

**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 28, 2020

HELIOS TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction
of incorporation)

0-21835
(Commission
File Number)

59-2754337
(IRS Employer
Identification No.)

1500 West University Parkway, Sarasota, Florida
(Address of principal executive offices)

34243
(Zip Code)

Registrant's telephone number, including area code: (941) 362-1200

(Former name or former address, if changed since last report)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock \$.001 Par Value	HLIO	The NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 5.02 Department of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Executive Compensation Policy

At its meeting on February 28, 2020, the Compensation Committee of the Company's Board of Directors revised the Executive Compensation Policy (the "ECP") which provides a framework under which executive officers and specified other key employees of the Company and its subsidiaries are compensated for their services. The Committee determined that the revised policy would encourage alignment between Company performance and compensation for the leadership team and to harmonize the bonus and incentive structure across the Company on a global and business segment basis. The full text of the Policy is filed as Exhibit 10.1 to this report and is incorporated by reference herein.

The ECP was amended by the Compensation Committee to allow for the issuance of a new element of long-term compensation in the form of Nonqualified Stock Options. In addition, the ECP was revised to reflect changes in the mix of the Long Term Incentive (LTI) award to each officer. Each LTI grant is comprised of three components: (i) performance-based awards in the form of Restricted Stock Units (RSUs) that cliff vest in three years (50%), (ii) time-based awards in the form of RSUs that vest pro rata over a three-year period (25%), and (iii) time-based awards in the form of non-qualified stock options with a 10-year term that vest pro rata over a three-year period (25%). The ECP was also amended to reflect a revised maximum payout that could be earned on the Short Term Incentive Plan (STI) and the performance based component of the LTI grant to 200% of target.

The performance metrics and weighting percentages for the 2020 ECP are the same as 2019. For the STI, the metrics (and corresponding weight) for Helios corporate employees remain as: Helios Net Sales (20%); Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (40%); and Adjusted Free Cash Flow (40%). For subsidiary executives the metrics are: Helios Adjusted EBITDA (25%); Subsidiary Adjusted EBITDA (25%); Subsidiary Net Sales (25%); and Adjusted Free Cash Flow (25%). All STI payouts are subject to a circuit breaker threshold of Helios Net Income. Each executive will have a target bonus opportunity that will be set individually as a percentage of the executive's base salary. For the LTI, the metrics (and corresponding weight) for Helios executives are: Helios Adjusted EBITDA Margin (40%); Helios Adjusted Earnings Per Share (40%); and Helios Net Sales Compounded Annual Growth Rate (CAGR) (20%). The LTI metrics for subsidiary executives are: Subsidiary Adjusted EBITDA Margin (40%); Subsidiary Adjusted Earnings Per Share (40%); and Subsidiary Net Sales CAGR (20%).

Equity Awards and Form of Grant Agreement

The Committee at its meeting on February 28, 2020, also approved a form of Restricted Stock Unit and Stock Option Agreement (the "Grant Agreement"). The Grant Agreement was updated to reflect the inclusion of Nonqualified Stock Options and the rebalance of the components of the LTI program. The Grant Agreement sets forth the terms of the equity awards and include certain restrictive covenants, including, a non-solicitation of employees and customers and a non-competition covenant within a defined territory and business scope within the 12-months following termination of employment. The form of Grant Agreement is filed as Exhibit 10.2 to this report and is incorporated by reference herein.

Also at its meeting on February 28, 2020, the Committee awarded RSUs and stock options to the Company's executive officers and other key employees in accordance with the LTI provisions of the ECP. Provided that the minimum threshold performance is met with respect to each performance metric, payout for that performance metric may be up to 200% of the (i) target bonus allocated to that metric for STI, and (ii) number of performance based RSUs allocated to that metric for LTI. RSUs and stock options were issued to the executive officers listed below:

Officer	Title	Number of RSUs (Time Based)	Number of RSUs (Performance Based)	Number of Stock Options
Wolfgang H. Dangel	President, Chief Executive Officer	6,958	13,915	6,958
Tricia L. Fulton	Chief Financial Officer	3,239	6,478	3,239
Melanie Nealis	Chief Legal and Compliance Officer and Secretary	2,657	5,314	2,657
Rajasekhar Menon	President – CVT	2,579	5,159	2,579
Jinger J. McPeak	President – EC	1,377	2,755	1,377
Matteo Arduini	President – QRC	1,311	2,623	1,311

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 10.1+ [Helios Technologies 2020 Executive Compensation Policy.](#)
- 10.2+ [Form of Restricted Stock Unit and Stock Option Agreement.](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).
- + Executive management contract or compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

HELIOS TECHNOLOGIES, INC.

Dated: March 3, 2020

By: _____ /s/ Tricia L. Fulton
Tricia L. Fulton
Chief Financial Officer (Principal Financial and Accounting Officer)

HELIOS TECHNOLOGIES, INC.
EXECUTIVE COMPENSATION POLICY

The Compensation Committee of the Board of Directors (the “Committee”) of Helios Technologies, Inc. (the “Company”), has adopted this Executive Compensation Policy to provide a framework under which executive officers and specified other key employees of the Company and its subsidiaries (each an “Executive”) are compensated for their services. The Committee reserves the right to amend or terminate this Policy at any time and may establish such additional plans or policies as it deems necessary or advisable to implement this Policy. In addition, the Committee may delegate its authority and responsibilities under this Policy, including, but not limited to, the authority to approve the grants of incentive awards made to non-executive officers, to the Chief Executive Officer of the Company (or his delegates). The Committee, in the case of awards to executive officers, and the Chief Executive Officer and/or his delegates in the case of non-executive officers, retains full discretion to make, suspend or discontinue awards under this Policy.

- A. **Base Salary**. Each Executive shall receive an annual base salary, to be set from time to time by the Board, the Committee, or the individual to whom the Executive reports.
- B. **Annual Short-Term Incentive (“STI”)**. Each Executive shall be eligible for an annual short-term incentive bonus, with all awards payable in cash. Within the first 90 days of each fiscal year, the Board or the Committee shall establish a target annual bonus amount and target performance goals for each Executive, along with the methodology for the calculation of the bonus amount based upon achievement of the performance goals. Provided that the minimum threshold performance is met with respect to each performance metric, payout for that performance metric may be up to 200% of the target bonus allocated to that metric. Payment of the annual bonus shall be made no later than March 15 following the year to which the annual incentive relates. An Executive shall forfeit any short-term incentive bonus if, prior to the bonus payment date, he or she is terminated for cause (as determined by the Committee) or has voluntarily terminated his or her employment.
- C. **Long-Term Incentive (“LTI”)**. Each Executive shall be eligible to participate in a long-term incentive program. Awards under the long-term incentive program shall consist of grants of Restricted Stock Units (“RSUs”) and Nonqualified Stock Options (“Options”) under the Company’s Equity Incentive Plan. All RSUs shall be settled in Company common stock. Each long-term incentive grant shall relate to a three-year period.
1. Of the total LTI award, twenty-five percent (25%) shall be time-based RSUs, with one-third of the time-based RSUs vesting and being settled at the conclusion of each year.
 2. Of the total LTI award, twenty-five percent (25%) shall be Options, with one-third of the Options to vest and settle at the conclusion of each year.
 3. The remaining fifty percent (50%) of the LTI award shall be RSUs that have performance-based vesting, based on a three-year performance period. Within the first 90 days of each performance period, the Committee shall establish the number of RSUs to be granted to each Executive, target performance goals for each Executive, and the methodology for the calculation of the RSUs that become vested based upon achievement of the performance
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goals. Provided that minimum threshold performance is met with respect to each performance metric, payout for that performance metric may be up to to 200% of the RSUs allocated to that metric. Settlement of the performance-based RSUs shall be made no later than March 15 following the end of the performance period.

- D. Other Equity Grants. The Committee may from time to time approve additional equity awards to Executives under the Company's Equity Incentive Plan. The type and amount of such awards, and the conditions for vesting in those awards, shall be determined by the Committee at the time of such grants.
- E. Employee Benefits. Executives shall be eligible to participate in the Company's employee benefit plans (including retirement, health, vision, dental and disability plans). Participation shall be subject to the terms of such plans.

Adopted by the Compensation Committee: February 28, 2020

RESTRICTED STOCK UNIT AND STOCK OPTION AGREEMENT

THIS RESTRICTED STOCK UNIT AND STOCK OPTION AGREEMENT (the “Agreement”), made effective as of February 28, 2020 (the “Date of Grant”), between HELIOS TECHNOLOGIES, INC, a Florida corporation (the “Corporation”), and _____ (“Participant”).

WITNESSETH:

WHEREAS, Participant is an employee of the Corporation and/or a subsidiary of the Corporation (“Subsidiary”);

WHEREAS, the Corporation has adopted the Helios Technologies 2019 Equity Incentive Plan (the “Plan”) in order to provide its officers, employees and directors with incentives to achieve long-term corporate objectives; which was adopted by the Board of Directors on March 8, 2019 and approved by the shareholders of the Corporation at the Corporation’s June 13, 2019 Annual Meeting; and

WHEREAS, the Compensation Committee of the Corporation’s Board of Directors desires to grant an award of Restricted Stock Units and Nonqualified Stock Options (as defined below in Section 1) under the Plan to Participant on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the various covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Grant of Restricted Stock Units and Options.

Subject to the provisions of this Agreement and to the provisions of the Plan, the Corporation hereby grants to Participant, as of the Date of Grant, _____ (_____) Restricted Stock Units (the “Restricted Stock Units” or “RSUs”) and _____ (_____) Nonqualified Stock Options (the “Options”). The Options granted hereunder are not intended to qualify as incentive stock options pursuant to Section 422 of the Internal Revenue Code of 1986, as amended. All capitalized terms used herein, to the extent not defined, shall have the meanings set forth in the Plan.

2. Restrictions on RSUs.

(a) Until the settlement of vested Restricted Stock Units pursuant to Section 4, the Restricted Stock Units shall not confer or entitle Participant to any rights of a stockholder including, without limitation, any voting rights or to any dividends paid on Shares.

(b) The Restricted Stock Units shall not be transferable by Participant by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise. Any attempt to dispose of the Restricted Stock Units in a manner contrary to the restrictions set forth in this Agreement shall be ineffective.

3. When Restricted Stock Units and Options Vest.

(a) Time-Based Vesting.

(i) Restricted Stock Units. With respect to _____ (_____) Restricted Stock Units, provided that Participant is employed by the Corporation or a Subsidiary on

the applicable date, the Restricted Stock Units shall vest on the date of each anniversary of the Date of Grant, as follows:

<u>Date</u>	<u>Vested RSUs</u>
1st Anniversary	[1/3]
2nd Anniversary	[1/3]
3rd Anniversary	[1/3]

(ii) Options. With respect to the Options, provided that Participant is employed by the Corporation or a Subsidiary on the applicable date, the Options shall vest on the date of each anniversary of the Date of Grant, as follows:

<u>Date</u>	<u>Vested Options</u>
1st Anniversary	[1/3]
2nd Anniversary	[1/3]
3rd Anniversary	[1/3]

(b) Performance-Based Vesting. With respect to _____ (_____) Restricted Stock Units, provided that Participant is employed by the Corporation or a Subsidiary on December 31, 2022, the Restricted Stock Units shall vest based upon the attainment of the performance goals set forth in Appendix A to this Agreement.

(c) Other Vesting Events. Notwithstanding the foregoing, the Restricted Stock Units and Options shall vest at such earlier time as the restrictions may lapse pursuant to Sections 7 or 9 of this Agreement. The foregoing notwithstanding, in the event of a pending or threatened Change of Control, or in connection with any merger, consolidation, acquisition, separation, reorganization, liquidation or like occurrence in which the Corporation is involved, the Board of Directors may, in its sole discretion, take such actions as permitted under the Plan.

(d) Forfeiture for Violation of Restrictive Covenants. As consideration for the grant of the Restricted Stock Units and Options, Participant agrees to the restrictive covenants set forth in Appendix B to this Agreement. Participant shall forfeit any Options and unvested Restricted Stock Units, or any Shares that Participant receives in settlement of any vested Restricted Stock Units from the exercise of Options, if he or she violates any of the restrictive covenants set forth in Appendix B.

(e) Forfeiture for Cause. Any unvested Restricted Stock Units and Options shall be forfeited if Participant is determined to have engaged in an act that constitutes Cause (regardless of whether Participant's service with the Corporation is terminated as a result of such Cause). If any Restricted Stock Units become payable while Participant is under investigation for any event that would constitute Cause, payment of such Restricted Stock Units shall be delayed pending the outcome of such investigation. If such investigation is pending on the latest date upon which such Restricted Stock Units may be paid in order for payment of the Restricted Stock Units to remain qualified as a short-term deferral under Treasury Regulation Section 1.409A-1(b)(4) or would otherwise not result in a violation of Code Section 409A, settlement of the Restricted Stock Units shall be made on that date only if Participant executes an agreement with the Corporation under which he or she agrees to forfeit the Shares that were paid with respect to such Restricted Stock Units if the investigation results

in Participant being found to have committed an act that constitutes Cause. If Participant fails to execute such an agreement, the Restricted Stock Units shall be forfeited. If any Options would become vested while Participant is under investigation for any event that would constitute Cause, the vesting of such Options shall be delayed pending the outcome of such investigation.

For purposes of this Agreement, "Cause" means (i) the commission of an act of fraud, embezzlement, theft or proven dishonesty, or any other illegal act or practice (whether or not resulting in criminal prosecution or conviction), including theft or destruction of property of the Corporation or a Subsidiary, or any other act or practice which the Committee shall, in good faith, deem to have resulted in the recipient's becoming unbondable under the Corporation or any Subsidiary's fidelity bond; (ii) the willful engaging in misconduct which is deemed by the Committee, in good faith, to be materially injurious to the Corporation or any Subsidiary, monetarily or otherwise, including, but not limited to, improperly disclosing trade secrets or other confidential or sensitive business information and data about the Corporation or any Subsidiaries and competing with the Corporation or any Subsidiaries, or soliciting employees, consultants or customers of the Corporation or any Subsidiaries in violation of law or any employment or other agreement to which the recipient is a party; (iii) the continued failure or habitual neglect by a person who is an employee to perform his or her duties with the Corporation or any Subsidiary; or (iv) other disregard of rules or policies of the Corporation or any Subsidiary, or conduct evidencing willful or wanton disregard of the interests of the Corporation or any Subsidiary. For purposes of this Agreement, no act or failure to act by the recipient shall be deemed "willful" unless done or omitted to be done by the recipient not in good faith and without reasonable belief that the recipient's action or omission was in the best interest of the Corporation and/or the Subsidiary. Notwithstanding the foregoing, if Participant has entered into an employment agreement that is binding as of the date of such event, and if such employment agreement defines "Cause," then the definition of "Cause" in such agreement shall apply. The determination of whether a Participant has engaged in an act that constitutes Cause shall be made by the Committee, which prior to making such determination shall provide written notice of the event of Cause to Participant and allow Participant a reasonable opportunity to cure such event.

4. Settlement of Restricted Stock Units.

Subject to Sections 3(d) and 6, as soon as practicable after the date on which any Restricted Stock Units become vested, and in no event later than 30 days after such date, the Corporation shall deliver to Participant (or his or her personal representative) the number of Shares equal to the number of Restricted Stock Units that have become vested (or, at the discretion of the Committee, cash with a value of such number of Shares).

5. Provisions Relating to Options.

(a) Options shall be exercised by Participant by providing notice of such exercise via the written or electronic medium specified by the Corporation, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares, including satisfaction of any applicable withholding taxes.

(b) Upon the exercise of any Option, the Exercise Price shall be payable to the Corporation in full in cash or its equivalent. The Committee, in its sole discretion, also may permit exercise (i) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price (such previously acquired Shares must have been held for the requisite period necessary to avoid a charge to the Corporation's earnings for the financial reporting purposes, unless

otherwise determined by the Committee), or (ii) by any other means which the Committee, in its sole discretion, determines to both provide legal consideration for the Shares, and to be consistent with the purposes of the Plan.

(c) The Options shall not be transferable by Participant by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise. Any attempt to dispose of the Options in a manner contrary to the restrictions set forth in this Agreement shall be ineffective. Notwithstanding the foregoing, (i) Options may be transferred to Participant's spouse, former spouse or dependent pursuant to a court-approved domestic relations order which relates to the provision of child support, alimony payments or marital property rights; and (ii) in the event of Participant's death, the administrator or executor of Participant's estate may exercise any outstanding vested Options within the time period specified in Section 7(b) below.

(d) Participant shall not be deemed for any purpose to be the owner of any Shares subject to any Options unless and until (i) the Options have been exercised pursuant to the terms hereof, (ii) the Corporation shall have issued and delivered the Shares to Participant (or made a book entry registration thereof) and (iii) Participant's name shall have been entered as a stockholder of record on the books of the Corporation. Thereupon, Participant shall have full voting, dividend and other ownership rights with respect to such Shares.

6. Tax Withholding.

Whenever Participant becomes vested in some or all of the Restricted Stock Units under Section 3 of this Agreement or exercises Options under Section 5 of this Agreement, the Corporation shall notify Participant of the amount of tax which must be withheld by the Corporation under all applicable federal, state and local tax laws. Participant agrees to make arrangements with the Corporation to (a) remit a cash payment of the required amount to the Corporation, (b) authorize the deduction of such amounts from Participant's compensation; (c) perform a cashless exercise through the Corporation's equity plan administration system; or (d) to otherwise satisfy the applicable tax withholding requirement in a manner satisfactory to the Corporation.

7. Forfeiture On Termination of Employment, Expiration of Options.

(a) If Participant's employment with the Corporation or Subsidiary is terminated for any reason, either by the Corporation or Participant, during the term of this Agreement, any Options and Restricted Stock Units remaining subject to the restrictions imposed by this Agreement shall be forfeited; provided, however, that in the event of a Termination of Service by reason of death, Disability, or Retirement, any remaining restrictions automatically shall lapse.

(b) If not previously exercised, the Options shall terminate at the close of business on the tenth (10th) anniversary of this Agreement, or, if earlier, three (3) months after Participant's Termination of Service (12 months after the Termination of Service if such termination is due to Participant's Retirement, death or Disability). Participant shall have no right to exercise the Options at any time after such date unless otherwise permitted by the Corporation.

8. Restricted Stock Units and Options Not to Affect Employment.

Neither this Agreement nor the Restricted Stock Units and Options granted hereunder shall confer upon Participant any right to continued employment with the Corporation or any Subsidiary, and shall not in any way modify or restrict the Corporation's or such Subsidiary's right to terminate such employment.

9. Agreement Subject to the Plan.

This Agreement and the rights and obligations of the parties hereto are subject to and governed by the terms of the Plan as the same may be amended from time to time, the provisions of which are incorporated by reference into this Agreement.

10. Award Subject to Clawback or Recoupment.

The Restricted Stock Units and Options shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Corporation or required by law that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's Restricted Stock Units and Options (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's Restricted Stock Units or any Shares acquired via exercise of the Options.

11. Miscellaneous.

(a) In the event of any change or changes in the outstanding Shares of the Corporation by reason of any stock dividend, recapitalization, reorganization, merger, consolidation, combination or any similar transaction, the Board of Directors shall adjust the number of Restricted Stock Units and Options granted under this Agreement and the Exercise Price of the Options, and make any and all other adjustments deemed appropriate by the Board of Directors in such manner as the Board of Directors deems necessary to prevent material dilution or enlargement of the rights granted to Participant.

(b) It is the intention of the Corporation that the Restricted Stock Units and Options will be exempt from, or will comply with the requirements of, Section 409A of the Code, and the Plan and the terms and conditions of the Options shall be interpreted, construed and administered consistent with such intent. Although the Corporation intends to administer the Plan, the Restricted Stock Units and the Options in compliance with Section 409A of the Code or an exemption thereto, the Corporation does not warrant that the terms of the Restricted Stock Units and Options, or the Corporation's administration thereof, will be exempt from, or will comply with the requirements of, Section 409A of the Code. The Corporation shall not be liable to Participant or any other person for any tax, interest, or penalties that the person may incur as a result of the Options or the Corporation's administration thereof not satisfying any of the requirements of Section 409A of the Code.

(c) This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument.

(d) The terms of this Agreement may only be amended, modified or waived by a written agreement executed by both of the parties hereto.

(e) The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of Florida, without giving effect to principles of conflicts of law.

(f) This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated herein.

(g) Except as otherwise herein provided, this Agreement shall be binding upon and shall inure to the benefit of the Corporation, its successors and assigns, and of Participant and Participant's personal representatives.

IN WITNESS WHEREOF, the parties have executed this Restricted Stock Unit and Stock Option Agreement as of the day and year first above written.

HELIOS TECHNOLOGIES, INC.

ATTEST:

Melanie M. Nealis, Secretary

By: _____
Tricia L. Fulton, Chief Financial Officer

PARTICIPANT

Witness:

APPENDIX A
PERFORMANCE GOALS

The following table provides the performance goals for vesting of the Restricted Stock Units covered by Performance-Based Vesting in Section 3(b). The performance goals are as follows:

- Net Sales for the Corporation for the three-fiscal year period of December 29, 2019 through December 31, 2022 (weight = 20%)
- Earnings per Share for the Corporation for the three-fiscal year period of December 29, 2019 through December 31, 2022 (sum of three years as reported in the Corporation's Form 10-K) (weight = 40%)
- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin for the Corporation the three-fiscal year period of December 29, 2019 through December 31, 2022 (sum of three years as publicly announced by the Corporation) (weight = 40%)

[LTI Performance Payout Grid Redacted; Company Confidential]

APPENDIX B
RESTRICTIVE COVENANTS

Participant acknowledges and recognizes the highly competitive nature of the Corporation's business and, in consideration of the Restricted Stock Units and Options granted to Participant, the Participant agrees to the following:

A. **Non-Competition**. During period of Participant's employment with the Corporation (and any Subsidiary) and the 12-month period following his or her termination of employment (the "Restricted Period"), anywhere in the world (the "Restricted Area"), Participant will not, individually or in conjunction with others, directly or indirectly, engage in any Competitive Business Activities (as hereinafter defined) other than on behalf of the Corporation, unless specifically agreed to in writing by the Corporation, and as agreed by the Corporation and Participant, whether on a full-time or on a part-time basis, whether as an officer, director, proprietor, employee, partner, independent contractor, investor (other than as a holder of less than five percent (5%) of the outstanding capital stock of a publicly traded corporation), consultant, advisor, agent or otherwise. "Competitive Business Activities" shall mean any business that engages in providing products and services that are competitive with any products and services provided by the Corporation as of the date of this Agreement and at any time during Participant's employment with the Corporation and its Subsidiaries.

B. **Non-solicitation**. During the Restricted Period and within the Restricted Area, Participant will not, directly or indirectly, compete with the Corporation by soliciting, inducing or influencing any of the Corporation's Customers which have a business relationship in the with the Corporation at any time during the Restricted Period to discontinue or reduce the extent of such relationship with the Corporation. The Corporation's "Customers" shall be deemed to be any Person that the Corporation or its Subsidiaries is doing business with (as reflected by any sales or services provided to that person in the preceding two-year period) and those with whom the Corporation or its Subsidiaries has a reasonable expectation of doing business during the Restricted Period.

In addition, during the Restricted Period and within the Restricted Area, Participant will not, directly or indirectly, for or on behalf of himself or any other Person, (a) recruit, solicit or otherwise influence any employee of the Corporation to discontinue such employment relationship with the Corporation, or (b) employ or seek to employ, or cause or permit to be employed any person who is then (or was at any time within six (6) months prior to the date Participant employs or seeks to employ such person) an employee of the Corporation. For purposes of this Appendix B, "employ" shall be deemed to mean to engage or permit to be engaged, whether as a legal employee or as an independent contractor.

In addition, during the Restricted Period, Participant will not interfere with, disrupt or attempt to disrupt any past, present or prospective relationship, contractual or otherwise, between the Corporation and any Customer, employee or agent in the Corporation.

"Person" shall be deemed to mean and include natural persons, partnerships, corporations, limited liability companies, professional associations or other organizations or entities; and, with respect to a non-natural person, its subsidiaries and controlled affiliates.

The restrictions in Sections A and B of this Appendix B apply in respect of businesses which compete or seek to compete with the Corporation and its Subsidiaries, and nothing in this Appendix B shall prevent Participant from engaging in activities that do not compete with the Corporation and its Subsidiaries.

C. Non-Disclosure of Information. Participant acknowledges that the Corporation's trade secrets; private or secret procedures; methods and ideas; market research data or analyses and marketing plans; fees, costs and pricing structures; customer lists and information concerning the Corporation's products, services, training methods, development, technical information, marketing activities and procedures, and corporate strategies, credit, financial and other data concerning the Corporation's Customers, as they exist from time to time; and other information, observations and data obtained by Participant while employed by the Corporation concerning the Corporation's business, products, services and business relationships; and all similar and related information in whatever form ("Proprietary Information") are valuable, special and unique assets of the Corporation, access to and knowledge of which are essential to the performance by Participant of his or her employment with the Corporation. In light of the highly competitive nature of the industry in which the Corporation's business is conducted, Participant agrees that all Proprietary Information, heretofore or in the future obtained by him or her as a result of his or her association with the Corporation shall be considered confidential.

In recognition of this fact, Participant agrees that Participant will never use or disclose any such Proprietary Information for Participant's own purposes or for the benefit of any person or other entity or organization (except the Corporation) under any circumstances unless such Proprietary Information has been publicly disclosed generally or, unless upon written advice of legal counsel reasonably satisfactory to the Corporation, Participant is legally required to disclose such Proprietary Information. Documents (as hereinafter defined) prepared by Participant or that come into Participant's possession during Participant's association with the Corporation are and remain the property of the Corporation, and when this Agreement terminates, such Documents shall be returned to the Corporation at its principal place of business and herein noted.

"Documents" shall mean all original written, recorded, or graphic matters whatsoever, and any and all copies thereof, including, but not limited to: papers; books; records; tangible things; correspondence; e-mail, telecopy and telex messages; memoranda; work-papers; reports; statements; summaries; analyses; evaluations; Customer records and information; agreements; agendas; advertisements; manuals; brochures; publications; directories; industry lists; schedules; price lists; Customer lists; statistical records; training manuals; computer printouts; books of account, records and invoices reflecting business operations; all things similar to any of the foregoing however denominated. In all cases where originals are not available, the term "Documents" shall also mean identical copies of original documents or non-identical copies thereof.

Notwithstanding any other provisions of this Agreement to the contrary, pursuant to the Defend Trade Secrets Act, 18 U.S.C. §1833(b), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

D. Non-Disparagement . Except as otherwise required by law, Participant will not make, publish, or disseminate any derogatory statements or comments about the Corporation or any of its Subsidiaries and affiliated entities, or any of their past or present officers or directors, or take any action which a reasonable person would expect would impair the good will, business reputation, or good name of any of them.

E. Independent Obligations, Remedies. It is understood by and between the parties hereto that the foregoing covenants by Participant contained in this Appendix B shall be construed to be agreements independent of any other element of Participant's employment with the Corporation. The existence of any claim or cause of action, whether predicated on any other provision in this Agreement, or otherwise, as a result of the relationship between the parties shall not constitute a defense to the enforcement of the covenants in this Agreement against Participant, and the Corporation's breach of any term of this Agreement or any other obligation does not waive or release Participant from the restrictions contained in this Appendix B.

1. Participant acknowledges and agrees that the Corporation's remedy at law for a breach or threatened breach of any of the provisions of this Appendix B would be inadequate and the breach shall be *per se* deemed as causing irreparable harm to the Corporation. In recognition of this fact, in the event of a breach by Participant of any of the provisions of this Appendix B, Participant agrees that, in addition to any remedy at law available to the Corporation, including, but not limited to monetary damages, the Corporation, without posting any bond, shall be entitled to obtain, and Participant agrees not to oppose the Corporation's request for equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available to the Corporation.

2. Participant acknowledges that the granting of a temporary injunction, temporary restraining order or permanent injunction merely prohibiting the use of Proprietary Information would not be an adequate remedy upon breach or threatened breach of this Appendix B and consequently agrees, upon proof of any such breach, to the granting of injunctive relief prohibiting any form of competition with the Corporation. Nothing herein contained shall be construed as prohibiting the Corporation from pursuing any other remedies available to it for such breach or threatened breach.

F. Impact on Other Agreements. If Participant is or becomes party to any other restrictive covenant agreement with the Corporation or one of its subsidiaries, the obligations under such other restrictive covenant agreement shall not be superseded by this Appendix B to the extent inconsistent therewith, but shall be supplanted by this Appendix B to the extent permitted by applicable law. Further, to the extent that any provision(s) of this Appendix B are declared overbroad, void or unenforceable by an authority of competent jurisdiction in a particular jurisdiction, the provision(s) shall be modified by such authority for purposes of enforcement in that jurisdiction to the extent necessary to make the applicable provision(s) valid and enforceable. Modification of a provision of this Appendix B to validate its enforcement in any particular jurisdiction, however, will not affect the enforcement of the provision as stated in any other jurisdiction in which it is enforceable. Also, the invalidity of a provision of this Appendix B in any particular jurisdiction will not affect the validity or enforcement of that provision in any other jurisdiction where it is otherwise valid.