, subject to the approval of the Plan by the shareholders of the Company within twelve months of the date of adoption by the Board. All options granted prior to shareholder approval of the Plan shall be subject to such approval and shall not be exercisable until after such approval.

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17. *Tax Withholding.* The Company may deduct and withhold from any cash otherwise payable to the optionee (whether payable as salary, bonus or other compensation) such amount as may be required for the purpose of satisfying the Company’s obligation to withhold Federal, state or local taxes. Further, in the event the amount so withheld is insufficient for such purpose, the Company may require that the optionee pay to the Company upon its demand or otherwise make arrangements satisfactory to the Company for payment of such amount as may be requested by the Company in order to satisfy its obligations to withhold any such taxes.

With the consent of the Committee, an Employee may be permitted to satisfy the Company’s withholding tax requirements by electing to have the Company withhold shares of Stock otherwise issuable to the Employee or to deliver to the Company shares of Stock having a fair market value on the date income is recognized pursuant to the exercise of an option equal to the amount required to be withheld. The election shall be made in writing and shall be made according to such rules and in such form as the Committee may determine.

