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

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 21, 2014**

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**Zumiez Inc.**  
(Exact name of registrant as specified in its charter)

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**Washington**  
(State or other jurisdiction  
of incorporation or organization)

**000-51300**  
(Commission  
File Number)

**91-1040022**  
(I.R.S. Employer  
Identification No.)

**4001 204<sup>th</sup> Street SW, Lynnwood, WA 98036**  
(Address of principal executive offices, including zip code)

**Registrant's telephone number, including area code: (425) 551-1500**

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

**Approval of the Zumiez Inc. 2014 Equity Incentive Plan**

At the Annual Meeting of Shareholders (the “*Annual Meeting*”) of Zumiez Inc. (the “*Company*”) held on May 21, 2014, the Company’s shareholders approved the Zumiez Inc. 2014 Equity Incentive Plan (the “*2014 Equity Plan*”). The 2014 Equity Plan was adopted by the Company’s board of directors (the “*Board*”) on March 12, 2014, subject to shareholder approval.

The 2014 Equity Plan authorizes the issuance of up to an aggregate maximum of 3,400,000 shares of the Company’s common stock, subject to adjustment as described in the 2014 Equity Plan. The 2014 Equity Plan may be administered by the Board, or by the Compensation Committee of the Board or its delegate (each referred to as the “*Committee*”). The Committee, in its discretion, selects the individuals to whom awards may be granted, the time or times at which such awards are granted, and the terms of such awards. The 2014 Equity Plan authorizes the Committee to grant stock options, stock appreciation rights, restricted stock, restricted stock units, other stock based awards, and performance awards that may be denominated in stock or cash and may be paid in stock or cash. Awards may be granted to the Company’s officers, employees, consultants and advisors of the Company and its affiliates and to non-employee directors. Unless earlier terminated by the Board, the 2014 Equity Plan will terminate, and no further awards may be granted, after May 21, 2024.

The material features of the 2014 Equity Plan are described in the Company’s definitive proxy statement for the Annual Meeting filed with the Securities and Exchange Commission on April 11, 2014, entitled “*Proposal 3—Approval of the Zumiez Inc. 2014 Equity Incentive Plan*,” which description, as amended, is filed as Exhibit 99.1 with this Form 8-K and incorporated herein by reference. The description of the 2014 Equity Plan is qualified in its entirety by reference to the copy of the full text of the 2014 Equity Plan, which is filed as Exhibit 10.20 to this Form 8-K. In addition, the Form of Restricted Stock Award Agreement and Terms and Conditions is filed as Exhibit 10.21 to this Form 8-K the Form of Stock Option Award Agreement and Terms and Conditions is filed as Exhibit 10.22 to this Form 8-K.

**Approval of the Zumiez Inc. 2014 Employee Stock Purchase Plan**

Also at the Annual Meeting described above, the Company’s shareholders approved the Zumiez Inc. 2014 Employee Stock Purchase Plan (the “*2014 ESPP*”). The 2014 ESPP was adopted by the Board on March 12, 2014, subject to shareholder approval. The 2014 ESPP authorizes the issuance of up to an aggregate maximum of 400,000 shares of the Company’s common stock. The 2014 ESPP, including the right of participants thereunder to make purchases under the 2014 ESPP, is intended to qualify as an “Employee Stock Purchase Plan” under the provisions of Section 423 of the Internal Revenue Code.

The material features of the 2014 ESPP are described in the Company’s definitive proxy statement for the Annual Meeting filed with the Securities and Exchange Commission on April 11, 2014, entitled “*Proposal 4—Approval of the Zumiez Inc. 2014 Employee Stock Purchase Plan*,” which description, as amended, is filed as Exhibit 99.2 with this Form 8-K and incorporated herein by reference. The description of the 2014 ESPP is qualified in its entirety by reference to the copy of the full text of the 2014 ESPP, which is filed as Exhibit 10.23 to this Form 8-K.

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### ***Indemnification Agreement***

On May 21, 2014, the Board approved and adopted a new form of Indemnification Agreement (the “***Indemnification Agreement***”). Pursuant to the terms of the Indemnification Agreement entered into by the Company with each director and executive officer of the Company (each, an “***Indemnitee***”), if an Indemnitee is, or is threatened to be made, a party to or participant in any threatened, pending or completed proceeding, the Company will, under the circumstances and to the extent provided for in the indemnification agreement, indemnify, and advance certain expenses to, the Indemnitee to the fullest extent permitted by applicable law and to any greater extent as such law may thereafter from time to time permit. The indemnification agreement further provides procedures for the determination of an Indemnitee’s right to receive indemnification and the advancement of expenses. This summary of the Indemnification Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the form of Indemnification Agreement, which is filed as Exhibit 10.24 to this Form 8-K.

### **Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On May 21, 2014, in connection with a scheduled review of the Company’s charter documents, the Company amended and restated its existing bylaws (the “***Bylaws***”). The Bylaws include amendments to reflect what the Company believes are current best practices in corporate governance and in large part to conform with updated notice and indemnification provisions as set forth in the Washington Business Corporation Act. The Bylaws clarify that no Director may be party to any compensatory, payment or other financial agreement or understanding with any person or entity other than the Company, or has received any such compensation or other payment from any person or entity other than the Company, in each case in connection with candidacy or service as a Director of the Company. The Bylaws also now contain a forum selection provision for the adjudication of disputes. Such provision provides that, unless the Company consents in writing to the selection of an alternative forum, the King County Superior Court shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of a fiduciary duty owed by any Director, Officer or other employee of the Company to the Company or the Company’s shareholders, (c) any action asserting a claim arising pursuant to any provision of the WBCA, or (d) any action asserting a claim governed by the internal affairs doctrine. The provision further provides that any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to this provision.

The foregoing summary of the Bylaws, as amended and restated, does not purport to be complete and is subject to, and qualified in its entirety by, reference to the full text of the Bylaws, which is filed as Exhibit 3.2 to this Form 8-K.

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**Item 5.07. Submission of Matters to a Vote of Security Holders.**

At the Annual Meeting described above, the Company's shareholders voted on five proposals. The proposals are described in detail in the Company's definitive proxy statement dated April 11, 2014. The final results for the votes regarding each proposal are set forth below.

Proposal Number One: Shareholders elected Thomas D. Campion, Sarah (Sally) G. McCoy and Ernest R. Johnson as directors to each serve a three-year term until the 2017 Annual Meeting of Shareholders. The results of the vote were as follows:

<u>Nominee</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
Thomas D. Campion	24,693,445	721,094	5,764	2,565,967
Sarah G. McCoy	25,405,321	5,255	9,727	2,565,967
Ernest R. Johnson	25,404,957	3,839	11,507	2,565,967

Proposal Number Two: Shareholders approved an advisory, non-binding, vote on executive compensation. The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
25,337,026	77,699	5,578	2,565,967

Proposal Number Three: Shareholders approved the Zumiez Inc. 2014 Equity Incentive Plan. The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
24,881,957	533,532	4,814	2,565,967

Proposal Number Four: Shareholders approved the Zumiez Inc. 2014 Employee Stock Purchase Plan. The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
25,320,425	94,465	5,413	2,565,967

Proposal Number Five: Shareholders ratified the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending January 31, 2015. The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
27,827,112	122,042	37,116

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**Item 9.01. Financial Statements and Exhibits.****(d) Exhibits**

<u>Exhibit Number</u>	<u>Description of Document</u>
3.2	Bylaws, as amended and restated May 21, 2014
10.20	Zumiez Inc. 2014 Equity Incentive Plan
10.21	Form of Restricted Stock Award Agreement and Terms and Conditions
10.22	Form of Stock Option Award Agreement and Terms and Conditions
10.23	Zumiez Inc. 2014 Employee Stock Purchase Plan
10.24	Form of Indemnification Agreement
99.1	The section entitled "Proposal 3—Approval of the Zumiez Inc. 2014 Equity Incentive Plan" appearing on pages 53-60 of the Company's Definitive Proxy Statement (incorporated by reference to pages 53-60 of the Company's Definitive Proxy Statement filed on April 11, 2014, File No. 000-51300)
99.2	The section entitled "Proposal 4—Approval of the Zumiez Inc. 2014 Employee Stock Purchase Plan" appearing on pages 61-63 of the Company's Definitive Proxy Statement (incorporated by reference to pages 61-63 of the Company's Definitive Proxy Statement filed on April 11, 2014, File No. 000-51300)

**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 hereunto duly authorized.

ZUMIEZ INC.

Dated: May 23, 2014

By: /s/ Chris Visser

Chris K. Visser  
EVP, General Counsel & Secretary

**BYLAWS  
OF  
ZUMIEZ INC.**

(Amended and Restated as of May 21, 2014)

**ARTICLE I  
Definitions**

As used in these Bylaws, the following terms shall have the following meanings:

**“Article of Incorporation”** means the Corporation’s Articles of Incorporation and all amendments as filed with the Washington Secretary of State.

**“Agent”** means an individual who is or was an Agent of the Corporation or an individual who, while an Agent of the Corporation, is or was serving at the Corporation’s request as a Director, Officer, partner, trustee, Employee, or Agent of another foreign or domestic Corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. “Agent” includes, unless the context requires otherwise, the spouse, heirs, estate or personal representative of an Agent.

**“Board”** means the Board of Directors of the Corporation.

**“Change in Control”** shall be deemed to have occurred if (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company (collectively “excluded persons”), is or becomes the “Beneficial Owner” (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 30% or more of the total voting power represented by the Company’s then outstanding Voting Securities, (defined, for purposes of this Agreement as any securities of the Company that vote generally in the election of Directors) or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new Director whose election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds (2/3) of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board, or (iii) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the shareholders of the Company or their relative stock holdings), or (iv) a merger in which the Company is the surviving corporation but after which the shareholders of the Company immediately prior to such merger (other than any

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shareholder that merges, or which owns or controls another corporation that merges with the Company in such merger) cease to own their shares or other equity interest in the Company, or (v) in the event of a dissolution or liquidation of the Company, or (vi) the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Company's assets, or (vii) the acquisition, sale, or transfer of more than 50% of the outstanding shares of the Company occurs by tender offer or similar transaction.

**"Corporation"** means this Corporation, its Subsidiaries, and any domestic or foreign predecessor entity of this Corporation which, in a merger or other transaction, ceased to exist upon the effective date of the transaction.

**"Director"** means an individual who is or was a Director of the Corporation or an individual who, while a Director of the Corporation, is or was serving at the Corporation's request as a Director, Officer, partner, trustee, Employee, or Agent of another foreign or domestic Corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. A Director is considered to be serving an employee benefit plan at the Corporation's request if the Director's duties to the Corporation also impose duties on, or otherwise involve services by, the Director to the plan or to participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the spouse, heirs, estate or personal representative of a Director.

**"Employee"** means an individual who is or was an employee of the Corporation or an individual, while an employee of the Corporation, is or was serving at the Corporation's request as a Director, Officer, partner, trustee, employee, or Agent of another foreign or domestic Corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. "Employee" includes, unless the context requires otherwise, the spouse, heirs, estate or personal representative of an employee.

**"Electronic Transmission"** means an electronic communication not directly involving the physical transfer of a Record in a Tangible Medium that may be retained, retrieved and reviewed by the sender and the recipient, and that may be directly reproduced in a Tangible Medium by the sender and recipient.

**"Execute," "executes," or "executed"** means signed with respect to a Written Record or electronically transmitted along with sufficient information to determine the sender's identity with respect to an Electronic Transmission.

**"Expenses"** means all reasonable expenses incurred in connection with a proceeding by or in the right of the Corporation, including fees and expenses of counsel.

**"Indemnitee"** means an individual made a party to a proceeding because the individual is or was a Director, Officer, Employee, or Agent of the Corporation, and who possesses indemnification rights pursuant to the Articles of Incorporation, these Bylaws, or other corporate action. "Indemnitee" shall also include unless context requires otherwise, the spouse, heirs, estate, and other successors in interest of such individuals.

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**“Liability”** means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable Expenses incurred with respect to a proceeding.

**“Officer”** means an individual who is or was an Officer of the Corporation or an individual who, while an Officer of the Corporation, is or was serving at the Corporation’s request as a Director, Officer, partner, trustee, Employee, or Agent of another foreign or domestic Corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. “Officer” includes, unless the context requires otherwise, the spouse, heirs, estate or personal representative of an Officer.

**“Party”** includes an individual who was, is, or is threatened to be named a defendant or respondent in a proceeding.

**“Proceeding”** means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal.

**“Record”** means information inscribed on a Tangible Medium or contained in an Electronic Transmission.

**“Subsidiary”** means any Corporation or other entity that is wholly owned by the Corporation, directly or indirectly.

**“Tangible Medium”** means a Writing, copy of a Writing, or a physical reproduction, each on paper or on other tangible material that may be transmitted by mail or private carrier.

**“WBCA”** means Title 23B of the Revised Code of Washington, also known as the Washington Business Corporation Act, now or hereafter in force.

**“Written,”** or **“Writing”** means embodied in a Tangible Medium, and excludes an Electronic Transmission.

## **ARTICLE II**

### **Shareholders**

Section 1. *Annual Meeting*. The annual meeting of the shareholders of the Corporation shall be held each year on the date and at the time each year, as determined by the Board, for the purpose of electing Directors and transacting other business as may properly come before the meeting. The failure to hold an annual meeting at the time stated in these Bylaws does not affect the validity of any corporate action.

Section 2. *Special Meetings*. Except as otherwise provided by law or by the Articles of Incorporation of the Corporation, as amended and restated from time to time, special meetings of the shareholders of the Corporation for any purpose or purposes shall be held whenever called by the Board or the Chairperson of the Board.



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Section 3. *Place of Meetings*. Meetings of shareholders shall be held at such place within or without the State of Washington as determined by the Board, pursuant to proper Notice.

Section 4. *Notice*. Notice of each shareholders' meeting stating the date, time, and place and, in case of a special meeting, the purpose(s) for which such meeting is called, shall be given by the Corporation not less than ten (10) days (unless a greater period of notice is required by law in a particular case) nor more than sixty (60) days prior to the date of the meeting, to each shareholder of record entitled to vote at such meeting unless required by law to send notice to all shareholders (regardless of whether or not such shareholders are entitled to vote).

Section 4.1. *Type of Notice*. Any notice to shareholders required or permitted under these Bylaws, the Articles of Incorporation, or the WBCA shall be provided in accordance with Article IX of these Bylaws.

Section 4.2. *Waiver of Notice*. A shareholder may waive any notice required to be given by these Bylaws, or the Articles of Incorporation, or the WBCA before or after the date and time of the meeting that is the subject of such notice. A valid waiver is created by any of the following three methods:

- (a). by transmission of a Written Record in a form permitted by the WBCA,
- (b). by attendance at the meeting in person or by proxy, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; or
- (c). by failure to object at the time of presentation of a matter not within the purpose or purposes described in the meeting notice.

Section 5. *Shareholders' List*. The Secretary shall make, beginning ten (10) days prior to the meeting and continuing through the meeting of the shareholders, a complete list of the shareholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each shareholder and the number of shares registered in the name of each shareholder, and must be arranged by voting group, and within each voting group by class or series of shares. The list must be available for inspection at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. Such list shall be available for inspection by any shareholder, a shareholder's agent or a shareholder's attorney for any purpose germane to the meeting, during regular business hours, and at the shareholder's expense, during the period it is available for inspection. The list shall also be produced and available at the meeting or any adjournment, and may be inspected by any shareholder, the shareholder's agent, or the shareholder's attorney who is present.

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Section 6. *Quorum of Shareholders*. At any meeting of the shareholders, a majority of all the shares entitled to vote on a matter, represented by shareholders of record in person or by proxy, shall constitute a quorum of that voting group for action on that matter. Once a share is represented at a meeting, other than solely to object to holding the meeting or transacting business, it is deemed to be present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for the adjourned meeting. At such reconvened meeting, any business may be transacted that might have been transacted at the meeting as originally notified.

Section 7. *Manner of Acting*. If a quorum exists, action on a matter, other than the election of Directors which is governed by Article III, Section 3 of these Bylaws, is approved by a voting group if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the question is one upon which by express provision of the WBCA or of the Articles of Incorporation or of these Bylaws a different vote is required. Subject to the provisions of the laws of the State of Washington, each outstanding share entitled to vote with respect to the subject matter of an issue submitted to a meeting of the shareholders shall be entitled to one vote per share, unless otherwise set forth in the Articles of Incorporation.

Section 8. *Proxies*. Shareholders of record may vote at any meeting either in person or by proxy Executed in any manner permitted under the WBCA. A proxy is effective when received by the person authorized to tabulate votes for the Corporation. A proxy is valid for eleven (11) months unless a longer period is expressly provided in the proxy. A duly Executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. Any proxy is suspended when the person Executing the proxy is present at a meeting of shareholders and elects to vote, except that when such proxy is coupled with an interest and the fact of the interest appears on the face of the proxy, the agent named in the proxy shall have all voting and other rights referred to in the proxy, notwithstanding the presence of the person Executing the proxy. At each meeting of the shareholders, and before any voting commences, all proxies filed at or before the meeting shall be submitted to and examined by the Secretary or a person designated by the Secretary, and no shares may be represented or voted on under a proxy that has been found to be invalid or irregular.

Section 9. *Adjournment*. A majority of the shares represented at the meeting, even if less than a quorum, may adjourn the meeting from time to time. At such reconvened meeting at which a quorum is present any business may be transacted at the meeting as originally notified. If a meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if a new date, time, or place is announced at the meeting before adjournment; however, if a new record date for the adjourned meeting is or must be fixed in accordance with the WBCA, notice of the adjourned meeting must be given to persons who are shareholders as of the new record date.

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Section 10. *Director Nomination Procedures.* Nominations for election to the Board must be made by the Board or by a committee appointed by the Board for such purpose or by any shareholder of any outstanding class of capital stock of the Corporation entitled to vote for the election of Directors. Nominations by shareholders must be preceded by Written Notice received by the Secretary of the Corporation (i) with respect to an election to be held at an annual meeting of the shareholders, not fewer than one hundred twenty (120) days nor more than one hundred fifty (150) days prior to the anniversary date of the prior year's annual meeting of shareholders; provided that if the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of (x) the ninetieth (90th) day prior to such annual meeting or (y) the tenth (10th) day following the day on which the notice of the date of the annual meeting was mailed or such public disclosure was made, and (ii) with respect to an election to be held at a special meeting of the shareholders for the election of Directors, the close of business on the seventh (7th) business day following the date on which notice of such meeting is first given to shareholders. Such notification shall contain the written consent of each proposed nominee to serve as a Director if so elected and the following information as to each proposed nominee and as to each person, acting alone or in conjunction with one or more other persons as a partnership, limited partnership, syndicate or other group, who participates or is expected to participate in making such nomination or in organizing, directing or financing such nomination or solicitation of proxies to vote for the nominee:

- (a). the name, age, residence, personal address and business address of each proposed nominee and of each such person;
- (b). the principal occupation or employment, the name, type of business and address of the Corporation or other organization in which such employment is carried on of each proposed nominee and of each such person;
- (c). the amount of capital stock of the Corporation owned beneficially, either directly or indirectly, by each proposed nominee and each such person;
- (d). a description of any arrangement or understanding of each proposed nominee and of each such person with each other or any other person regarding future employment or any future transaction to which the Corporation will or may be a party; and
- (e). any other information concerning the nominee that must be disclosed regarding nominees in proxy solicitations pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended, and the rules under such section.

The presiding Officer of the meeting shall have the authority to determine and declare to the meeting that a nomination not preceded by notification made in accordance with the foregoing procedure shall be disregarded. Notwithstanding the foregoing provisions of this Section 9, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 9. The procedures set forth in this Section 9 for nomination for the election of Directors by shareholders are in addition to, and not in limitation of, any procedures now in effect or hereafter adopted by or at the discretion of the Board or any committee thereof.

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Section 11. *Proposal Procedures*. At any meeting of the shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before the meeting, business must be:

- (a). specified in the Corporation's notice of meeting (or any supplement thereto),
- (b). by or at the direction of the Board, or
- (c). by any shareholder of the Corporation who is a shareholder of record at the time of giving of the notice provided for in this Section 10, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 10.

For business to be properly brought before any meeting by a shareholder pursuant to clause (c) above of this Section 10, the shareholder must have given timely Written notice to the Secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation (i) with respect to an annual meeting of the shareholders, not fewer than one hundred twenty (120) days nor more than one hundred fifty (150) days prior to the anniversary date of the prior year's annual meeting of shareholders; provided that if the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting of shareholders and not later than the close of business on the later of (x) the ninetieth (90th) day prior to such annual meeting or (y) the tenth (10th) day following the day on which the notice of the date of the annual meeting was mailed or such public disclosure was made, and (ii) with respect to an election to be held at a special meeting of the shareholders for the election of Directors, the close of business on the seventh (7th) business day following the date on which notice of such meeting is first given to shareholders.

A shareholder's Written notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the meeting:

- (a). a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting,
- (b). the name and address, as they appear on the Corporation's books, of the shareholder proposing such business, and the name and address of the beneficial owner, if any, on whose behalf the proposal is made,

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(c). the class and number of shares of the Corporation which are owned beneficially and of record by such shareholder of record and by the beneficial owner, if any, on whose behalf of the proposal is made, and

(d). any material interest of such shareholder of record and the beneficial owner, if any, on whose behalf the proposal is made in such business.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at a meeting except in accordance with the procedures set forth in this Section 10. The presiding Officer of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the procedures prescribed by this Section 10, and if such person should so determine, such person shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 10, a shareholder desiring to include a proposal in the Corporation's proxy statement must also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 10.

Section 12. *Action by Shareholders Without a Meeting.* Any action that may or is required to be taken at a meeting of shareholders may be taken without a meeting or a vote, pursuant to the provisions of this Section 11.

Section 12.1. *Unanimous Written Consent.* Action may be taken by unanimous consent if:

(a). one or more consents, each in the form of a Record, describing the action taken are Executed and dated by all the shareholders entitled to vote with respect to the matter, which unless otherwise fixed by the Board shall be the date the first shareholder consent is executed, and

(b). all executed consents are delivered to Secretary within sixty (60) days of the date of the earliest dated consent for filing with the Corporate Records as if it were the minutes of a meeting of the shareholders.

The consents shall be set forth either in an executed Written Record, or if the Corporation has designated an address, location, or system to which the consent may be electronically transmitted and the consent is electronically transmitted to the designated address, location, or system, in an executed electronically transmitted Record.

12.2. *Effective Date.* Unless the consent specifies a later effective date, action taken by consent of the shareholders will effective when consents sufficient to authorize taking the action are in possession of the Corporation.

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## ARTICLE III

### Board

Section 1. *Powers of Directors*. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of the Board, except as otherwise provided in the Articles of Incorporation.

Section 2. *Number and Qualifications*. The business affairs and property of the Corporation shall be managed by a Board of not less than one (1) Director nor more than thirteen (13) Directors. The number of Directors may at any time be increased or decreased by the Board at any regular or special meeting. No decrease in the number of authorized Directors shall have the effect of shortening the term of any incumbent Director. Unless a Director dies, resigns or is removed, such Director shall hold office until the expiration of the term for which the Director was elected and until such Director's successor is elected and qualified or until there is a decrease in the authorized number of Directors. Directors need not be shareholders of the Corporation or residents of the State of Washington, but must have reached the age of majority as defined by the State of Washington.

No person shall qualify for service as a Director of the Corporation if he or she is a party to any compensatory, payment or other financial agreement or understanding with any person or entity other than the Corporation, or has received any such compensation or other payment from any person or entity other than the Corporation, in each case in connection with candidacy or service as a Director of the Corporation; provided that agreements providing only for indemnification and/or reimbursement of out-of-pocket expenses in connection with candidacy as a Director (but no, for the avoidance of doubt, in connection with service as a Director) and any pre-existing employment agreement a candidate has with his or her employer (not entered into in contemplation of the employer's investment in the Corporation or such employee's candidacy as a Director), shall not be disqualifying under this Bylaw.

Section 3. *Election—Term of Office*. The Directors shall be divided into three (3) groups as nearly as equal in number as possible and shall be known as Class I, Class II and Class III. The terms of the Class I Directors shall next expire at the annual meeting of shareholders held in 2015. The terms of the Class II Directors shall next expire at the annual meeting of shareholders held in 2016. The terms of the Class III Directors shall next expire at the annual meeting of shareholders held in 2017. Thereafter, the terms of the Directors of each class shall be three (3) years, commencing on the date of election and each Director shall hold office until his or her successor is elected and qualified, or until his or her death, resignation or removal. At each annual meeting of shareholders, the successors of the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election. A nominee for Director in an uncontested election shall be elected if the votes cast in favor of such nominee's election exceed the votes cast opposing such nominee's election. The following shall not be votes cast:

(a). a share whose ballot is marked as withheld;

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(b). a share otherwise present at the meeting but for which there is an abstention; and

(c). a share otherwise present at the meeting as to which a shareholder gives no authority or direction.

In a contested election, the Directors shall be elected by a plurality of the votes cast. A “contested election” means an election of Directors of the Corporation in which the number of nominees for any election of Directors nominated by:

(a). the Board, or

(b) any shareholder pursuant to Article 1, Section 10 of these Bylaws, or

(c). a combination of nominees by the Board and any shareholder pursuant to Article I, Section 10 of these Bylaws, exceed the number of Directors to be elected.

A nominee for Director in an election other than a contested election who does not receive the requisite votes for election, but who was a Director at the time of the election, shall continue to serve as a Director for a term that shall terminate on the date that is the earlier of:

(a). ninety (90) days from the date on which the voting results of the election are certified,

(b). the date on which an individual is selected by the Board to fill the office held by such Director, which selection shall be deemed to constitute the filling of a vacancy by the Board, or

(c). the date the Director resigns.

Except in the foregoing sentence, a Director who failed to receive a majority vote for election will not participate in the filling of his or her office. If none of the Directors receive a majority vote in an uncontested election, then the incumbent Directors:

(a). will nominate a slate of Directors and hold a special meeting for the purpose of electing those nominees as soon as practicable, and

(b). may in the interim fill one or more offices with the same Director(s) who will continue in office until their successors are elected.

If, for any reason, the Directors shall not have been elected at any annual meeting, they may be elected at a special meeting of shareholders called for that purpose in the manner provided by these Bylaws.

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#### Section 4. *Resignation and Removal.*

Section 4.1. *Resignation.* Any Director of the Corporation may resign from the Board or any committee of the Board at any time by Executing Written notice to the Board, its Chairperson, the Chief Executive Officer, or Secretary of the Corporation. Any such resignation is effective when the notice is delivered, unless the notice specifies a later effective date, or an effective date determined upon the happening of an event or events, and unless otherwise specified, the acceptance of the resignation shall not be necessary to make it effective.

Section 4.2. *Removal of Directors.* The shareholders, at a special meeting called expressly for that purpose, or one of the purposes (in accordance with the procedures set forth in Article II, Section 2), may remove from office one or more Directors, but only for cause, and only by the affirmative vote of the holders of at least a majority of the voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of Directors.

Section 4.3. *Removal of Committee Members.* The Board may remove any committee elected or appointed by it by the affirmative vote of the greater of a majority of the Directors then in office and the number of Directors required to take action in accordance with these Bylaws.

Section 5. *Vacancies.* Unless otherwise provided by law, in case of any vacancy in the Board, including a vacancy resulting from an increase in the number of Directors, the remaining Directors, whether constituting a quorum or not, may fill the vacancy. Newly created Directorships resulting from any increase in the number of Directors, created in accordance with the Bylaws, and any vacancies on the Board resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board, or by a sole remaining Director, and not by the shareholders. Any Director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new Directorship was created or the vacancy occurred and until such Director's successor shall have been elected and qualified, or until such Director's earlier death, resignation, disqualification or removal. No decrease in the number of Directors constituting the Board shall shorten the term of any incumbent Director.

Section 6. *Compensation.* By resolution of the Board, each Director may be reimbursed for expenses, if any, of attendance at each meeting of the Board, and may be paid a fee for serving as Director, or a fixed sum for attendance at each meeting of the Board, or both. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. No payment for expenses or compensation as a Director or committee member shall preclude any Director or committee member from serving the Corporation in any other capacity and receiving compensation for his or her services.



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Section 7. *Regular Meetings*. Regular meetings of the Board shall be held at such time and place, within or without the State of Washington, and at such date as determined by the Board, and, if so determined, no notice thereof need be given.

Section 8. *Special Meetings*. Special meetings of the Board, or any committee that has been duly designated by the Board, may be held at any time or place whenever called by the Chairperson, Chief Executive Officer, or two (2) or more Directors, and in case of any special meeting of any committee designated by the Board, by the committee's chairperson. The person or persons authorized to call special meetings may fix any place, within or without the State of Washington, for holding any special Board or Committee meeting called by such persons. Neither the business to be transacted at nor the purpose of any special meeting need be specified in the Notice of the meeting.

Section 8.1. *Notice of Special Meetings*. Notice of a special Board or committee meeting shall be given at least two (2) days before the meeting. Notice shall be in the form of Oral Notice, Tangible Medium, or Electronic Transmission and shall be provided in accordance with Article IX of these Bylaws. Notice shall state the place, day, and time of the meeting shall be provided to each Director on the Board or committee, as applicable.

Section 8.2. *Waiver of Notice*. A Director may waive any notice required to be given to any Director under the provisions of these Bylaws, the Articles of Incorporation, or the WBCA, before or after the date and time stated in the notice, and the waiver shall be equivalent to giving notice.

Section 9. *Meetings by Communications Equipment*. Meetings of the Board or any committee designated by the Board may be effectuated by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other during the meeting. Participation by such means shall constitute presence in person at such meeting.

#### Section 10. *Quorum*

Section 10.1 *Board*. A majority of the members of the Board fixed by or in the manner provided in these Bylaws shall constitute a quorum for the transaction of business at a Board meeting. When a quorum is present at any meeting, a majority of the members present thereat shall decide any question brought before such meeting, except as otherwise provided by the Articles of Incorporation, these Bylaws, or the WBCA.

Section 10.2 *Committees*. A majority of the members composing any committee of the Board, as established and fixed by resolution of the Board, shall constitute a quorum for the transaction of business at any meeting of the committee. When a quorum is present at any meeting, a majority of the members present thereat shall decide any question brought before such meeting, except as otherwise provided by the Articles of Incorporation, these Bylaws or the WBCA.

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Section 11. *Manner of Acting.* If a quorum is present when the vote is taken, the act of the majority of the Directors present at a Board or committee meeting shall be the act of the Board or the committee, unless the vote of a greater number is required by these Bylaws, the Articles of Incorporation or the WBCA.

Section 12. *Adjournment.* A majority of the Directors present, even if less than a quorum, may adjourn a meeting and continue it to a later time. Notice of the adjourned meeting or of the business to be transacted thereat, other than by announcement, shall not be necessary. At any adjourned meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting as originally called.

Section 13. *Presumption of Assent.* A Director of the Corporation who is present at Board or committee meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless:

- (a). the Director objects at the beginning of the meeting to holding the meeting or transacting business at the meeting;
- (b). the Director's dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (c). the Director shall file written dissent or abstention with the presiding Officer of the meeting before its adjournment or to the Chief Executive Officer, the President or Secretary of the Corporation (or such other person as may be so designated by the Chief Executive Officer, the President or Secretary) within a reasonable time after adjournment of the meeting.

The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

Section 14. *Committees.* The Board, by resolution adopted by a majority of the full Board, may designate from among its members an Executive Committee and one or more other committees, each of which:

- (a). must have two (2) or more members;
- (b). must be governed by the same rules regarding meetings, action without meetings, notice, waiver of notice, quorum and voting requirements as applied to the Board; and
- (c). to the extent provided in such resolution, shall have and may exercise all the authority of the Board, except no such committee shall have the authority to:
  - (i). Authorize or approve a distribution except according to a general formula or method prescribed by the Board;

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- (ii). Approve or propose to shareholders action which the WBCA requires to be approved by shareholders;
  - (iii). Fill vacancies on the Board or on any of its committees;
  - (iv). Amend the Articles of Incorporation;
  - (v). Adopt, amend, or repeal the Bylaws;
  - (vi). Approve a plan of merger not requiring shareholder approval; or
  - (vii). Authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the Board may authorize a committee, or a senior executive Officer of the Corporation, to do so within limits specifically prescribed by the Board.

Section 15. *Action by Board or Committees Without a Meeting.* Any action that could be taken at a meeting of the Board or any committee created by the Board may be taken without a meeting if one or more consents setting forth the action so taken are executed by all the Directors or by all the members of the committee either before or after the action is taken and delivered to the Corporation, each of which shall be set forth in an Executed Written Record, or if the Corporation has designated an address, location or system to which the consent may be electronically transmitted and the consent is electronically transmitted to the designated address, location or system, in an Executed electronically transmitted Record. Action taken by consent of Directors without a meeting is effective when the last Director Executes the consent, unless the consent specifies a later effective date. The consent shall be inserted in the minute book as if it were the minutes of a Board or a committee meeting.

## **ARTICLE V**

### **Officers**

Section 1. *Positions.* The Officers of the Corporation shall be a Chief Executive Officer, and may be a President, Chief Financial Officer, Secretary, Treasurer, one or more Vice Presidents, and one or more assistant Officers, as appointed by the Board or by a duly appointed Officer to whom such authority has been delegated by resolution of the Board. No Officer need be a shareholder or a Director of the Corporation. Any two or more offices may be held by the same person.

The Board in its sole discretion may elect a Chair from amongst its members to serve as Chair of the Board, who, when present shall preside at all meetings of the Board and shareholders, unless another Officer is appointed or designated by the Board as chairperson of the meetings and who shall have such other powers as the Board may determine.

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Section 2. *Appointment and Term of Office.* The Officers of the Corporation shall be appointed annually by the Board at the first meeting of the Board held after each annual meeting of the shareholders. If Officers are not appointed at such meeting, such appointment shall occur as soon as possible thereafter. Each Officer shall hold office until a successor shall have been appointed and qualified or until said Officer's earlier death, resignation, or removal.

Section 3. *Powers and Duties.* If the Board appoints persons to fill the following Officer positions, such Officer shall have the powers and duties set forth below:

Section 3.1. *Chief Executive Officer.* The Chief Executive Officer, subject to the direction and control of the Board, shall have general supervision of the business of the Corporation. Unless a Chair of the Board has been elected and is present, the Chief Executive Officer shall preside at meetings of the Board. The Chief Executive Officer, or such other person(s) as are specifically authorized by vote of the Board, shall sign all certificates for shares of the Corporation, bonds, deeds, mortgages, contracts and any other agreements, except when the signing and execution thereof has been expressly delegated by the Board or by these Bylaws to some other Officer or Agent of the Corporation or are required by law to be otherwise signed or executed by some other Officer or in some other manner, and such signature(s) shall be sufficient to bind the Corporation. The Chief Executive Officer shall perform such other duties as the Board shall designate.

In the event of the death of the Chief Executive Officer or a vacancy in the office of the Chief Executive Officer, or his or her inability to act, the Board shall appoint another Officer to perform the duties of the Chief Executive Officer, except as may be limited by resolution of the Board, with all powers of and subject to all the restrictions upon the Chief Executive Officer.

Section 3.2. *President.* The President shall discharge such duties as may be assigned from time to time by the Chief Executive Officer or by the Board.

Section 3.3. *Chief Financial Officer.* The Chief Financial Officer shall oversee the care and custody of the money, funds and securities of the Corporation, shall account for the same, and shall have and exercise, under the supervision of the Chief Executive Officer, all powers incident to this office.

Section 3.4. *Vice President.* Each Vice President shall have all powers incident to this office and discharge such duties as may be assigned from time to time to such Vice President by the Chief Executive Officer or by the Board.

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Section 3.5. *Secretary*. The Secretary shall:

- (a). prepare minutes of the Board and shareholders' meetings and maintenance of the Corporation Records and stock registers;
- (b). authenticate Records of the Corporation;
- (c). see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
- (d). be custodian of the corporate Records and of the seal of the Corporation (if any), and affix the seal of the Corporation to all documents as may be required;
- (e). keep a register of the post office address of each shareholder that shall be furnished to the Secretary by such shareholder;
- (f). sign with the Chief Executive Officer, or such other person(s) as are specifically authorized by vote of the Board, certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board;
- (g). have general charge of the stock transfer books of the Corporation; and
- (h). perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Chief Executive Officer or by the Board. In the Secretary's absence, an Assistant Secretary shall perform the Secretary's duties.

Section 3.6. *Treasurer*. The Treasurer shall have the care and custody of the money, funds, and securities of the Corporation, shall account for the same, and shall have and exercise, under the supervision of the Board, all the powers and duties commonly incident to this office.

Section 3.7. *Assistant Secretary*. The Assistant Secretary shall perform such duties and have such powers as from time to time may be assigned them by the Board, the Chief Executive Officer, the President, any Vice President, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all of the powers of and be subject to all of the restrictions upon the Secretary.

Section 4. *Salaries and Contract Rights*. The salaries, if any, of the Officers shall be fixed from time to time by the Board, by a Committee designated by the Board, or by any person or persons to whom the Board has delegated authority to set salaries of Officers. No Officer shall be prevented from receiving a salary by reason of the fact that he or she is also a Director of the Corporation. The appointment of an Officer shall not of itself create contract rights.

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Section 5. *Resignation or Removal*. Any Officer of the Corporation may resign at any time by giving Written Notice to the Board. Any such resignation is effective when the notice is delivered, unless the notice specifies a later date, and unless otherwise specified, the acceptance of the resignation shall not be necessary to make it effective, and shall be without prejudice to the contract rights, if any, of such Officer. The Board may remove any Officer or Agent appointed by it, with or without cause. The removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 6. *Vacancies*. If any office becomes vacant by any reason, the Board may appoint a successor or successors who shall hold office for the unexpired term.

## **ARTICLE VI**

### **Certificates of Shares and Their Transfer**

Section 1. *Issuance; Certificates of Shares*. No shares of the Corporation shall be issued unless authorized by the Board or by a committee designated by the Board to the extent the committee is empowered to do so. Such authorization shall include the maximum number of shares to be issued, the consideration to be received (which may be stated in terms of a range or minimum), and a statement that the Board considers the consideration to be adequate. Shares may, but need not be, represented by Written certificates. Unless these Bylaws or the WBCA expressly provides otherwise, the rights and obligations of shareholders are identical whether or not their shares are represented by certificates. Certificates for shares of the Corporation shall be in such form as is consistent with the provisions of the WBCA and shall state:

- (a). the name of the Corporation and that the Corporation is organized under the laws of the State of Washington;
- (b). the name of the person to whom issued; and
- (c). the number and class of shares and the designation of the series, if any, which such certificate represents.

If the Corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences, and limitations applicable to each class and the variations in rights, preferences, and limitations determined for each series, and the authority of the Board to determine variations for future series, must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the Corporation will furnish the shareholder this information without charge on request in Writing. The certificate shall be signed by original or facsimile signature of the President and Chief Executive Officer, and by the Treasurer or the Secretary or any Assistant Secretary of the Corporation, and the seal of the Corporation may be affixed thereto.

Section 2. *Transfer of Stock*. Subject to restrictions on transfer in the Articles of Incorporation, these Bylaws or other contractual restrictions, if any, shares of stock may be transferred by delivery of the certificate accompanied by either an assignment in Writing on the back of the certificate or by a written power of attorney to assign and transfer the same on the books of the Corporation, signed by the Record holder of the certificate. The shares shall be transferable on the books of the Corporation upon surrender thereof so assigned or endorsed.

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Section 3. *Loss or Destruction of Certificates*. In case of the loss, mutilation, or destruction of a certificate of stock, a duplicate certificate may be issued upon such terms as the Board shall prescribe.

Section 4. *Record Date and Transfer Books*. For the purpose of determining shareholders who are entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board may fix in advance a record date for any such determination of shareholders, such date in any case to be not more than seventy (70) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of shareholders is to be taken.

If no record date is fixed for such purposes, the date on which notice of the meeting is communicated by any means permitted by the WBCA or the date on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board fixes a new record date, which it must do if the meeting is adjourned more than one hundred twenty (120) days after the date is fixed for the original meeting.

Section 5. *Voting Record*. The Secretary shall make at least ten (10) days before each meeting of shareholders a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address, or, provided such shareholder has consented to receipt of electronic notice pursuant to the WBCA, the electronic address of and the number of shares held by each. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder or any shareholder's agent during the whole time of the meeting for the purposes thereof.

## **ARTICLE VII**

### **Books and Records**

Section 1. *Books of Accounts, Minutes, and Share Register*. The Corporation:

(a). shall keep as permanent Records minutes of all meetings of its shareholders and Board, a Record of all actions taken by the shareholders or Board without a meeting, and a Record of all actions taken by a committee of the Board exercising the authority of the Board on behalf of the Corporation;

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(b). shall maintain appropriate accounting Records;

(c). shall maintain a Record of its shareholders, in a form that permits preparation of a list of the names and addresses, and electronic addresses for those shareholders who have consented to receipt of electronic notice pursuant to the WBCA, of all shareholders, in alphabetical order by class of shares showing the number and class of shares held by each; and

(d). shall keep a copy of the following Records at its principal office:

(i). the Articles of Incorporation and all amendments thereto currently in effect;

(ii). the Bylaws and all amendments thereto currently in effect;

(iii). the minutes of all shareholders' meetings, and Records of all actions taken by shareholders without a meeting, for the past three (3) fiscal years;

(iv). its financial statements for the past three (3) fiscal years, including balance sheets showing in reasonable detail the financial condition of the Corporation as of the close of each fiscal year, and an income statement showing the results of its operations during each fiscal year prepared on the basis of generally accepted accounting principles or, if not, prepared on a basis explained therein;

(v). all written communications to shareholders generally within the past three (3) fiscal years;

(vi). a list of the names and business addresses of its current Directors and Officers; and

(vii). its most recent annual report delivered to the Secretary of State of Washington.

Section 2. *Copies of Resolutions*. Any person dealing with the Corporation may rely upon a copy of any of the Records of the proceedings, resolutions, or votes of the Board or shareholders, when certified by the Chief Executive Officer, the President or Secretary.

Section 3. *Section Headings*. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 4. *Inconsistent Provisions*. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the Articles of Incorporation, the WBCA or any other applicable law, the provisions of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.



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**ARTICLE VIII**  
**Indemnification of Officers, Directors, Employees and Agents**

Section 1. *Indemnification Rights of Directors and Officers*. The Corporation shall indemnify its Directors and Officers to the full extent permitted by applicable law as then in effect against liability arising out of a Proceeding to which such individual was made a party because the individual is or was a Director or an Officer of the Corporation, but shall only be provided if Indemnatee acted in good faith and in a manner Indemnatee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and with respect to any criminal action, suit or Proceeding, had no reasonable cause to believe Indemnatee's conduct was unlawful. However, such indemnity shall not apply on account of:

- (a). acts or omissions of a Director or Officer finally adjudged to be intentional misconduct or a knowing violation of law;
- (b). conduct of a Director or Officer finally adjusted to be in violation of Section 23B.08.310 of the WBCA related to distributions by the Corporation; or
- (c). any transaction with respect to which it was finally adjudged that such Director or Officer personally received a benefit in money, property, or services to which the Director or Officer was not legally entitled.

Section 2. *Indemnification of Employees and Agents of the Corporation*. The Corporation may, by action of its Board from time to time, provide indemnification and pay Expenses in advance of the final disposition of a Proceeding to Employees and Agents of the Corporation who are not also Directors or Officers, in each case to the same extent as to a Director with respect to the indemnification and advancement of Expenses pursuant to rights granted under, or provided by, the Act or otherwise.

Section 3. *Partial Indemnification*. If an Indemnatee is entitled to indemnification by the Corporation for some or a portion of Expenses, liability, or losses actually and reasonably incurred by Indemnatee in an investigation, defense, appeal, or settlement but not, however for the total amount thereof, the Corporation shall nevertheless indemnify Indemnatee for the portion of such Expenses, liabilities or losses to which Indemnatee reasonably incurred in connection therewith.

Section 4. *Procedure for Seeking Indemnification and/or Advancement of Expenses*.

Section 4.1. *Notification and Defense of Claim*. Indemnatee shall promptly notify the Chief Executive Officer or Secretary of the Corporation (or such other person as may be so designated by the Chief Executive Officer or Secretary) in Writing of any Proceeding for which indemnification could be sought under this Article. In addition, Indemnatee shall give the Chief Executive Officer or Secretary (or such other person as may be so designated by the Chief Executive Officer or Secretary) such information and cooperation as the Corporation may reasonably require and as shall be within Indemnatee's power.

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With respect to any such Proceeding as to which Indemnitee has notified the Chief Executive Officer or Secretary (or such other person as may be so designated by the Chief Executive Officer or Secretary):

- (a). the Corporation will be entitled to participate therein at its own expense; and
- (b). except as otherwise provided below, to the extent that it may wish, the Corporation, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee. Indemnitee's consent to such counsel may not be unreasonably withheld.

After notice from the Corporation to Indemnitee of its election to assume the defense, the Corporation will not be liable to Indemnitee under this Article for any Expenses subsequently incurred by Indemnitee in connection with such defense. However, Indemnitee shall continue to have the right to employ its counsel in such Proceeding, at Indemnitee's expense; and if:

- (a). the employment of counsel by Indemnitee has been authorized by the Corporation;
- (b). Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Corporation and Indemnitee in the conduct of such defense; or
- (c). the Corporation shall not in fact have employed counsel to assume the defense of such Proceeding, the fees and Expenses of Indemnitee's counsel shall be at the expense of the Corporation.

The Corporation shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Corporation or as to which Indemnitee shall reasonably have made the conclusion that a conflict of interest may exist between the Corporation and the Indemnitee in the conduct of the defense.

Section 4.2. *Information to be Submitted and Method of Determination and Authorization of Indemnification* . For the purpose of pursuing rights to indemnification under this Article, the Indemnitee shall submit to the Board a sworn Written statement requesting indemnification, including therein such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification and reasonable evidence of all amounts for which such indemnification is requested (together, the sworn statement and the evidence constitutes an "**Indemnification Statement**").

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Submission of an Indemnification Statement to the Board shall create a presumption that the Indemnitee is entitled to indemnification hereunder, and the Corporation shall promptly, and in any event, within sixty (60) calendar days of the final disposition of the Proceeding under which such Indemnitee is seeking indemnification, make the payments requested in the Indemnification Statement to or for the benefit of the Indemnitee, unless:

- (a). within such sixty (60) calendar day period it shall be determined by the Corporation that the Indemnitee is not entitled to indemnification under this Article;
- (b). such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption); and
- (c). the Indemnitee shall receive Written notice of such determination, which notice shall disclose with particularity the evidence upon which the determination is based, and may be given in any manner and by any means permitted under the WBCA.

At the election of the Chief Executive Officer, the foregoing determination may be made by either:

- (a). the Board by majority vote of a quorum consisting of Directors not at the time parties to the Proceeding;
- (b). if a quorum cannot be obtained under (a) above, by majority vote of a committee duly designated by the Board, in which designation Directors who are parties may participate, consisting solely by two or more Directors not at the time parties to the Proceeding;
- (c). by special legal counsel:
- (i). selected by the Board or its committee in the manner prescribed in (a) or (b) of this subsection; or
- (ii). If a quorum of the Board cannot be obtained under (a) of this subsection and a committee cannot be designated under (b) of this subsection, selected by majority vote of the full Board, in which selection Directors who are parties may participate; or
- (d). by shareholders, but shares owned by or voted under the control of Directors who are at the time parties to the Proceeding may not be voted on the determination.

Any determination that the Indemnitee is not entitled to indemnification, and any failure to make the payments requested in the Indemnification Statement, shall be subject to judicial review by any court of competent jurisdiction.

Section 4.3. *Special Procedure Regarding Advance for Expenses.* An Indemnitee seeking payment of Expenses in advance of a final disposition of the Proceeding must furnish the Chief Executive Officer or Secretary of the Corporation (or such other person as may be so designated by the Chief Executive Officer or Secretary), as part of the Indemnification Statement:

- (a). a Written affirmation of the Indemnitee's good faith belief that the Indemnitee has met the standard of conduct required to be eligible for indemnification; and

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(b). a Written undertaking, constituting an unlimited general obligation of the Indemnatee, to repay the advance if it is ultimately determined that the Indemnatee did not meet the required standard of conduct.

If the Board determines that indemnification is reasonably likely to be authorized by the Corporation, the Indemnatee's request for advance of Expenses may, at the discretion of the Board, be granted.

Section 4.4. *Settlement*. The Corporation is not liable to indemnify Indemnatee for any amounts paid in settlement of any Proceeding without the Corporation's Written consent. The Corporation shall not settle any Proceeding in any manner which would impose any penalty or limitation on Indemnatee without Indemnatee's Written consent. Neither the Corporation nor Indemnatee may unreasonably withhold its consent to a proposed settlement.

Section 5. *Contract and Related Rights*.

Section 5.1. *Contract Rights*. The right of an Indemnatee to indemnification is a contract right upon which the Indemnatee shall be presumed to have relied in determining to serve or to continue to serve in his or her capacity with the Corporation. Such right shall continue as long as the Indemnatee shall be subject to any possible Proceeding. Any amendment to or repeal of this Article shall not adversely affect any right or protection of an Indemnatee with respect to any acts or omissions of such Indemnatee occurring prior to such amendment or repeal.

Section 5.2. *Optional Insurance, Contracts, and Funding*. The Corporation may:

(a). purchase and maintain insurance, at its expense, to protect itself and any Indemnatee against any liability, whether or not the Corporation would have power to indemnify the individual against the same liability under Section 23B.08.510 or .520 of the WCBA, or a successor statute;

(b). enter into contracts with any Indemnatee in furtherance of this Article and consistent with the WCBA; and

(c). create a trust fund, grant a security interest, or use other means (including without limitation a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

Section 5.3. *Severability*. If any provision or application of this Article shall be invalid or unenforceable, the remainder of this Article and its remaining applications shall not be affected thereby, and shall continue in full force and effect.

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Section 5.4. *Right of Indemnatee to Bring Suit*. If a claim under this Article for indemnification is not paid in full by the Corporation within sixty (60) calendar days of the final disposition of the Proceeding under which an Indemnatee is seeking indemnification, then the Indemnatee may, but need not, at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the extent successful in whole or in part, the Indemnatee shall be entitled to also be paid the Expense (to be proportionately prorated if the Indemnatee is only partially successful) of prosecuting such claim. Neither:

- (a). the failure of the Corporation (including its Board, its shareholders, or independent legal counsel) to have made a determination prior to the commencement of such Proceeding that indemnification or reimbursement or advancement of Expenses to the Indemnatee is proper in the circumstances; nor
- (b). an actual determination by the Corporation (including its Board, its shareholders, or independent legal counsel) that the Indemnatee is not entitled to indemnification or to the reimbursement or advancement of Expenses, shall be a defense to the Proceeding or create a presumption that the Indemnatee is not so entitled.

Section 6. *Exceptions*. Any other provision herein to the contrary notwithstanding, the Corporation shall not be obligated pursuant to the terms of these Bylaws to indemnify an Indemnatee with respect to any Proceeding:

Section 6.1. *Claims Initiated by Indemnatee*. Initiated or brought voluntarily by Indemnatee except with respect to Proceedings brought to establish or enforce a right to indemnification under these Bylaws or any other statute or law or as otherwise required; but such indemnification or advancement of Expenses may be provided by the Corporation in specific cases if the Board finds it to be appropriate.

Section 6.2. *Lack of Good Faith*. Instituted by Indemnatee to enforce or interpret these Bylaws, if a court of competent jurisdiction determines that each of the material assertions made by Indemnatee in such Proceeding was not made in good faith or was frivolous.

Section 6.3. *Insured Claims*. For which any of the Expenses for which indemnification is being sought have been paid directly to Indemnatee by an insurance carrier under a policy of Officers' and Directors' liability insurance maintained by the Corporation.

Section 6.4. *Prohibited by Law*. If the Corporation is prohibited by the WBCA or other applicable law as then in effect from paying such indemnification and/or advancement of Expenses.

Section 7. *Non-Exclusivity of Rights*. The rights to indemnification and to advancement of Expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under the Articles of Incorporation, these Bylaws, or any statute, agreement, vote of shareholders or Directors or otherwise.

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Section 8. *Successors and Assigns*. All obligations of the Corporation to indemnify any Director or Officer shall be binding upon all successors and assigns of the Corporation (including any Change of Control, any transferee of all or substantially all of its assets and any successor by merger or otherwise by operation of law). The Corporation shall not affect any sale of substantially all of its assets, merger, consolidation, or other reorganization, in which it is not the surviving entity, unless the surviving entity agrees in Writing to assume all such indemnification obligations of the Corporation.

## **ARTICLE IX**

### **Notice**

Section 1. *Permissible Means of Notice*. Any notice to required or permitted shall be provided in accordance with this Section 1 of these Bylaws unless the Articles of Incorporation, Bylaws, or the WBCA prescribe notice requirements inconsistent with this section in which case those requirements govern.

Section 1.1. *Oral Notice*. Oral Notice may be communicated in person, by telephone, wire or wireless equipment that does not transmit a facsimile of the notice, or by any electronic means that does not create a Record.

Section 1.2. *Notice Provided in a Tangible Medium*. Notice may be provided in a Tangible medium and may be transmitted by mail or private carrier.

Section 1.3. *Notice Provided in an Electronic Transmission*. Notice may be provided in an Electronic Transmission and be electronically transmitted.

(a). *Consent to Receive Notice by Electronic Transmission*. Notice to Directors or shareholders in an Electronic Transmission is effective only with respect to Directors that have consented, in the form of a Record, to receive electronically transmitted notices and designated in the consent the address, location or system to which these notices may be electronically transmitted. Notice provided in an Electronic Transmission includes material required or permitted to accompany the Notice by the WBCA or other applicable statute or regulation.

(b). *Revocation of Consent to Receive Notice by Electronic Transmission*. A Director or shareholder that has consented to receipt of electronically transmitted Notices may revoke the consent by delivering a revocation to the Corporation in the form of a Record. The consent of a shareholder to receive Notice by Electronic Transmission is revoked if the Corporation is unable to electronically transmit two (2) consecutive Notices given by the Corporation in accordance with the consent, and this inability becomes known to the Secretary, the transfer agent, or any other person responsible for giving the Notice. The inadvertent failure by the Corporation to treat this inability as a revocation does not invalidate any meeting or other action.

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(c). *Posting Notice on an Electronic Network.* Notice to Directors or shareholders that have consented to receipt of electronically transmitted Notices may be provided by posting the Notice on an electronic network and delivering to the Director or shareholder a separate Record of the posting, together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

Section 2. *Effectiveness of Notice.*

Section 2.1. *Notice in Person or by Telephone.* Oral notice is effective when received by the Director.

Section 2.2. *Notice by Wire or Wireless Equipment.* Notice given by wire or wireless equipment that does not transmit a facsimile of the notice or by any electronic means that does not create a Record is effective when communicated to the Director or shareholder.

Section 2.3. *Notice by Mail.* Notice given by mail is effective five days after its deposit in the United States mail, as evidenced by the postmark, if mailed with first-class postage prepaid and correctly addressed to the Director or shareholder at his or her address shown on the records of the Corporation.

Section 2.4. *Notice by Private Carrier.* Notice given by private carrier is effective when dispatched, if prepaid and correctly addressed to the Director or shareholder at his or her address shown on the records of the Corporation.

Section 2.5. *Notice by Electronic Transmission.* Notice provided by electronic transmission, if in comprehensive form, is effective when it (i) is electronically transmitted to an address, location or system designated by the recipient for that purpose or (ii) has been posted on an electronic network and a separate Record of the posting has been delivered to the Director or shareholder together with comprehensive instructions regarding how to obtain access to the posting on the electronic network.

**ARTICLE X**  
**Bylaw Disputes**

Section 1. *Forum for Adjudication of Disputes.* Unless the Corporation consents in writing to the selection of an alternative forum, the King County Superior Court shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any Director, Officer or other employee of the Corporation to the Corporation or the Corporation's shareholders, (c) any action asserting a claim arising pursuant to any provision of the WBCA, or (d) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section.

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**ARTICLE XI**  
**Amendment of Bylaws**

Section 1. *By the Shareholders.* These Bylaws may be amended, repealed, or new Bylaws may be adopted at any regular or special meeting of the shareholders by an affirmative vote of not less than 66 2/3rds percent of the voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of Directors voting together as a single class.

Section 2. *By the Board.* These Bylaws may be amended, repealed, or new Bylaws may be adopted by the affirmative vote of a majority of the Board at any regular or special meeting of the Board. However, the Directors may not modify the Bylaws fixing their qualifications, classifications, or term of office.

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**ZUMIEZ INC.  
2014 EQUITY INCENTIVE PLAN**

Zumiez Inc., a Washington corporation (the “Company”), sets forth herein the terms of its 2014 Equity Incentive Plan (the “Plan”), as follows:

**1. PURPOSE**

The Plan is intended to enhance the Company’s and its Affiliates’ (as defined herein) ability to attract and retain highly qualified officers, non-employee members of the Board, key employees, consultants and advisors, and to motivate such officers, non-employee members of the Board, key employees, consultants and advisors to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, other stock-based awards and cash awards. Any of these awards may, but need not, be made as performance incentives to reward attainment of performance goals in accordance with the terms hereof. Stock options granted under the Plan may be non-qualified stock options or incentive stock options, as provided herein.

**2. DEFINITIONS**

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

**2.1. “Affiliate”** means any company or other trade or business that “controls,” is “controlled by” or is “under common control” with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary.

**2.2. “Annual Incentive Award”** means a cash-based Performance Award with a performance period that is the Company’s fiscal year or other 12-month performance period as specified under the terms of the Award as approved by the Committee.

**2.3. “Award”** means a grant of an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Other Stock-based Award or cash award under the Plan.

**2.4. “Award Agreement”** means a written agreement between the Company and a Grantee, or notice from the Company or an Affiliate to a Grantee that evidences and sets out the terms and conditions of an Award.

**2.5. “Board”** means the Board of Directors of the Company.

**2.6. “Change in Control”** shall have the meaning set forth in **Section 15.3.2**.

**2.7. “Code”** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. References to the Code shall include the valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or rendered thereunder.

**2.8. “Committee”** means the Compensation Committee of the Board. The Board will cause the Committee to satisfy the applicable requirements of any stock exchange on which the Common Stock may then be listed. For purposes of Awards to Covered Employees intended to constitute Performance Awards, to the extent required by Code Section 162(m), Committee means all of the members of the Committee who are “outside directors” within the meaning of Section 162(m) of the Code. For purposes of Awards to Grantees who are subject to Section 16 of the Exchange Act, Committee means all of the members of the Committee who are “non-employee directors” within the meaning of Rule 16b-3 adopted under the Exchange Act. All references in the Plan to the Board shall mean such Committee or the Board.

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- 2.9. “Company”** means Zumiez Inc., a Washington corporation, or any successor corporation.
- 2.10. “Common Stock”** or **“Stock”** means a share of common stock of the Company, no par value per share.
- 2.11. “Covered Employee”** means a Grantee who is a “covered employee” within the meaning of Section 162(m)(3) of the Code as qualified by **Section 12.4** herein.
- 2.12. “Disability”** means total and permanent disability as defined in Section 22(e)(3) of the Code. Notwithstanding the foregoing, for any Awards that constitute nonqualified deferred compensation within the meaning of Section 409A and provide for an accelerated payment in connection with any Disability, Disability shall have the same meaning as defined under Section 409A.
- 2.13. “Effective Date”** means May 21, 2014, the date the Plan was approved by the Company’s shareholders.
- 2.14. “Exchange Act”** means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.
- 2.15. “Fair Market Value”** of a share of Common Stock as of a particular date shall mean (i) if the Common Stock is listed on a national securities exchange, the closing or last price of the Common Stock on the composite tape or other comparable reporting system for the applicable date, or if the applicable date is not a trading day, the trading day immediately preceding the applicable date, or (ii) if the shares of Common Stock are not then listed on a national securities exchange, the closing or last price of the Common Stock quoted by an established quotation service for over-the-counter securities, or (iii) if the shares of Common Stock are not then listed on a national securities exchange or quoted by an established quotation service for over-the-counter securities, or the value of such shares is not otherwise determinable, such value as determined by the Board in good faith in its sole discretion.
- 2.16. “Family Member”** means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the applicable individual, any person sharing the applicable individual’s household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent of the beneficial interest, a foundation in which any one or more of these persons (or the applicable individual) control the management of assets, and any other entity in which one or more of these persons (or the applicable individual) own more than fifty percent of the voting interests.
- 2.17. “Grant Date”** means, as determined by the Board, the latest to occur of (i) the date as of which the Board approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under **Section 6** hereof, or (iii) such other date as may be specified by the Board in the Award Agreement.
- 2.18. “Grantee”** means a person who receives or holds an Award under the Plan.
- 2.19. “Incentive Stock Option”** means an “incentive stock option” within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.
- 2.20. “Non-qualified Stock Option”** means an Option that is not an Incentive Stock Option.
- 2.21. “Option”** means an option to purchase one or more shares of Stock pursuant to the Plan.

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- 2.22. “Option Price”** means the exercise price for each share of Stock subject to an Option.
- 2.23. “Other Stock-based Awards”** means Awards consisting of Stock units, or other Awards, valued in whole or in part by reference to, or otherwise based on, Common Stock.
- 2.24. “Performance Award”** means an Award made subject to the attainment of performance goals (as described in **Section 12**) over a performance period of at least one (1) year, and includes an Annual Incentive Award.
- 2.25. “Plan”** means this Zumiez 2014 Equity Incentive Plan, as amended from time to time.
- 2.26. “Predecessor Plan”** means the Zumiez Inc. 2005 Equity Incentive Plan.
- 2.27. “Purchase Price”** means the purchase price for each share of Stock pursuant to a grant of Restricted Stock.
- 2.28. “Restricted Stock”** means shares of Stock, awarded to a Grantee pursuant to **Section 10** hereof.
- 2.29. “Restricted Stock Unit”** means a bookkeeping entry representing the equivalent of shares of Stock, awarded to a Grantee pursuant to **Section 10** hereof.
- 2.30. “SAR Exercise Price”** means the per share exercise price of a SAR granted to a Grantee under **Section 9** hereof.
- 2.31. “SEC”** means the United States Securities and Exchange Commission.
- 2.32. “Section 409A”** means Section 409A of the Code.
- 2.33. “Securities Act”** means the Securities Act of 1933, as now in effect or as hereafter amended.
- 2.34. “Separation from Service”** means a termination of Service by a Service Provider, as determined by the Board, which determination shall be final, binding and conclusive; provided if any Award governed by Section 409A is to be distributed on a Separation from Service, then the definition of Separation from Service for such purposes shall comply with the definition provided in Section 409A.
- 2.35. “Service”** means service as a Service Provider to the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee’s change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate.
- 2.36. “Service Provider”** means an employee, officer, non-employee member of the Board, consultant or advisor of the Company or an Affiliate.
- 2.37. “Stock Appreciation Right”** or **“SAR”** means a right granted to a Grantee under **Section 9** hereof.
- 2.38. “Subsidiary”** means any “subsidiary corporation” of the Company within the meaning of Section 424(f) of the Code.
- 2.39. “Substitute Award”** means any Award granted in assumption of or in substitution for an award of a company or business acquired by the Company or a Subsidiary or with which the Company or an Affiliate combines.
- 2.40. “Ten Percent Shareholder”** means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

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**2.41. “Termination Date”** means the date that is ten (10) years after the Effective Date, unless the Plan is earlier terminated by the Board under **Section 5.2** hereof.

**2.42. “Transaction”** shall have the meaning set forth in **Section 15.2**.

### **3. ADMINISTRATION OF THE PLAN**

**3.1. General.** The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company’s articles of incorporation and bylaws and applicable law. The Board shall have the power and authority to delegate its responsibilities hereunder to the Committee, which shall have full authority to act in accordance with its charter, and with respect to the authority of the Board to act hereunder, all references to the Board shall be deemed to include a reference to the Committee, to the extent such power or responsibilities have been delegated. Except as specifically provided in **Section 14** or as otherwise may be required by applicable law, regulatory requirement or the articles of incorporation or the bylaws of the Company, the Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan. The Committee shall administer the Plan; provided that, the Board shall retain the right to exercise the authority of the Committee to the extent consistent with applicable law and the applicable requirements of any securities exchange on which the Common Stock may then be listed. The interpretation and construction by the Board of any provision of the Plan, any Award or any Award Agreement shall be final, binding and conclusive. Without limitation, the Board shall have full and final authority, subject to the other terms and conditions of the Plan, to:

- (i) designate Grantees;
- (ii) determine the type or types of Awards to be made to a Grantee;
- (iii) determine the number of shares of Stock to be subject to an Award;
- (iv) establish the terms and conditions of each Award (including, but not limited to, the Option Price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options);
- (v) prescribe the form of each Award Agreement;
- (vi) adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Subsidiaries may operate to assure the viability of the benefits from Awards granted to Grantees performing services in such countries and to meet the objectives of the Plan; and
- (vii) amend, modify, or supplement the terms of any outstanding Award including the authority, in order to effectuate the purposes of the Plan, to modify Awards to foreign nationals or individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom.

To the extent permitted by applicable law, the Board may delegate its authority as identified herein to any individual or committee of individuals (who need not be directors), including without limitation the authority to make Awards to Grantees who are not subject to Section 16 of the Exchange Act or who are not Covered Employees. To the extent that the Board delegates its authority to make Awards as provided by this Section, all references in the Plan to the Board’s authority to make Awards and determinations with respect thereto shall be deemed to include the Board’s delegate. Any such delegate shall serve at the pleasure of, and may be removed at any time by the Board.

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### **3.2. Restrictions; No Repricing.**

Notwithstanding the foregoing, no amendment or modification may be made to an outstanding Option or SAR that causes the Option or SAR to become subject to Section 409A, without the Grantee's written prior approval. Notwithstanding any provision herein to the contrary, the repricing of Options or SARs is prohibited without prior approval of the Company's shareholders. For this purpose, a "repricing" means any of the following (or any other action that has the same effect as any of the following): (i) changing the terms of an Option or SAR to lower its Option Price or SAR Exercise Price; (ii) any other action that is treated as a "repricing" under generally accepted accounting principles; and (iii) repurchasing for cash or canceling an Option or SAR at a time when its Option Price or SAR Exercise Price is greater than the Fair Market Value of the underlying shares in exchange for another Award, unless the cancellation and exchange occurs in connection with a change in capitalization or similar change under **Section 15**. A cancellation and exchange under clause (iii) would be considered a "repricing" regardless of whether it is treated as a "repricing" under generally accepted accounting principles and regardless of whether it is voluntary on the part of the Grantee.

### **3.3. Award Agreements; Clawbacks.**

The grant of any Award may be contingent upon the Grantee executing the appropriate Award Agreement. The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof or otherwise in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the Company may annul an Award if the Grantee is terminated for "cause" as defined in the applicable Award Agreement.

Awards shall be subject to the requirements of (i) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations thereunder, (ii) similar rules under the laws of any other jurisdiction, (iii) any compensation recovery policies adopted by the Company to implement any such requirements, (iv) any other compensation recovery policies as may be adopted from time to time by the Company or (v) any insider trading policies that the Company may have in effect, all to the extent determined by the Committee in its discretion to be applicable to a Grantee.

### **3.4. Deferral Arrangement.**

The Board may permit or require the deferral of any Award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish and in accordance with Section 409A, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock units.

### **3.5. No Liability.**

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award or Award Agreement.

### **3.6. Book Entry.**

Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of stock certificates through the use of book-entry.

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## **4. STOCK SUBJECT TO THE PLAN**

### **4.1. Authorized Number of Shares.**

Subject to adjustment under **Section 15**, the aggregate number of shares of Common Stock that may be initially issued pursuant to the Plan is 3,400,000 shares. In addition, Shares of Common Stock underlying any outstanding stock option or other award granted under the Predecessor Plan that is canceled, terminates, expires, or lapses for any reason without issuance of such shares shall be available for the grant of new Awards under this Plan. No new awards shall be granted under the Predecessor Plan following the Effective Date. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares.

### **4.2. Share Counting.**

If any Award is canceled, terminates, expires, or lapses for any reason, any shares of Common Stock subject to such Award shall not count against the aggregate number of Shares available for grants under the Plan set forth in **Section 4.1** above. In addition, the following items shall not count against the aggregate number of shares of Common Stock available for grants under the Plan set forth in **Section 4.1** above: (i) the payment in cash of dividends or dividend equivalents under any outstanding Award; (ii) any Award that is settled in cash rather than by issuance of Shares; or (iii) Substitute Awards. The full number of shares of Common Stock with respect to which an Option or SAR is granted shall count against the aggregate number of shares available for grant under the Plan. Accordingly, if in accordance with the terms of the Plan, a Participant pays the Option Price for an Option by either tendering previously owned shares or having the Company withhold shares, then such shares surrendered to pay the Option Price shall continue to count against the aggregate number of shares available for grant under the Plan set forth in **Section 4.1** above. In addition, if in accordance with the terms of the Plan, a Participant satisfies any tax withholding requirement with respect to any taxable event arising as a result of this Plan by either tendering previously owned shares or having the Company withhold shares, then such shares surrendered to satisfy such tax withholding requirements shall continue to count against the aggregate number of shares available for grant under the Plan set forth in **Section 4.1** above.

### **4.3. Award Limits.**

#### **4.3.1. Incentive Stock Options.**

Subject to adjustment under **Section 15**, all 3,400,000 of such shares of Common Stock available for issuance under the Plan shall be available for issuance under Incentive Stock Options.

#### **4.3.2. Individual Award Limits for Section 162(m) – Share-Based Awards.**

Subject to adjustment under **Section 15**, the maximum number of each type of Award (other than cash-based Performance Awards) intended to constitute “performance-based compensation” under Code Section 162(m) granted to any Grantee in any calendar shall not exceed the following: (i) Options and SARs: 1,000,000 shares; and (ii) all share-based Performance Awards (including Restricted Stock, Restricted Stock Units and Other Stock-based Awards that are Performance Awards): 500,000 shares.

#### **4.3.3. Individual Award Limits for Section 162(m) – Cash-Based Awards.**

The maximum amount of cash-based Performance Awards intended to constitute “performance-based compensation” under Code Section 162(m) granted to any Grantee in any calendar year shall not exceed the following: (i) Annual Incentive Award: \$5,000,000; and (ii) all other cash-based Performance Awards: \$5,000,000.

#### **4.3.4. Limits on Awards to Non-Employee Directors.**

No more than \$300,000 may be granted in equity-based Awards under the Plan during any one year to a Grantee who is a non-employee member of the Board (based on the Fair Market Value of the shares of Common Stock underlying the Award as of the applicable Grant Date in the case of Restricted Stock, Restricted Stock Units or Other Stock-based Awards, and based on the applicable grant date fair value for accounting purposes in the case of Options or SARs).

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## **5. EFFECTIVE DATE, DURATION AND AMENDMENTS**

### **5.1. Term.**

The Plan shall be effective as of the Effective Date, provided that it has been approved by the Company's shareholders. The Plan shall terminate automatically on the ten (10) year anniversary of the Effective Date and may be terminated on any earlier date as provided in **Section 5.2**.

### **5.2. Amendment and Termination of the Plan.**

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any Awards which have not been made. An amendment shall be contingent on approval of the Company's shareholders to the extent stated by the Board, required by applicable law or required by applicable stock exchange listing requirements. Notwithstanding the foregoing, any amendment to **Section 3.2** shall be contingent upon the approval of the Company's shareholders. No Awards shall be made after the Termination Date. The applicable terms of the Plan, and any terms and conditions applicable to Awards granted prior to the Termination Date shall survive the termination of the Plan and continue to apply to such Awards. No amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, materially impair rights or obligations under any Award theretofore awarded.

## **6. AWARD ELIGIBILITY AND LIMITATIONS**

### **6.1. Service Providers.**

Subject to this Section, Awards may be made to any Service Provider, including any Service Provider who is an officer, non-employee member of the Board, consultant or advisor of the Company or of any Affiliate, as the Board shall determine and designate from time to time in its discretion.

### **6.2. Successive Awards.**

An eligible person may receive more than one Award, subject to such restrictions as are provided herein.

### **6.3. Stand-Alone, Additional, Tandem, and Substitute Awards.**

Awards may, in the discretion of the Board, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate, or any other right of a Grantee to receive payment from the Company or any Affiliate. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, the Board shall have the right to require the surrender of such other Award in consideration for the grant of the new Award. Subject to **Section 3.2**, the Board shall have the right, in its discretion, to make Awards in substitution or exchange for any other award under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Affiliate, in which the value of Stock subject to the Award is equivalent in value to the cash compensation (for example, Restricted Stock Units or Restricted Stock).

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## **7. AWARD AGREEMENT**

Each Award shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Without limiting the foregoing, an Award Agreement may be provided in the form of a notice which provides that acceptance of the Award constitutes acceptance of all terms of the Plan and the notice. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Non-qualified Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Non-qualified Stock Options.

## **8. TERMS AND CONDITIONS OF OPTIONS**

### **8.1. Option Price.**

The Option Price of each Option shall be fixed by the Board and stated in the related Award Agreement. The Option Price of each Option (except those that constitute Substitute Awards) shall be at least the Fair Market Value on the Grant Date of a share of Stock; provided, however, that in the event that a Grantee is a Ten Percent Shareholder as of the Grant Date, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than 110 percent of the Fair Market Value of a share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of a share of Stock.

### **8.2. Vesting.**

Subject to **Section 8.3** hereof, each Option shall become exercisable at such times and under such conditions (including, without limitation, performance requirements) as shall be determined by the Board and stated in the Award Agreement.

### **8.3. Term.**

Each Option shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of ten (10) years from the Grant Date, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and stated in the related Award Agreement; provided, however, that in the event that the Grantee is a Ten Percent Shareholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option at the Grant Date shall not be exercisable after the expiration of five (5) years from its Grant Date.

### **8.4. Limitations on Exercise of Option.**

Notwithstanding any other provision of the Plan, in no event may any Option be exercised, in whole or in part, (i) prior to the date the Plan is approved by the shareholders of the Company as provided herein or (ii) after the occurrence of an event which results in termination of the Option.

### **8.5. Method of Exercise.**

An Option that is exercisable may be exercised by the Grantee's delivery of a notice of exercise to the Company, setting forth the number of shares of Stock with respect to which the Option is to be exercised, accompanied by full payment for the shares. To be effective, notice of exercise must be made in accordance with procedures established by the Company from time to time.

### **8.6. Rights of Holders of Options.**

Unless otherwise stated in the related Award Agreement, an individual holding or exercising an Option shall have none of the rights of a shareholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of the subject shares of Stock) until the shares of Stock covered thereby are fully paid and issued to him. Except as provided in **Section 15** hereof or the related Award Agreement, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date of such issuance.



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### **8.7. Delivery of Stock Certificates.**

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price, such Grantee shall be entitled to the issuance of a stock certificate or certificates evidencing his or her ownership of the shares of Stock subject to the Option.

### **8.8. Limitations on Incentive Stock Options.**

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its Affiliates) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

## **9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS**

### **9.1. Right to Payment.**

A SAR shall confer on the Grantee a right to receive, upon exercise thereof, the excess of (i) the Fair Market Value of one share of Stock on the date of exercise over (ii) the SAR Exercise Price, as determined by the Board. The Award Agreement for an SAR shall specify the SAR Exercise Price, which shall be fixed on the Grant Date as not less than the Fair Market Value of a share of Stock on that date. SARs may be granted alone or in conjunction with all or part of an Option or at any subsequent time during the term of such Option or in conjunction with all or part of any other Award. A SAR granted in tandem with an outstanding Option following the Grant Date of such Option shall have a grant price that is equal to the Option Price; provided, however, that the SAR's grant price may not be less than the Fair Market Value of a share of Stock on the Grant Date of the SAR to the extent required by Section 409A.

### **9.2. Other Terms.**

The Board shall determine at the Grant Date or thereafter, the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which SARs shall cease to be or become exercisable following Separation from Service or upon other conditions, the method of exercise, whether or not a SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR.

### **9.3. Term of SARs.**

The term of a SAR granted under the Plan shall be determined by the Board, in its sole discretion; provided, however, that such term shall not exceed ten (10) years.

### **9.4. Payment of SAR Amount.**

Upon exercise of a SAR, a Grantee shall be entitled to receive payment from the Company (in cash or Stock, as determined by the Board) in an amount determined by multiplying:

- (i) the difference between the Fair Market Value of a share of Stock on the date of exercise over the SAR Exercise Price; by
- (ii) the number of shares of Stock with respect to which the SAR is exercised.

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## **10. TERMS AND CONDITIONS OF RESTRICTED STOCK AND RESTRICTED STOCK UNITS**

### **10.1. Restrictions.**

At the time of grant, the Board may, in its sole discretion, establish a period of time (a “restricted period”) and any additional restrictions including the satisfaction of corporate or individual performance objectives applicable to an Award of Restricted Stock or Restricted Stock Units in accordance with **Section 12.1** and **12.2**. Each Award of Restricted Stock or Restricted Stock Units may be subject to a different restricted period and additional restrictions. Neither Restricted Stock nor Restricted Stock Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the restricted period or prior to the satisfaction of any other applicable restrictions.

### **10.2. Restricted Stock Certificates.**

The Company shall issue stock, in the name of each Grantee to whom Restricted Stock has been granted, stock certificates or other evidence of ownership representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date. The Board may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantee’s benefit until such time as the Restricted Stock is forfeited to the Company or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee; provided, however, that such certificates shall bear a legend or legends that comply with the applicable securities laws and regulations and make appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

### **10.3. Rights of Holders of Restricted Stock.**

Unless the Board otherwise provides in an Award Agreement, holders of Restricted Stock shall have rights as shareholders of the Company, including voting and dividend rights.

### **10.4. Rights of Holders of Restricted Stock Units.**

#### **10.4.1. Settlement of Restricted Stock Units.**

Restricted Stock Units may be settled in cash or Stock, as determined by the Board and set forth in the Award Agreement. The Award Agreement shall also set forth whether the Restricted Stock Units shall be settled (i) within the time period specified for “short term deferrals” under Section 409A or (ii) otherwise within the requirements of Section 409A, in which case the Award Agreement shall specify upon which events such Restricted Stock Units shall be settled.

#### **10.4.2. Voting and Dividend Rights.**

Unless otherwise stated in the applicable Award Agreement, holders of Restricted Stock Units shall not have rights as shareholders of the Company, including no voting or dividend or dividend equivalents rights.

#### **10.4.3. Creditor’s Rights.**

A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

### **10.5. Purchase of Restricted Stock.**

The Grantee shall be required, to the extent required by applicable law, to purchase the Restricted Stock from the Company at a Purchase Price equal to the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or (ii) the Purchase Price, if any, specified in the related Award Agreement. If specified in the Award Agreement, the Purchase Price may be deemed paid by Services already rendered. The Purchase Price shall be payable in a form described in **Section 11** or, in the discretion of the Board, in consideration for past Services rendered.

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## **10.6. Delivery of Stock.**

Upon the expiration or termination of any restricted period and the satisfaction of any other conditions prescribed by the Board, the restrictions applicable to shares of Restricted Stock or Restricted Stock Units settled in Stock shall lapse, and, unless otherwise provided in the Award Agreement, a stock certificate for such shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

## **11. FORM OF PAYMENT FOR OPTIONS AND RESTRICTED STOCK**

### **11.1. General Rule.**

Payment of the Option Price for the shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock shall be made in cash or in cash equivalents acceptable to the Company, except as provided in this **Section 11**.

### **11.2. Surrender of Stock.**

To the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock may be made all or in part through the tender to the Company of shares of Stock, which shares shall be valued, for purposes of determining the extent to which the Option Price or Purchase Price for Restricted Stock has been paid thereby, at their Fair Market Value on the date of exercise or surrender. Notwithstanding the foregoing, in the case of an Incentive Stock Option, the right to make payment in the form of already owned shares of Stock may be authorized only at the time of grant.

### **11.3. Cashless Exercise.**

With respect to an Option only (and not with respect to Restricted Stock), to the extent permitted by law and to the extent the Award Agreement so provides, payment of the Option Price may be made all or in part by delivery (on a form acceptable to the Company) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the sales proceeds to the Company in payment of the Option Price and any withholding taxes described in **Section 17.3**.

### **11.4. Other Forms of Payment.**

To the extent the Award Agreement so provides, payment of the Option Price or the Purchase Price for Restricted Stock may be made in any other form that is consistent with applicable laws, regulations and rules, including, but not limited to, the Company's withholding of shares of Stock otherwise due to the exercising Grantee.

## **12. TERMS AND CONDITIONS OF PERFORMANCE AWARDS**

### **12.1. Performance Conditions.**

The right of a Grantee to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions.

### **12.2. Performance Awards Granted to Designated Covered Employees.**

If and to the extent that the Committee determines that a Performance Award to be granted to a Grantee who is designated by the Committee as having the potential to be a Covered Employee should qualify as "performance-based compensation" for purposes of Code Section 162(m), the grant, exercise and/or settlement of

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such Performance Award shall be contingent upon achievement of pre-established performance goals and other terms set forth in this **Section 12.2**. Notwithstanding anything herein to the contrary, the Committee in its discretion may provide for Performance Awards to Covered Employees that are not intended qualify as “performance-based compensation” for purposes of Code Section 162(m).

#### **12.2.1. Performance Goals Generally.**

The performance goals for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this **Section 12.2**. Performance goals shall be objective and shall otherwise meet the requirements of Code Section 162(m) and regulations thereunder including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being “substantially uncertain.” The Committee may determine that such Performance Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Performance Awards. Performance goals may, in the discretion of the Committee, be established on a Company-wide basis, or with respect to one or more business units, divisions, subsidiaries or business segments, as applicable. Performance goals may be absolute or relative (to the performance of one or more comparable companies or indices). To the extent consistent with the requirements of Code Section 162(m), the Committee may determine prospectively at the time that goals under this **Section 12** are established, the extent to which measurement of performance goals may exclude the impact of charges for restructuring, discontinued operations, extraordinary items, and other unusual non-recurring items, and the cumulative effects of tax or accounting changes (each as defined by generally accepted accounting principles and as identified in the Company’s financial statements or other SEC filings). Performance goals may differ for Performance Awards granted to any one Grantee or to different Grantees.

#### **12.2.2. Business Criteria.**

One or more of the following business criteria for the Company, on a consolidated basis, and/or specified subsidiaries or business units of the Company (except with respect to the total shareholder return and earnings per share criteria), shall be used exclusively by the Committee in establishing performance goals for such Performance Awards: (i) cash flow; (ii) earnings per share, as adjusted for any stock split, stock dividend or other recapitalization; (iii) earnings measures; (iv) return on equity; (v) total shareholder return; (vi) share price performance, as adjusted for any stock split, stock dividend or other recapitalization; (vii) return on capital; (viii) revenue; (ix) income; (x) profit margin; (xi) return on operating revenue; (xii) brand recognition/acceptance; (xiii) customer satisfaction; (xiv) productivity; (xv) expense targets; (xvi) market share; (xvii) cost control measures; (xviii) balance sheet metrics; (xix) strategic initiatives; (xx) implementation, completion or attainment of measurable objectives with respect to recruitment or retention of personnel or employee satisfaction; (xxi) churn or other metrics related to subscriptions/subscribers, or (xxii) and any other business criteria established by the Committee; provided, however, that such business criteria shall include any derivations of business criteria listed above (e.g., income shall include pre-tax income, net income, operating income, etc.).

#### **12.2.3. Timing for Establishing Performance Goals.**

Performance goals shall be established not later than 90 days after the beginning of any performance period applicable to such Performance Awards, or at such other date as may be required or permitted for “performance-based compensation” under Code Section 162(m).

#### **12.2.4. Settlement of Performance Awards; Other Terms.**

Settlement of Performance Awards shall be in cash, Stock, other Awards or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Performance Awards.

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### **12.3. Written Determinations.**

All determinations by the Committee as to the establishment of performance goals, the amount of any Performance Award pool or potential individual Performance Awards and as to the achievement of performance goals relating to Performance Awards, shall be made in writing in the case of any Award intended to qualify under Code Section 162(m) to the extent required by Code Section 162(m). To the extent permitted by Code Section 162(m), the Committee may delegate any responsibility relating to such Performance Awards.

### **12.4. Status of Section 12.2 Awards under Code Section 162(m).**

It is the intent of the Company that Performance Awards under **Section 12.2** hereof granted to persons who are designated by the Committee as having the potential to be Covered Employees within the meaning of Code Section 162(m) and regulations thereunder shall, if so designated by the Committee, constitute “qualified performance-based compensation” within the meaning of Code Section 162(m) and regulations thereunder. Accordingly, the terms of **Section 12.2**, including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Grantee will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Committee, at the time of grant of Performance Awards, as having the potential to be a Covered Employee with respect to that fiscal year or any subsequent fiscal year. If any provision of the Plan or any agreement relating to such Performance Awards does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

## **13. OTHER STOCK-BASED AWARDS**

### **13.1. Grant of Other Stock-based Awards.**

Other Stock-based Awards may be granted either alone or in addition to or in conjunction with other Awards under the Plan. Other Stock-based Awards may be granted in lieu of other cash or other compensation to which a Service Provider is entitled from the Company or may be used in the settlement of amounts payable in shares of Common Stock under any other compensation plan or arrangement of the Company. Subject to the provisions of the Plan, the Committee shall have the sole and complete authority to determine the persons to whom and the time or times at which such Awards shall be made, the number of shares of Common Stock to be granted pursuant to such Awards, and all other conditions of such Awards. Unless the Committee determines otherwise, any such Award shall be confirmed by an Award Agreement, which shall contain such provisions as the Committee determines to be necessary or appropriate to carry out the intent of this Plan with respect to such Award.

### **13.2. Terms of Other Stock-based Awards.**

Any Common Stock subject to Awards made under this **Section 13** may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

## **14. REQUIREMENTS OF LAW**

### **14.1. General.**

The Company shall not be required to sell or issue any shares of Stock under any Award if the sale or issuance of such shares would constitute a violation by the Grantee, any other individual exercising an Option, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Stock may be issued or sold to the Grantee or any other individual

exercising an Option pursuant to such Award unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. Specifically, in connection with the Securities Act, upon the exercise of any Option or the delivery of any shares of Stock underlying an Award, unless a registration statement under such Act is in effect with respect to the shares of Stock covered by such Award, the Company shall not be required to sell or issue such shares unless the Board has received evidence satisfactory to it that the Grantee or any other individual exercising an Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Board shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable until the shares of Stock covered by such Option are registered or are exempt from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

#### **14.2. Rule 16b-3.**

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards and the exercise of Options granted to officers and directors hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board or Committee does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

### **15. EFFECT OF CHANGES IN CAPITALIZATION**

#### **15.1. Changes in Stock.**

If (i) the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date or (ii) there occurs any spin-off, split-up, extraordinary cash dividend or other distribution of assets by the Company, the number and kinds of shares for which grants of Options and Other Stock-based Awards may be made under the Plan (including the per-Grantee maximums set forth in **Section 4**) shall be equitably adjusted by the Company; provided that any such adjustment shall comply with Section 409A. In addition, in the event of any such increase or decrease in the number of outstanding shares or other transaction described in clause (ii) above, the number and kind of shares for which Awards are outstanding and the Option Price per share of outstanding Options and SAR Exercise Price per share of outstanding SARs shall be equitably adjusted; provided that any such adjustment shall comply with Section 409A.

#### **15.2. Effect of Certain Transactions.**

Except as otherwise provided in an Award Agreement and subject to the provisions of **Section 15.3**, in the event of (a) the liquidation or dissolution of the Company or (b) a reorganization, merger, exchange or consolidation of the Company or involving the shares of Common Stock (a "Transaction"), the Plan and the Awards issued hereunder shall continue in effect in accordance with their respective terms, except that following a Transaction either (i) each outstanding Award shall be treated as provided for in the agreement entered into in connection with the Transaction or (ii) if not so provided in such agreement, each Grantee shall be entitled to receive in respect of each share of Common Stock subject to any outstanding Awards, upon exercise or payment or transfer in respect of any Award, the same number and kind of stock, securities, cash, property or other consideration that each holder of a share of Common Stock was entitled to receive in the Transaction in respect of a share of Common stock; provided, however, that, unless otherwise determined by the Committee, such stock, securities, cash, property or other

consideration shall remain subject to all of the conditions, restrictions and performance criteria which were applicable to the Awards prior to such Transaction. Without limiting the generality of the foregoing, the treatment of outstanding Options and SARs pursuant to this **Section 15.2** in connection with a Transaction in which the consideration paid or distributed to the Company's shareholders is not entirely shares of common stock of the acquiring or resulting corporation may include the cancellation of outstanding Options and SARs upon consummation of the Transaction as long as, at the election of the Committee, (i) the holders of affected Options and SARs have been given a period of at least fifteen (15) days prior to the date of the consummation of the Transaction to exercise the Options or SARs (to the extent otherwise exercisable) or (ii) the holders of the affected Options and SARs are paid (in cash or cash equivalents) in respect of each Share covered by the Option or SAR being canceled an amount equal to the excess, if any, of the per share price paid or distributed to shareholders in the transaction (the value of any non-cash consideration to be determined by the Committee in its sole discretion) over the Option Price or SAR Exercise Price, as applicable. For avoidance of doubt, (1) the cancellation of Options and SARs pursuant to clause (ii) of the preceding sentence may be effected notwithstanding anything to the contrary contained in this Plan or any Award Agreement and (2) if the amount determined pursuant to clause (ii) of the preceding sentence is zero or less, the affected Option or SAR may be cancelled without any payment therefore. The treatment of any Award as provided in this **Section 15.2** shall be conclusively presumed to be appropriate for purposes of **Section 15.1**.

### **15.3. Change in Control.**

#### **15.3.1. Consequences of a Change in Control.**

For Awards granted to non-employee members of the Board, upon a Change in Control all outstanding Awards that may be exercised shall become fully exercisable, all restrictions with respect to outstanding Awards shall lapse and become vested and non-forfeitable, and any specified performance goals with respect to outstanding Awards shall be deemed to be satisfied at the greater of (A) target or (B) the actual level of performance determined as if the applicable performance period had ended as of (y) the last trading day immediately preceding the Change in Control or (z) if determined by the Compensation Committee to be necessary or appropriate based on the applicable performance goal, as of another specified date preceding the Change in Control (e.g., the Company's preceding fiscal quarter end).

For Awards granted to any other Service Providers, either of the following provisions shall apply, depending on whether, and the extent to which, Awards are assumed, converted or replaced by the resulting entity in a Change in Control:

- (i) To the extent such Awards are not assumed, converted or replaced by the resulting entity in the Change in Control, then upon the Change in Control such outstanding Awards that may be exercised shall become fully exercisable, all restrictions with respect to such outstanding Awards, other than for Performance Awards, shall lapse and become vested and non-forfeitable, and for any outstanding Performance Awards:
  - a. any specified performance goals with respect to such outstanding Awards shall be deemed to be satisfied at the greater of (A) target or (B) the actual level of performance determined as if the applicable performance period had ended as of (y) the last trading day immediately preceding the Change in Control or (z) if determined by the Compensation Committee to be necessary or appropriate based on the applicable performance goal, as of another specified date preceding the Change in Control (e.g., the Company's preceding fiscal quarter end); and
  - b. the Award shall become vested pro rata based on the portion of the applicable performance period completed through the date of the Change in Control.
- (ii) To the extent such Awards are assumed, converted or replaced by the resulting entity in the Change in Control, then the Awards shall become fully exercisable, all restrictions with respect to such outstanding Awards shall lapse and become vested and non-forfeitable, and any specified performance goals with respect to such outstanding Awards shall be deemed to be satisfied at the greater of (A) target or (B) the actual level of performance determined as if the applicable performance period had ended as of (y) the last trading day immediately preceding the Change in Control or (z) if determined by the Compensation Committee to be necessary or appropriate based on the applicable performance goal, as of another specified date preceding the Change in Control

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(e.g., the Company's preceding fiscal quarter end), if, within one year after the date of the Change in Control, the Service Provider has a Separation from Service either (1) by the Company other than for "cause" or (2) by the Service Provider for "good reason" (each as defined in the applicable Award Agreement).

#### **15.3.2. Change in Control Defined.**

"Change in Control" means:

- (i) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section, the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate, or (iv) any acquisition pursuant to a transaction that complies with clauses (A), (B) or (C) in paragraph (3) of this definition; or
- (ii) Individuals who, as of the Effective Date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
- (iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or



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- (iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, if it is determined that an Award hereunder is subject to the requirements of Section 409A and the Change in Control is a “payment event” under Section 409A for such Award, the Company will not be deemed to have undergone a Change in Control unless the Company is deemed to have undergone a “change in control event” pursuant to the definition of such term in Section 409A.

#### **15.4. Adjustments.**

Adjustments under this **Section 15** related to shares of Stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share.

#### **16. NO LIMITATIONS ON COMPANY**

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

#### **17. TERMS APPLICABLE GENERALLY TO AWARDS GRANTED UNDER THE PLAN**

##### **17.1. Disclaimer of Rights.**

No provision in the Plan or in any Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a Service Provider. The obligation of the Company to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

##### **17.2. Nonexclusivity of the Plan.**

Neither the adoption of the Plan nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals), including, without limitation, the granting of stock options as the Board in its discretion determines desirable.

##### **17.3. Withholding Taxes.**

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by law to be withheld (i) with respect to the vesting of or other lapse of restrictions applicable to an Award, (ii) upon the issuance of any shares of Stock upon the exercise of an Option or SAR, or (iii) otherwise due in connection with an Award. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Company or the Affiliate, as the case may be, any

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amount that the Company or the Affiliate may reasonably determine to be necessary to satisfy such withholding obligation. Subject to the prior approval of the Company or the Affiliate, which may be withheld by the Company or the Affiliate, as the case may be, in its sole discretion, the Grantee may elect to satisfy such obligations, in whole or in part, (i) by causing the Company or the Affiliate to withhold the minimum required number of shares of Stock otherwise issuable to the Grantee as may be necessary to satisfy such withholding obligation or (ii) by delivering to the Company or the Affiliate shares of Stock already owned by the Grantee. The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value equal to such withholding obligations. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or the Affiliate as of the date that the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this **Section 17.3** may satisfy his or her withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

#### **17.4. Captions.**

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or any Award Agreement.

#### **17.5. Other Provisions.**

Each Award Agreement may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion. In the event of any conflict between the terms of an employment agreement and the Plan, the terms of the employment agreement govern.

#### **17.6. Number and Gender.**

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

#### **17.7. Severability.**

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

#### **17.8. Governing Law.**

The Plan shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to the principles of conflicts of law, and applicable Federal law.

#### **17.9. Section 409A.**

The Plan is intended to comply with Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance therewith. Any payments described in the Plan that are due within the “short-term deferral period” as defined in Section 409A shall not be treated as deferred compensation unless applicable laws require otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Grantee’s Separation from Service shall instead be paid on the first payroll date after the six-month anniversary of the Grantee’s Separation from Service (or the Grantee’s death, if earlier). Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Grantee under Section 409A and neither the Company nor the Committee will have any liability to any Grantee for such tax or penalty.

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**17.10. Separation from Service.**

The Board shall determine the effect of a Separation from Service upon Awards, and such effect shall be set forth in the appropriate Award Agreement. Without limiting the foregoing, the Board may provide in the Award Agreements at the time of grant, or any time thereafter with the consent of the Grantee, the actions that will be taken upon the occurrence of a Separation from Service, including, but not limited to, accelerated vesting or termination, depending upon the circumstances surrounding the Separation from Service.

**17.11. Transferability of Awards.****17.11.1. Transfers in General.**

Except as provided in **Section 17.11.2**, no Award shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution, and, during the lifetime of the Grantee, only the Grantee personally (or the Grantee's personal representative) may exercise rights under the Plan.

**17.11.2. Family Transfers.**

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Award (other than Incentive Stock Options) to any Family Member. For the purpose of this **Section 17.11.2**, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this **Section 17.11.2**, any such Award shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred Awards are prohibited except to Family Members of the original Grantee in accordance with this **Section 17.11.2** or by will or the laws of descent and distribution.

**17.12. Dividends and Dividend Equivalent Rights.**

If specified in the Award Agreement, the recipient of an Award under this Plan may be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents with respect to the Common Stock or other securities covered by an Award. The terms and conditions of a dividend equivalent right may be set forth in the Award Agreement. Dividend equivalents credited to a Grantee may be paid currently or may be deemed to be reinvested in additional shares of Stock or other securities of the Company at a price per unit equal to the Fair Market Value of a share of Stock on the date that such dividend was paid to shareholders, as determined in the sole discretion of the Committee. Notwithstanding the foregoing, in no event will dividends or dividend equivalents on any Performance Award be payable before the Performance Award has become earned and payable.

**The Plan was adopted by the Board of Directors on March 12, 2014 and was approved by the shareholders of the Company on May 21, 2014.**

# NOTICE OF GRANT OF RESTRICTED STOCK AWARD

## ZUMIEZ INC. 2014 EQUITY INCENTIVE PLAN

FOR GOOD AND VALUABLE CONSIDERATION, Zumiez Inc. (the “**Company**”) hereby grants this Restricted Stock Award (the “**Award**”) of the number of shares of the Company’s common stock, no par value per share, (the “**Common Stock**” or “**Restricted Stock**”) set forth in this Notice of Grant of Restricted Stock Award (the “**Notice**”) to the Grantee designated in this Notice, pursuant to the provisions of the Company’s 2014 Equity Incentive Plan (the “**Plan**”) and subject to certain restrictions as outlined below in this Notice and the additional provisions set forth in the attached Terms and Conditions of Restricted Stock Award (the “**Terms**”). Together, this Notice, the attached Terms and all Exhibits hereto constitute the “**Agreement**.”

**Grantee:** [\_\_\_\_\_]

**Grant Date:** [\_\_\_\_\_]

**Shares of Common Stock subject to Award:** [\_\_\_\_\_]

**Vesting Schedule:** Subject to the terms of the Plan and this Agreement, the Restricted Stock shall become earned and vested evenly over [ ] years, with a [ ]% vesting annually at the anniversary date of the Grant Date, in the event the Grantee does not have a Separation from Service prior to the applicable vesting date(s).

No Restricted Stock shall become earned and vested following Grantee’s Separation from Service, except as expressly provided in the Notice below, as applicable, or as otherwise provided pursuant to the terms of the Plan.

**Impact of Separation from Service on Vesting:** See Exhibit A

**Acceleration of Vesting on or following a Change in Control:** Vesting upon Change in Control, in accordance with Section 15.3.1 of the Plan

By signing below, the Grantee agrees that this Award is granted under and governed by the terms and conditions of the Plan and this Agreement.

**Grantee**

\_\_\_\_\_

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

**Zumiez Inc.**

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

Title: \_\_\_\_\_

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

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**EXHIBIT A**

**Impact of Separation from Service**

If the Grantee has a Separation from Service before the vesting date specified under “Vesting Schedule” in the Notice, then any unearned Restricted Stock shall become immediately earned and vested or be canceled depending on the reason for Separation from Service as follows.

(a) Death or Disability. If the Grantee has a Separation from Service due to the Grantee’s death or Disability, any unearned Restricted Stock shall become immediately earned and vested on the date of the death or Disability, as applicable.

(b) Any other Separation from Service. If the Grantee has a Separation from Service for any reason other than as specified in subparagraph (a) above, any Restricted Stock that were not already earned and vested pursuant to the schedule specified under “Vesting Schedule” in the Notice as of the date of the Separation from Service shall be immediately canceled as of that date.

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## TERMS AND CONDITIONS OF RESTRICTED STOCK AWARD

The Restricted Stock Award (the “**Award**”) granted by Zumiez Inc. (the “**Company**”) to the Grantee specified in the Notice of Grant of Restricted Stock Award (the “**Notice**”) to which these Terms and Conditions of Restricted Stock Award (the “**Terms**”) are attached, is subject to the terms and conditions of the Plan, the Notice, and these Terms. The terms and conditions of the Plan are incorporated by reference in their entirety into these Terms. Together, the Notice and these Terms constitute the “**Agreement**.” A Prospectus describing the Plan has been delivered and/or made available to the Grantee. The Plan itself is available upon request. When used in this Agreement, the terms which are defined in the Plan shall have the meanings given to them in the Plan, as modified herein (if applicable).

This Award is conditioned upon the Grantee’s acceptance of the provisions set forth in this Agreement within 30 days after the Agreement is presented to the Grantee for review. If the Grantee fails to accept the Award within such 30-day period, the Award shall be null and void, and the Grantee’s rights in the Award shall immediately terminate without any payment of consideration by the Company. For purposes this Agreement, any reference to the Company shall include a reference to any Affiliate.

1. Grant of Restricted Stock.

(a) As of the Grant Date set forth in the Notice, the Company grants to the Grantee the number of shares of Restricted Stock set forth in the Notice.

(b) The Restricted Stock covered by this Award shall become earned and vested in accordance with the schedule set forth in the Notice, subject to the requirements of Section 4 (Withholding), Section 6 (Regulatory Restrictions on the Shares Issued Upon Settlement), and Section 7(m) (Recovery of Compensation) of this Agreement.

(c) The Grantee may designate a beneficiary to receive payment in connection with the Restricted Stock in the event of the Grantee’s death in accordance with the Company’s beneficiary designation procedures, as in effect from time to time. If the Grantee does not designate a beneficiary, or if the Grantee’s designated beneficiary does not survive the Grantee, then the Grantee’s beneficiary will be the Grantee’s estate.

(d) The Grantee shall have no dividend rights until the Restricted Stock becomes vested.

2. Restrictions. Subject to any exceptions set forth in this Agreement, until such time as the Restricted Stock becomes earned and vested, the Restricted Stock may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Grantee. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Stock shall be wholly ineffective and, if any such attempt is made, the Restricted Stock will be forfeited by the Grantee and all of the Grantee’s rights to such Restricted Stock shall immediately terminate without any payment of consideration by the Company.

3. Cancellation of Rights. If any portion of the Restricted Stock fails to become earned and vested (for example, because the Grantee fails to satisfy the vesting conditions specified in the Notice prior to a Separation from Service), then such Restricted Stock shall be immediately forfeited as of the date of such failure and all of the Grantee’s rights to such Restricted Stock shall immediately terminate without any payment of consideration by the Company.

4. Withholding.

(a) Regardless of any action the Company takes with respect to any or all income tax, payroll tax or other tax-related withholding (“**Tax-Related Items**”), the Grantee acknowledges that the ultimate liability for all Tax-Related Items owed by the Grantee is and remains the Grantee’s responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant or vesting of the Restricted Stock or the subsequent sale of shares of Common Stock acquired upon vesting; and (ii) does not commit to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Grantee’s liability for Tax-Related Items.

(b) Prior to vesting of the Restricted Stock, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all withholding obligations of the Company. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee from the Grantee's wages or other cash compensation paid to the Grantee by the Company or from proceeds of the sale of the shares of Common Stock. Alternatively, or in addition, to the extent permissible under applicable law, the Company may (i) sell or arrange for the sale of shares of Common Stock that the Grantee acquires to meet the withholding obligation for Tax-Related Items, and/or (ii) withhold in shares of Common Stock, provided that the Company only withholds the amount of shares of Common Stock necessary to satisfy the minimum withholding amount. Finally, the Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver shares of Common Stock in connection with any earned and vested Restricted Stock if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items as described in this Section 4.

5. Grantee Representations. The Grantee hereby represents to the Company that the Grantee has read and fully understands the provisions of this Agreement, the Prospectus and the Plan, and the Grantee's decision to participate in the Plan is completely voluntary. Further, the Grantee acknowledges that the Grantee is relying solely on his or her own advisors with respect to the tax consequences of this Award.
6. Regulatory Restrictions on the Shares Issued Upon Settlement. Notwithstanding the other provisions of this Agreement, the Committee shall have the sole discretion to impose such conditions, restrictions and limitations on the issuance of shares of Restricted Stock with respect to this Award unless and until the Committee determines that such issuance complies with (i) any applicable registration requirements under the Securities Act or the Committee has determined that an exemption therefrom is available, (ii) any applicable listing requirement of any stock exchange on which the Stock is listed, (iii) any applicable Company policy or administrative rules, and (iv) any other applicable provision of state, federal or foreign law, including foreign securities laws where applicable.
7. Miscellaneous.

(a) Notices. Any notice which either party hereto may be required or permitted to give to the other shall be in writing and may be delivered personally, by interoffice mail, by fax, by electronic mail or other electronic means, or via a postal service, postage prepaid, to such electronic mail or postal address and directed to such person as the Company may notify the Grantee from time to time; and to the Grantee at the Grantee's electronic mail or postal address as shown on the records of the Company from time to time, or at such other electronic mail or postal address as the Grantee, by notice to the Company, may designate in writing from time to time.

(b) Waiver. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach.

(c) Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties with respect to the subject matter hereof. Any prior agreements, commitments or negotiations concerning the Award are superseded.

(d) Binding Effect; Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and to the extent not prohibited herein, their respective heirs, successors, assigns and representatives. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto and as provided above, their respective heirs, successors, assigns and representatives any rights, remedies, obligations or liabilities.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to the principles of conflicts of law, and applicable Federal law.

(f) Arbitration. The Company and the Grantee shall make a good faith attempt to resolve any and all claims and disputes regarding the Award or the Agreement in accordance with any dispute resolution adopted by the Company before resorting to any other dispute resolution procedure. If the claim or dispute is not resolved in that manner and involves any rights or obligations under the Agreement, then the claim or dispute will be determined by arbitration in accordance with the then-current American Arbitration Association ("AAA") national rules for the resolution of employment disputes by arbitration, except as modified herein. The arbitration will be conducted by a sole neutral arbitrator who has had both training and experience as an arbitrator of employee compensation matters. If the Company and the Grantee cannot agree on an arbitrator,

then the arbitrator will be selected by the AAA applying the criteria in this provision. Reasonable discovery will be permitted and the arbitrator may decide any issue as to discovery. The arbitrator may decide any issue as to whether or as to the extent to which, any dispute is subject to the dispute resolution provisions of this Section 7(f). The arbitrator may award only relief at law contemplated under the Agreement and the Plan and the arbitrator may not award incidental, consequential or punitive damages, attorney's fees or any form or equitable relief, to either party. The arbitrator must base the arbitration award on the provisions of this Section 7(f) and applicable law and must render the award in writing, including an explanation of the reasons for the award. Judgment upon the award may be entered by any court having jurisdiction of the matter, and the decision of the arbitrator will be final and binding. The statute of limitations applicable to the commencement of a lawsuit will apply to the commencement of an arbitration. The arbitrator's fees will be paid in equal portions by the Company and the Grantee, unless the Company agrees to pay all such fees.

(g) Venue. Any arbitration, legal or equitable action or any proceeding arising directly, indirectly, or otherwise in connection with, out of, related to or from the Agreement, or any provision hereof, shall exclusively be filed and adjudicated in King County, Washington and no other venue.

(h) Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

(i) Conflicts; Amendment. The provisions of the Plan are incorporated in this Agreement in their entirety. In the event of any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan shall control. This Agreement may be amended at any time by the Committee, provided that no amendment may, without the consent of the Grantee, materially impair the Grantee's rights with respect to the Award. The Committee shall have full authority and discretion, subject only to the terms of the Plan, to decide all matters relating to the administration or interpretation of the Plan, the Award, and the Agreement, and all such action by the Committee shall be final, conclusive, and binding upon the Company and the Grantee.

(j) No Right to Continued Service. Nothing in this Agreement shall confer upon the Grantee any right to continue in the employ or service of the Company or affect the right of the Company to terminate the Grantee's employment or service at any time.

(k) Further Assurances. The Grantee agrees, upon demand of the Company or the Committee, to do all acts and execute, deliver and perform all additional documents, instruments and agreements which may be reasonably required by the Company or the Committee, as the case may be, to implement the provisions and purposes of this Agreement and the Plan.

(l) Personal Data. By accepting the Award under this Agreement, the Grantee hereby consents to the Company's use, dissemination and disclosure of any information pertaining to the Grantee that the Company determines to be necessary or desirable for the implementation, administration and management of the Plan.

(m) Recovery of Compensation. In accordance with Section 3.3 of the Plan, the Award is subject to the requirements of (i) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations thereunder, (ii) any policies adopted by the Company to implement such requirements, and (iii) any other compensation recovery policies as may be adopted from time to time by the Company, all to the extent determined by the Committee in its discretion to be applicable to the Grantee.

(n) Change in Control. Notwithstanding anything in this Agreement to the contrary but subject to the provisions of Section 15.3.1(i) of the Plan, if (A) a Change in Control occurs and (B) on or after the Change in Control and on or before the first anniversary of the Change in Control either (1) the Grantee has a Separation from Service by action of the Company or the Grantee's employing Subsidiary for any reason other than Cause (excluding due to the Grantee's death or Disability) or (2) the Grantee has a Separation from Service for Good Reason, then any unearned shares of Restricted Stock shall become immediately earned and vested as of the date of such Separation from Service.

"Cause" shall be defined as that term is defined in the Grantee's offer letter or other applicable employment agreement; or, if there is no such definition, "Cause" means any one or more of the following: (i) the Grantee's gross neglect or willful material breach of the Grantee's principal



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employment responsibilities or duties; (ii) a final judicial adjudication that the Grantee is guilty of any felony (other than a law, rule or regulation relating to a traffic violation or other similar offense that has no material adverse effect on the Company or any of its Subsidiaries); (iii) the Grantee's breach of any non-competition or confidentiality covenant between the Grantee and the Company or any Subsidiary; (iv) fraudulent conduct as determined by a court of competent jurisdiction in the course of the Grantee's employment with the Company or any of its Subsidiaries; or (v) the material breach by the Grantee of any other obligation which continues uncured for a period of 30 days after notice thereof by the Company or any of its Subsidiaries.

**"Good Reason"** shall be defined as that term is defined in the Grantee's offer letter or other applicable employment agreement; or, if there is no such definition, "Good Reason" means the occurrence of any of the following events without the Grantee's consent, provided that the Grantee has complied with the Good Reason Process: (i) a material diminution in the Grantee's responsibility, authority or duty; (ii) a material diminution in the Grantee's base salary except for across-the-board salary reductions based on the Company and its Subsidiaries' financial performance similarly affecting all or substantially all management employees of the Company and its Subsidiaries; or (iii) the relocation of the office at which the Grantee was principally employed immediately prior to a Change in Control to a location more than fifty (50) miles from the location of such office, or the Grantee being required to be based anywhere other than such office, except to the extent the Grantee was not previously assigned to a principal location and except for required travel on business to an extent substantially consistent with the Grantee's business travel obligations at the time of the Change in Control.

**"Good Reason Process"** means that (i) the Grantee reasonably determines in good faith that a Good Reason condition has occurred; (ii) the Grantee notifies the Company and its Subsidiaries in writing of the occurrence of the Good Reason condition within 60 days of such occurrence; (iii) the Grantee cooperates in good faith with the Company and its Subsidiaries' efforts, for a period of not less than 30 days following such notice (the **"Cure Period"**), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist following the Cure Period; and (v) the Grantee has a Separation from Service within 60 days after the end of the Cure Period. If the Company or its Subsidiaries cures the Good Reason condition during the Cure Period, and the Grantee has a Separation from Service due to such condition (notwithstanding its cure), then the Grantee will not be deemed to have had a Separation from Service for Good Reason.

**NOTICE OF GRANT OF NON-QUALIFIED STOCK OPTION AWARD**  
**ZUMIEZ INC.**  
**2014 EQUITY INCENTIVE PLAN**

FOR GOOD AND VALUABLE CONSIDERATION, Zumiez Inc. (the “**Company**”) hereby grants, pursuant to the provisions of the Company’s 2014 Equity Incentive Plan (the “**Plan**”), to the Grantee designated in this Notice of Grant of Non-Qualified Stock Option Award (the “**Notice**”) an option to purchase the number of shares of the Common Stock of the Company set forth in the Notice (the “**Shares**”), subject to certain restrictions as outlined below in this Notice and the additional provisions set forth in the attached Terms and Conditions of Stock Option Award (collectively, the “**Agreement**”).

**Grantee:** [\_\_\_\_\_]

**Type of Option:** Non-Qualified Stock Option

**Exercise Price per Share:** \$\_\_\_\_\_

**Date of Grant:** \_\_\_\_\_

**Total Number of  
Shares Granted:** \_\_\_\_\_

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

**Vesting Schedule:** Subject to the terms of the Plan and this Agreement, the Options shall become earned and vested evenly over [ ] years, with a [ ]% vesting annually at the anniversary date of the Grant Date, in the event the Grantee does not have a Separation from Service prior to the applicable vesting date(s).

No Options shall become earned and vested following Grantee’s Separation from Service, except as expressly provided in this Notice below, as applicable, or as otherwise provided pursuant to the terms of the Plan.

**Exercise After Separation from Service:**

*Separation from Service for any reason other than death or Disability:* any non-vested portion of the Option expires immediately and any vested portion of the Option remains exercisable for ninety (90) days following the Separation from Service; and

*Separation from Service due to death or Disability:* any non-vested portion of the Option expires immediately and any vested portion of the Option remains exercisable for twelve (12) months following the Separation from Service.

**IN NO EVENT MAY THIS OPTION BE EXERCISED AFTER THE EXPIRATION DATE AS PROVIDED ABOVE .**

By signing below, the Grantee agrees that this Non-Qualified Stock Option Award is granted under and governed by the terms and conditions of the Plan and the attached Terms and Conditions.

**Grantee**

**Zumiez Inc.**

\_\_\_\_\_

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

Title: \_\_\_\_\_

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

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

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## TERMS AND CONDITIONS OF STOCK OPTION AWARD

1. Grant of Option. The Option granted to the Grantee and described in the Notice is subject to the terms and conditions of the Plan, which is incorporated by reference in its entirety into these Terms and Conditions of Stock Option Award.

The Board of Directors of the Company has authorized and approved the Plan, which has been approved by the shareholders of the Company. The award to the Grantee of an Option to purchase a number of shares of the Company's Common Stock has been approved by the Company, conditioned upon the Grantee's acceptance of the provisions set forth in the Notice and these Terms and Conditions within 30 days after the Notice and these Terms and Conditions are presented to the Grantee for review. For purposes of the Notice and these Terms and Conditions, any reference to the Company shall include a reference to any Affiliate.

The Company intends that this Option not be considered to provide for the deferral of compensation under Section 409A of the Code and that this Agreement shall be so administered and construed. Further, the Company may modify the Plan and this Award to the extent necessary to fulfill this intent.

### 2. Exercise of Option.

(a) Right to Exercise. This Option shall be exercisable, in whole or in part, during its term in accordance with the Vesting Schedule set out in the Notice of Grant and with the applicable provisions of the Plan and this Agreement. No Shares shall be issued pursuant to the exercise of an Option unless the issuance and exercise comply with applicable laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Grantee on the date on which the Option is exercised with respect to such Shares. Until such time as the Option has been duly exercised and Shares have been delivered, the Grantee shall not be entitled to exercise any voting rights with respect to such Shares and shall not be entitled to receive dividends or other distributions with respect thereto.

(b) Method of Exercise. The Grantee may exercise the Option by delivering an exercise notice in a form approved by the Company (the "**Exercise Notice**") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Shares exercised. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

(c) Acceleration of Vesting Under Certain Circumstances. The vesting and exercisability of the Option shall not be accelerated under any circumstances, except as otherwise provided in the Plan and the Notice.

3. Method of Payment. If the Grantee elects to exercise the Option by submitting an Exercise Notice under Section 2(b) of this Agreement, the aggregate Exercise Price (as well as any applicable withholding or other taxes) shall be paid by cash or check; *provided, however*, that the Company may consent, in its discretion, to payment in any of the following forms, or a combination of them:

(a) cash or check;

(b) a “net exercise” under which the Company reduces the number of shares of Common Stock issued upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate Exercise Price and any applicable withholding, or such other consideration received by the Company under a cashless exercise program approved by the Company in connection with the Plan;

(c) surrender of other shares of Common Stock owned by the Grantee which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the exercised Shares and any applicable withholding; or

(d) any other consideration that the Committee deems appropriate and in compliance with applicable law.

4. Restrictions on Exercise. This Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company, or if the issuance of the Shares upon exercise or the method of payment of consideration for those shares would constitute a violation of any applicable law, regulation or Company policy.

5. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Grantee only by the Grantee; provided, however, that the Grantee may transfer the Option (i) pursuant to a qualified domestic relations order (as defined by the Code or the rules thereunder) or (ii) to any Family Member of the Grantee in accordance with Section 17.11.2 of the Plan by delivering to the Company a Notice of Assignment in a form acceptable to the Company. No transfer or assignment of the Option to or on behalf of a Family Member under this Section 5 shall be effective until the Company has acknowledged such transfer or assignment in writing. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Grantee.

6. Term of Option. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Agreement.

7. Withholding.

(a) The Committee shall determine the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to any income recognized by the Grantee with respect to the Option Award.

(b) The Grantee shall be required to meet any applicable tax withholding obligation in accordance with the provisions of Section 17.3 of the Plan.

(c) Subject to any rules prescribed by the Committee, the Grantee shall have the right to elect to meet any withholding requirement (i) by having withheld from this Award at the appropriate time that number of whole shares of Common Stock whose Fair Market Value is equal to the amount of any taxes required to be withheld with respect to such Award, (ii) by direct payment to the Company in cash of the amount of any taxes required to be withheld with respect to such Award or (iii) by a combination of shares and cash.

8. Defined Terms. Capitalized terms used but not defined in the Notice and these Terms and Conditions shall have the meanings set forth in the Plan, unless such term is defined in any employment or similar agreement between the Grantee and the Company or an Affiliate. Any terms used

in the Notice and these Terms and Conditions, but defined in an employment or similar agreement with the Grantee are incorporated herein by reference and shall be effective for purposes of the Notice and these Terms and Conditions without regard to the continued effectiveness of such employment or similar agreement.

9. Grantee Representations. The Grantee hereby represents to the Company that the Grantee has read and fully understands the provisions of the Notice, these Terms and Conditions and the Plan and the Grantee's decision to participate in the Plan is completely voluntary. Further, the Grantee acknowledges that the Grantee is relying solely on his or her own advisors with respect to the tax consequences of this Award.

10. Regulatory Limitations on Exercises. Notwithstanding the other provisions of this Agreement, the Committee shall have the sole discretion to impose such conditions, restrictions and limitations (including suspending the exercise of the Option and the tolling of any applicable exercise period during such suspension) on the issuance of Common Stock with respect to this Option unless and until the Committee determines that such issuance complies with (i) any applicable registration requirements under the Securities Act or the Committee has determined that an exemption therefrom is available, (ii) any applicable listing requirement of any stock exchange on which the Common Stock is listed, (iii) any applicable Company policy or administrative rules, and (iv) any other applicable provision of state, federal or foreign law, including foreign securities laws where applicable.

11. Miscellaneous.

(a) Notices. Any notice which either party hereto may be required or permitted to give to the other shall be in writing and may be delivered personally, by intraoffice mail, by fax, by electronic mail or other electronic means, or via a postal service, postage prepaid, to such electronic mail or postal address and directed to such person as the Company may notify the Grantee from time to time; and to the Grantee at the Grantee's electronic mail or postal address as shown on the records of the Company from time to time, or at such other electronic mail or postal address as the Grantee, by notice to the Company, may designate in writing from time to time.

(b) Waiver. The waiver by any party hereto of a breach of any provision of the Notice or these Terms and Conditions shall not operate or be construed as a waiver of any other or subsequent breach.

(c) Entire Agreement. These Terms and Conditions, the Notice and the Plan constitute the entire agreement between the parties with respect to the subject matter hereof. Any prior agreements, commitments or negotiations concerning the Award are superseded.

(d) Binding Effect; Successors. These Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and to the extent not prohibited herein, their respective heirs, successors, assigns and representatives. Nothing in these Terms and Conditions, express or implied, is intended to confer on any person other than the parties hereto and as provided above, their respective heirs, successors, assigns and representatives any rights, remedies, obligations or liabilities.

(e) Governing Law. The Notice and these Terms and Conditions shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to the principles of conflicts of law, and applicable Federal law.

(f) Arbitration. The Company and the Grantee shall make a good faith attempt to resolve any and all claims and disputes regarding the Option or the Agreement in accordance with any dispute resolution adopted by the Company before resorting to any other dispute resolution procedure. If the claim or dispute is not resolved in that manner and involves any rights or obligations under the Agreement, then the claim or dispute will be determined by arbitration in accordance with the then-current American Arbitration Association (“AAA”) national rules for the resolution of employment disputes by arbitration, except as modified herein. The arbitration will be conducted by a sole neutral arbitrator who has had both training and experience as an arbitrator of employee compensation matters. If the Company and the Grantee cannot agree on an arbitrator, then the arbitrator will be selected by the AAA applying the criteria in this provision. Reasonable discovery will be permitted and the arbitrator may decide any issue as to discovery. The arbitrator may decide any issue as to whether or as to the extent to which, any dispute is subject to the dispute resolution provisions of this Section 11(f). The arbitrator may award only relief at law contemplated under the Agreement and the Plan and the arbitrator may not award incidental, consequential or punitive damages, attorney’s fees or any form or equitable relief, to either party. The arbitrator must base the arbitration award on the provisions of this Section 11(f) and applicable law and must render the award in writing, including an explanation of the reasons for the award. Judgment upon the award may be entered by any court having jurisdiction of the matter, and the decision of the arbitrator will be final and binding. The statute of limitations applicable to the commencement of a lawsuit will apply to the commencement of an arbitration. The arbitrator’s fees will be paid in equal portions by the Company and the Grantee, unless the Company agrees to pay all such fees.

(g) Venue. Any arbitration, legal or equitable action or any proceeding arising directly, indirectly, or otherwise in connection with, out of, related to or from the Agreement, or any provision hereof, shall exclusively be filed and adjudicated in King County, Washington and no other venue.

(h) Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of these Terms and Conditions.

(i) Conflicts; Amendment. The provisions of the Plan are incorporated in these Terms and Conditions in their entirety. In the event of any conflict between the provisions of these Terms and Conditions and the Plan, the provisions of the Plan shall control. The Agreement may be amended at any time by the Committee, provided that no amendment may, without the consent of the Grantee, materially impair the Grantee’s rights with respect to the Option.

(j) No Right to Continued Employment. Nothing in the Notice or these Terms and Conditions shall confer upon the Grantee any right to continue in the employ or service of the Company or affect the right of the Company to terminate the Grantee’s employment or service at any time.

(k) Further Assurances. The Grantee agrees, upon demand of the Company or the Committee, to do all acts and execute, deliver and perform all additional documents, instruments and agreements which may be reasonably required by the Company or the Committee, as the case may be, to implement the provisions and purposes of the Notice and these Terms and Conditions and the Plan.

(l) Confidentiality. The Grantee agrees that the terms and conditions of the Option award reflected in the Notice and these Terms and Conditions are strictly confidential and, with the exception of Grantee’s counsel, tax advisor, immediate family, or as required by applicable law, have not and shall not be disclosed, discussed, or revealed to any other persons, entities, or organizations, whether within or outside Company, without prior written approval of Company. The Grantee further agrees to take all reasonable steps necessary to ensure that confidentiality is maintained by any of the individuals or entities referenced above to whom disclosure is authorized.

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(m) Personal Data. By accepting the Option award under this Agreement, the Grantee hereby consents to the Company's use, dissemination and disclosure of any information pertaining to the Grantee that the Company determines to be necessary or desirable for the implementation, administration and management of the Plan.

(n) Recovery of Compensation. In accordance with Section 3.3 of the Plan, the Option award is subject to the requirements of (i) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations thereunder, (ii) any policies adopted by the Company to implement such requirements, and (iii) any other compensation recovery policies as may be adopted from time to time by the Company, all to the extent determined by the Committee in its discretion to be applicable to the Grantee.

(o) Change in Control. Notwithstanding anything in this Agreement to the contrary but subject to the provisions of Section 15.3.1(i) of the Plan, if (A) a Change in Control occurs and (B) on or after the Change in Control and on or before the first anniversary of the Change in Control either (1) the Grantee has a Separation from Service by action of the Company or the Grantee's employing Subsidiary for any reason other than Cause (excluding due to the Grantee's death or Disability) or (2) the Grantee has a Separation from Service for Good Reason, then any unearned shares of Restricted Stock shall become immediately earned and vested as of the date of such Separation from Service.

"**Cause**" shall be defined as that term is defined in the Grantee's offer letter or other applicable employment agreement; or, if there is no such definition, "Cause" means any one or more of the following: (i) the Grantee's gross neglect or willful material breach of the Grantee's principal employment responsibilities or duties; (ii) a final judicial adjudication that the Grantee is guilty of any felony (other than a law, rule or regulation relating to a traffic violation or other similar offense that has no material adverse effect on the Company or any of its Subsidiaries); (iii) the Grantee's breach of any non-competition or confidentiality covenant between the Grantee and the Company or any Subsidiary; (iv) fraudulent conduct as determined by a court of competent jurisdiction in the course of the Grantee's employment with the Company or any of its Subsidiaries; or (v) the material breach by the Grantee of any other obligation which continues uncured for a period of 30 days after notice thereof by the Company or any of its Subsidiaries.

"**Good Reason**" shall be defined as that term is defined in the Grantee's offer letter or other applicable employment agreement; or, if there is no such definition, "Good Reason" means the occurrence of any of the following events without the Grantee's consent, provided that the Grantee has complied with the Good Reason Process: (i) a material diminution in the Grantee's responsibility, authority or duty; (ii) a material diminution in the Grantee's base salary except for across-the-board salary reductions based on the Company and its Subsidiaries' financial performance similarly affecting all or substantially all management employees of the Company and its Subsidiaries; or (iii) the relocation of the office at which the Grantee was principally employed immediately prior to a Change in Control to a location more than fifty (50) miles from the location of such office, or the Grantee being required to be based anywhere other than such office, except to the extent the Grantee was not previously assigned to a principal location and except for required travel on business to an extent substantially consistent with the Grantee's business travel obligations at the time of the Change in Control.

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**“Good Reason Process”** means that (i) the Grantee reasonably determines in good faith that a Good Reason condition has occurred; (ii) the Grantee notifies the Company and its Subsidiaries in writing of the occurrence of the Good Reason condition within 60 days of such occurrence; (iii) the Grantee cooperates in good faith with the Company and its Subsidiaries’ efforts, for a period of not less than 30 days following such notice (the **“Cure Period”**), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist following the Cure Period; and (v) the Grantee has a Separation from Service within 60 days after the end of the Cure Period. If the Company or its Subsidiaries cures the Good Reason condition during the Cure Period, and the Grantee has a Separation from Service due to such condition (notwithstanding its cure), then the Grantee will not be deemed to have had a Separation from Service for Good Reason.

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**ZUMIEZ INC**  
**2014 EMPLOYEE STOCK PURCHASE PLAN**

**1. PURPOSE AND EFFECTIVE DATE**

The purpose of the Zumiez Inc. 2014 Employee Stock Purchase Plan (the “**Plan**”) is to provide employees of Zumiez Inc., a Washington corporation (the “**Company**”), and certain of its subsidiaries described in Section 4 (individually a “**Participating Employer**” and collectively the “**Participating Employers**”) with a strong incentive for individual creativity and contribution to ensure the future growth of the Participating Employers by enabling such employees to acquire shares of common stock of the Company (the “**Stock**”), in the manner contemplated by the Plan. Rights to purchase Stock offered pursuant to the Plan are a matter of separate inducement and not in lieu of any salary or other compensation for the services of any employee. The Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended (including all valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or rendered thereunder) (the “**Code**”), and shall be interpreted accordingly. The Plan shall become effective as determined by the Board of Directors of the Company (the “**Board**”), but no rights to purchase shares shall be exercised unless and until the Plan has been approved by the shareholders of the Company, which approval shall be within twelve (12) months before or after the date the Plan is adopted by the Board.

**2. AMOUNT OF STOCK SUBJECT TO THE PLAN; PAYMENT FOR SHARES**

Subject to adjustment as provided herein, the total number of shares of Stock that may be issued pursuant to rights of purchase granted under the Plan shall not exceed 400,000 shares of authorized Stock. Such shares may be authorized but unissued shares. If a right of purchase under the Plan expires or is terminated unexercised for any reason, the shares as to which such right so expired or terminated again may be made subject to a right of purchase under the Plan.

**3. ADMINISTRATION**

(a) General. The Plan shall be administered by the Compensation Committee (the “**Committee**”) of the Board or, in the absence of a Compensation Committee or in the event the Compensation Committee is not properly constituted, by the Board itself (in which case, references herein to the “Committee” include the Board). The Committee shall administer the Plan all as provided herein. The Committee shall hold meetings at such times and places as each may determine and may take action by unanimous written consent or by means of a meeting held by conference telephone call or similar communications equipment pursuant to which all persons participating in the meeting can hear each other. The Committee may request advice or assistance or employ such other persons as each deems necessary for proper administration of the Plan.

(b) Delegation. To the extent necessary or appropriate, the Committee may delegate any of its duties or responsibilities as they pertain to a Participating Employer to such Participating Employer. The Committee or any Participating Employer with the consent of the Committee may appoint or engage any person or persons as a third party administrator to perform ministerial functions pertaining to the issuance, accounting, recordkeeping, forfeiture, exercise, communication, transfer, or any other functions or activities necessary or appropriate to administer and operate the Plan (the “**plan administrator**”).

(c) Other. Subject to the express provisions of the Plan and the requirements of applicable law, the Committee shall have authority, in its discretion, to determine when each offering hereunder of rights to purchase shares (hereinafter “**offering**”) shall be made, the duration of each offering, the dates on which the purchase period for each offering shall begin and end, the total number of shares subject to each offering, the purchase price of shares subject to each offering and the exclusion of any employees pursuant to Section 4. Subject to the express provisions of the Plan, the Committee has authority (a) to construe offerings, the Plan and the respective rights to purchase shares, (b) to prescribe, amend and rescind rules and regulations relating to the Plan and (c) to make all other determinations necessary or advisable for administering the Plan. The determination of the Committee with respect to matters referred to in this Section 3 as within its province shall be conclusive.

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#### 4. ELIGIBILITY

No right to purchase shares shall be granted hereunder to a person who is not an employee of the Company or a subsidiary corporation, now existing or hereafter formed or acquired. As used in the Plan, the terms “**parent corporation**” and “**subsidiary corporation**” shall have the meanings respectively given to such terms in Sections 424(e) and 424(f) of the Code (*i.e.*, generally, corporations that, in an unbroken chain of corporations including the Company, are at least 50%-related to the Company based on total combined voting power). Each offering shall be made to all “**eligible employees**” of the Company and to all eligible employees of any of its subsidiary corporations to which participation in the Plan is extended by the Committee or its delegate from time to time in its discretion. Unless otherwise determined by the Committee, the following classes of employees shall be excluded from participation in an offering under the Plan: (i) employees whose customary employment is 20 hours or less per week; (ii) employees whose customary employment is for not more than 5 months in any calendar year; and (iii) employees who have been employed less than 5 consecutive months prior to the Offering Date. In addition, the following groups of employees shall be excluded from participation in an offering: (i) employees who are citizens or residents of a foreign jurisdiction if the grant of a right to purchase shares under the Plan or offering under the Plan is prohibited under the laws of such jurisdiction or if compliance with the laws of such foreign jurisdiction would cause the Plan or offering to violate the requirements of Section 424 of the Code; and (ii) any employee who, immediately after the grant of a right to purchase stock pursuant to an offering, owns stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or of any subsidiary or parent corporation of the Company (in determining stock ownership of an individual, the rules of Section 424(d) of the Code shall be applied; shares that the employee may purchase under outstanding rights of purchase and options shall be treated as stock owned by him; and the Committee may rely on representations of fact made to it by the employee and believed by them to be true).

#### 5. OFFERINGS

(a) Offering Period. The Committee may make grants to all eligible employees of the Participating Employers of rights to purchase shares under the terms hereinafter set forth. Unless otherwise provided by the express provisions of the Plan, the terms and conditions of each offering shall state its effective date (the “**Offering Date**”), shall define the duration of such offering and the purchase period thereunder (the last trading day of which is referred to herein as the “**Purchase Date**”), shall specify the number of shares that may be purchased thereunder, shall specify the purchase price for such shares and shall specify if any employees are excluded pursuant to Section 4. During the purchase period specified in the terms of an offering, payroll deductions shall be made from such employee’s Eligible Compensation pursuant to Sections 6, 7 and 8. Any stated purchase period shall end no later than 27 months from the effective date of any offering hereunder.

(b) Eligible Compensation. The measure of an employee’s participation in an offering shall be such employee’s Eligible Compensation. For purposes of the Plan “**Eligible Compensation**” means and refers to an eligible employee’s cash compensation paid through a Participating Employer’s payroll system for personal services actually rendered in the course of employment. “Eligible Compensation” shall be limited to amounts received by the eligible employee during the period he or she is participating in the Plan and includes salary, wages and other incentive payments, amounts contributed by the eligible employee to any benefit plan maintained by a Participating Employer (including any 401(k) plan, 125 plan, or any other deferred compensation plan), overtime pay, commissions, draws against commissions, shift premiums, sick pay, vacation pay, and holiday pay, except to the extent that the exclusion of any such item (or a sub-set of any such item) is specifically directed by the Committee for all eligible employees. “Eligible Compensation” does not include any remuneration paid in a form other than cash, fringe benefits (including car allowances and relocation payments), employee discounts, expense reimbursement or allowances, long-term disability payments, workmen’s compensation payments, welfare benefits, and any contributions that a Participating Employer makes to any benefit plan (including any 401(k) plan or any other welfare or retirement plan).

#### 6. PARTICIPATION

An eligible employee may participate in an offering by enrolling (or, if the eligible employee previously discontinued participation in the Plan pursuant to Section 8, by re-enrolling) through the internet website of the plan administrator, or by otherwise completing an electronic enrollment form, prior to the Offering Date or, if the website or electronic enrollment form is unavailable, by completing a payroll deduction authorization form and forwarding it

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to the plan administrator during the enrollment period prior to the Offering Date. The employee must authorize a regular payroll deduction from the employee's Eligible Compensation. An employee shall be considered a "**Participant**" in the Plan as of the Offering Date immediately following his or her enrollment or re-enrollment in the manner specified above and shall continue as a Participant during such offering until the earlier to occur of (i) the first date of the payroll period immediately following the date on which the Participant properly registers a discontinuance to the payroll deduction authorization information then on file with the Committee, the Participating Employer or plan administrator, or as soon as administratively practicable after the first day of such payroll period, or (ii) the date on which the Participant is no longer an eligible employee. Except as the Committee may otherwise determine, an employee shall not automatically continue as a Participant in any subsequent offering unless the employee expressly re-enrolls for such offering prior to the applicable Offering Date.

## **7. DEDUCTIONS OR PAYMENTS**

The Committee, or its designee, shall maintain a payroll deduction account for each Participant. With respect to any offering made under the Plan, a Participant may authorize a payroll deduction of any whole percentage up to a maximum of 15% of the Participant's Eligible Compensation he/she receives during the purchase period specified in an offering. Interest shall not be accrued, payable or credited under this Plan on any amount in the payroll deduction or other Plan account.

## **8. DEDUCTION OR PAYMENT CHANGES**

A Participant may change or discontinue payroll deductions through the plan administrator's website or by otherwise completing an electronic election change form or, if the website is unavailable, by completing a new payroll deduction authorization form and forwarding it to the plan administrator. Any change shall become effective on the first Offering Date after the Participant properly registers the change of the payroll deduction authorization information then on file with the plan administrator, while any discontinuance shall become effective on the first day of the payroll period immediately following the date on which the Participant properly registers the discontinuance of such information, or as soon as administratively practicable after the first day of such payroll period. The Committee may establish limits on the number of times a Participant may be entitled to change or discontinue payroll deductions. Unless otherwise permitted by a third party plan administrator's procedures, if a Participant discontinues payroll deductions for an offering under the Plan, the Participant shall be deemed to have withdrawn from the offering pursuant to Section 9 below.

## **9. WITHDRAWAL OF FUNDS**

A Participant may at any time and for any reason withdraw the entire cash balance then accumulated in such Participant's payroll deduction account and thereby withdraw from participating in an offering. Upon withdrawal of the cash balance in a payroll deduction or other account, such Participant shall cease to be eligible to participate in the offering pursuant to which the withdrawn funds were withheld or received. Partial withdrawals shall not be permitted. Any cash balance withdrawn in accordance with this Section 9 may not be transferred to any payroll deduction or other account maintained for the employee pursuant to another offering, whether under the Plan or under another such plan.

## **10. RIGHT OF PURCHASE — OPTION FOR A MAXIMUM NUMBER OF SHARES**

The right of a Participant to purchase stock pursuant to an offering under the Plan shall be an "option" (and an offering shall be the "grant" of such option, with the Offering Date being the "grant date" of the option) to purchase no more than 5,000 shares (or such lower amount as otherwise provided under the Plan) during a purchase period.

## **11. MAXIMUM ALLOTMENT OF RIGHTS OF PURCHASE**

Any right to purchase shares under the Plan shall be subject to the limitations of Section 423(b)(8) of the Code (generally limiting accrual of the right of any employee to purchase shares under all employee stock purchase plans of the Company and any subsidiary or parent corporation, qualified under Section 423 of the Code, to an annual rate of \$25,000 in fair market value on the Offering Date).

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## 12. PURCHASE PRICE

The purchase price for each share under each right of purchase granted pursuant to an offering shall be as established by the Committee and communicated in the offering consistent with the requirements of Section 423 of the Code, and shall not be less than an amount equal to the lower of (i) eighty-five percent (85%) of the Fair Market Value of the Stock on the Offering Date or (ii) eighty-five percent (85%) of the Fair Market Value of the Stock on the Purchase Date. For purposes of the Plan, “**Fair Market Value**” of a share of Stock as of a particular date means (1) if the Stock is listed on a national securities exchange, the closing or last price of the Stock on the composite tape or other comparable reporting system for the applicable date, or if the applicable date is not a trading day, the trading day immediately preceding the applicable date, or (2) if the shares of Stock are not then listed on a national securities exchange, or the value of such shares is not otherwise determinable, such value as determined by the Board in good faith in its sole discretion.

## 13. METHOD OF PAYMENT

As of each Purchase Date, the payroll deduction account of each Participant for an offering period shall be totaled. On such Purchase Date such Participant shall purchase without any further action, the maximum number of whole shares of Stock (subject to the limitations provided in Sections 10 and 11) possible at a per share purchase price equal to the amount determined under Section 12, together with any fees or charges associated with such purchase, except as otherwise prohibited by law, that can be purchased with the funds in such Participant’s payroll deduction account. The Participant’s payroll deduction or other account shall be charged for the amount of the purchase and shares shall be issued for the benefit of the Participant as soon thereafter as practicable for the shares so purchased, which shares may be issued in nominee name. Except as otherwise prohibited by law, all funds in payroll deduction accounts may be used by the Company for its general corporate purposes as the Board shall determine. Any amount that remains in a Participant’s payroll deduction account after a purchase (i.e., if not sufficient to purchase an additional whole share) shall be carried over for future purchases; however, any funds that remain in a Participant’s payroll deduction account after applying the limitations of Sections 10 and 11 shall be returned to the Participant.

## 14. RIGHTS AS A SHAREHOLDER

Stock purchased under the Plan may be issued in either certificate or book entry form as determined by the Committee. A Participant shall have no rights as a shareholder with respect to any shares covered by a right of purchase until such Stock is issued to the benefit of such Participant, which Stock may be issued in nominee name. No adjustment will be made for dividends (ordinary or extraordinary, whether in cash or in other property) or distributions or other rights for which the record date is prior to the date such Stock is issued, except as provided in Section 16.

## 15. RIGHTS NOT TRANSFERABLE

Rights to purchase shares under the Plan are not transferable by a Participant and may be exercised only by such Participant during such Participant’s lifetime otherwise than by will or laws of descent and distribution.

## 16. ADJUSTMENT OF SHARES

If any change is made in the number, class or rights of shares subject to the Plan or subject to any offering under the Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, split-up, combination of shares, exchange of shares, issuance of rights to subscribe or other change in capital structure), appropriate adjustments shall be made as to the maximum number of shares subject to the Plan and the number of shares and price per share subject to outstanding rights of purchase as shall be equitable to prevent dilution or enlargement of such rights; provided, however, that any such adjustment shall comply with the rules of Section 424(a) of the Code if the transaction is one described in said Section 424(a); provided, further that in no event shall any adjustment be made that would render any offering other than an offering pursuant to an employee stock purchase plan within the meaning of Section 423 of the Code.

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## **17. RETIREMENT, TERMINATION AND DEATH**

In the event of a Participant's retirement or termination of employment, the amount in the Participant's payroll deduction or other Plan account shall be refunded to such Participant and the shares of Stock held for such Participant's benefit by the Plan shall upon request be issued to such Participant, and in the event of such Participant's death, such amount and Stock shall be paid and issued to such Participant's estate or as otherwise provided under applicable law.

## **18. AMENDMENT OF THE PLAN**

This Plan may be amended at any time by the Committee, subject to the approval of the shareholders of the Company to the extent required by Section 423 of the Code, applicable law, or stock exchange listing standards.

## **19. TERMINATION OF THE PLAN**

The Plan and all rights of employees hereunder shall terminate: (i) on the Purchase Date that participating employees become entitled to purchase a number of shares greater than the number of shares that remain available for purchase under the Plan; or (ii) in the discretion of the Committee, upon the completion of any purchase period. In the event that the Plan terminates under circumstances described in (i) above, shares remaining available for purchase under the Plan as of the termination date shall be issued to Participants on a pro rata basis. Any cash balances remaining in Participants' payroll deduction and other Plan accounts upon termination of the Plan shall be refunded as soon thereafter as practicable. The powers of the Committee provided by Section 3 to construe and administer any right to purchase shares granted prior to the termination of the Plan shall nevertheless continue after such termination.

## **20. LISTING OF SHARES AND RELATED MATTERS**

If at any time the Committee shall determine, based on opinion of counsel, that the listing, registration or qualification of the shares covered by the Plan upon any national securities exchange or under any state or Federal or foreign law or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the sale or purchase of shares under the Plan, no shares will be sold, issued or delivered unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to counsel.

## **21. THIRD PARTY BENEFICIARIES**

None of the provisions of the Plan shall be for the benefit of or enforceable by any creditor of a Participant. A Participant may not create a lien on any portion of the cash balance accumulated in such Participant's payroll deduction or other Plan account or on any shares covered by a right to purchase before a stock certificate for such shares is issued for such Participant's benefit.

## **22. GENERAL PROVISIONS**

The Plan shall neither impose any obligation on the Company or on any subsidiary corporation to continue the employment of any Participant or eligible employee, nor impose any obligation on any Participant to remain in the employ of the Company or of any subsidiary corporation. For purposes of the Plan, an employment relationship shall be deemed to exist between an individual and a corporation if, at the time of the determination, the individual was an "employee" of such corporation within the meaning of Section 423(a)(2) of the Code and the regulations and rulings interpreting such Section. For purposes of the Plan, the transfer of an employee from employment with the Company to employment with a subsidiary of the Company, or vice versa, shall not be deemed a termination of employment of the employee. Subject to the specific terms of the Plan, all employees granted rights to purchase shares hereunder shall have the same rights and privileges.

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**23. GOVERNING LAW**

Except where jurisdiction is exclusive to the federal courts or except as governed by federal law, the Plan and rights to purchase shares that may be granted hereunder shall be governed by and construed and enforced in accordance with the laws of the State of Washington.

**Adopted by the Compensation Committee of the Board of Directors on March 11, 2014 and the full Board of  
Directors on March 12, 2014  
Approved by Shareholders on May 21, 2014**

**INDEMNIFICATION AGREEMENT  
OF  
ZUMIEZ INC.**

THIS INDEMNIFICATION AGREEMENT (this “**Agreement**”) is entered into, effective as of May 21, 2014 by and between Zumiez Inc., a Washington corporation (the “**Company**”), and [\_\_\_\_\_] (“**Indemnatee**”).

**ARTICLE I  
Recitals**

A. Indemnatee is a Director and/or Officer of the Company and in such capacity is performing valuable services for the Company.

B. The Company’s Directors and Officers have certain existing indemnification arrangements pursuant to the Articles of Incorporation and the Amended and Restated Bylaws (the “**Bylaws**”) and may be entitled to indemnification pursuant to the Washington Business Corporation Act (the “**WBCA**”). Nevertheless, the Board of Directors of the Company (the “**Board**”) recognizes the limitations on the protection provided by such indemnification and the possible uncertainties as to its availability in any particular situation.

C. The Bylaws specifically provide that the indemnification arrangements provided thereunder are not exclusive, and that contracts may be entered into between the Company and its Directors and Officers with respect to indemnification of such Directors and Officers.

D. The Company has determined that it is reasonable and prudent for the Company to minimize any uncertainty regarding the availability of indemnification protections and that in order to facilitate the Company’s ability to attract and retain qualified individuals to service as Directors and Officers, the Company should act to assure such persons that there will be increased certainty of such protection in the future so that the Company’s Directors and Officers are able to continue to serve free from undue concern that they will not be adequately protected.

E. This Agreement is a supplement to and in furtherance of the Bylaws and any resolution adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any right of Indemnatee thereunder.

F. In order to induce Indemnatee to serve or to continue to serve as a Director or Officer of the Company, the Company has agreed to enter into this Agreement with Indemnatee.

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NOW, THEREFORE, in consideration of the above premises, the mutual covenants and agreements set forth in this Agreement, and of Indemnitee's service to the Company after the date hereof, the Company and Indemnitee agree as follows:

## **ARTICLE II**

### **Certain Definitions**

**"Change in Control"** shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act"), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company (collectively "excluded persons"), is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 30% or more of the total voting power represented by the Company's then outstanding Voting Securities, (defined, for purposes of this Agreement as any securities of the Company that vote generally in the election of Directors) or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new Director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board, or (iii) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the shareholders of the Company or their relative stock holdings), or (iv) a merger in which the Company is the surviving corporation but after which the shareholders of the Company immediately prior to such merger (other than any shareholder that merges, or which owns or controls another corporation that merges with the Company in such merger) cease to own their shares or other equity interest in the Company, or (v) in the event of a dissolution or liquidation of the Company, or (vi) the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Company's assets, or (vii) the acquisition, sale, or transfer of more than 50% of the outstanding shares of the Company occurs by tender offer or similar transaction.

**"Company"** shall include, in addition to the Company named in this Agreement, its Subsidiaries, and any domestic or foreign predecessor entity of this Company, which, in a merger or other transaction, ceased to exist upon the effective date of the transaction. For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; and references to "serving at the request of the Company" shall include any service as a Director, Officer, employee or agent of the Company which imposes duties on, or involves services by, such Director, Officer, employee or agent with respect to an employee benefit plan or its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests" of the Company as referred to in this Agreement.



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**“Expenses”** mean any reasonable expense, liability, or loss, including attorneys’ fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, paid or incurred in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event.

**“Indemnifiable Event”** means any event or occurrence that takes place either prior to or after the effective date of this Agreement, relating to the fact that Indemnatee is or was a Director or an Officer of the Company, or while a Director or Officer is or was serving at the request of the Company as a Director, Officer, employee, trustee, agent, or fiduciary of a subsidiary of the Company or, of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation, or related to anything done or not done by Indemnatee in any such capacity.

**“Independent Legal Counsel”** shall mean an attorney or firm of attorneys, who shall not have otherwise performed services for the Company or Indemnatee within the last three (3) years (other than with respect to matters concerning the rights of Indemnatee under this Agreement, or of other Indemnitees under similar indemnification agreements).

**“Party”** includes an individual who was, is, or is threatened to be named a defendant or respondent in a proceeding.

**“Proceeding”** means any threatened, pending, or complete action, suit, or proceeding, whether civil, criminal, administrative, investigative, and whether formal or informal.

### **ARTICLE III**

#### **Indemnification**

Section 1. *General Agreement.* In the event Indemnatee was, is, or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnatee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader indemnification rights than were permitted prior thereto).

Section 2. *Limitations on Indemnification.* Indemnification shall be provided to any Indemnatee to the fullest extent permitted by the WBCA and subject to its limitations. The Company may not indemnify an Indemnatee unless approved in the specific case after a determination has been made that indemnification of Indemnatee is permissible in the circumstances because Indemnatee has met the applicable Standard of Conduct, as defined in Section 3.3 below.

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Section 3. *Determination and Authorization of Indemnification*. For the purpose of pursuing rights to indemnification, Indemnatee shall submit to the Board a sworn written statement requesting indemnification, including therein such documentation and information as is reasonably available to Indemnatee and is reasonably necessary to determine whether and to what extent Indemnatee is entitled to indemnification and reasonable evidence of all amounts for which such indemnification is requested (together, the sworn statement and the evidence constitutes an “ **Indemnification Statement**”).

Section 3.1. *Presumption of Indemnification*. Submission of an Indemnification Statement to the Board shall create a presumption that Indemnatee is entitled to indemnification hereunder, and the Company shall promptly, and in any event, within sixty (60) calendar days of the final disposition of the Proceeding under which such Indemnatee is seeking indemnification, make the payments requested in the Indemnification Statement to or for the benefit of Indemnatee, unless:

- (a). within such sixty (60) calendar day period it shall be determined by the Company that Indemnatee is not entitled to indemnification under this Article;
- (b). such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption); and
- (c). Indemnatee shall receive written notice of such determination, which notice shall disclose with particularity the evidence upon which the determination is based, and may be given in any manner and by any means permitted under the WBCA.

Section 3.2. *Determination*. At the election of the Chief Executive Officer, the foregoing determination may be made either:

- (a). by the Board by majority vote of a quorum consisting of Directors not at the time parties to the Proceeding;
- (b). if a quorum cannot be obtained under (a) of this subsection above, by majority vote of a committee duly designated by the Board, in which designation Directors who are parties may participate, consisting solely of two or more Directors not at the time parties to the Proceeding;
- (c). by Independent Legal Counsel:
  - (i). selected by the Board or its committee in the manner prescribed in (a) or (b) of this subsection; or
  - (ii) if a quorum of the Board cannot be obtained under (a) of this subsection and a committee cannot be designated under (b) of this subsection, selected by majority vote of the full Board, in which selection Directors who are parties may participate; or

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(d). by the shareholders, but shares owned by or voted under the control of Directors who are at the time parties to the Proceeding may not be voted on the determination.

Section 3.3. *Standard of Conduct.* An individual shall be deemed to have met the “**Standard of Conduct**,” and the Company shall indemnify an individual made a party to a proceeding because the individual is or was a Director and/or Officer against liability incurred in the Proceeding if:

- (a). the individual acted in good faith; and
- (b). the individual reasonably believed:
  - (i). in the case of conduct in the individual’s official capacity with the Company, that the individual’s conduct was in its best interests; and
  - (ii). in all other cases, that the individual’s conduct was at least not opposed to the Company’s best interests; and
  - (iii). in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual’s conduct was unlawful.

Section 3.4. *Exceptions.* Notwithstanding the foregoing, the Company may not indemnify a Director and/or Officer:

- (a). in connection with a Proceeding by or in the right of the Company in which the individual was adjudged liable to the Company; or
- (b). in connection with any other Proceeding charging improper personal benefit to the individual, whether or not involving action in the individual’s official capacity, in which the individual was adjudged liable on the basis that personal benefit was improperly received by the individual.

Indemnification permitted under this Section 3 in connection with a Proceeding by or in the right of the Company is limited to actual and Expenses incurred in connection with the proceeding.

Section 4. *Initiation of Proceeding.* Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against the Company or any Director or Officer of the Company unless (i) the Company has joined in or the Board has consented to the initiation of such Proceeding, (ii) the Proceeding is one to enforce indemnification rights under Section 5, or (iii) the Proceeding is instituted after a Change in Control and Independent Legal Counsel has approved its initiation.

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Section 5. *Expense Advances.* An Indemnitee seeking payment of Expenses in advance of a final disposition of the Proceeding must furnish the Chief Executive Officer or Secretary of the Company (or such other person as may be so designated by the Chief Executive Officer or Secretary), as part of the Indemnification Statement a written affirmation of Indemnitee's good faith belief that Indemnitee has met the standard of conduct required to be eligible for indemnification and a written undertaking, constituting an unlimited general obligation of Indemnitee, to repay the advance if it is ultimately determined that Indemnitee did not meet the required standard of conduct. If the Board determines that indemnification is reasonably likely to be authorized by the Company, Indemnitee's request for advance of Expenses may, at the discretion of the Board, be granted. If Indemnitee has commenced legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, as provided in Section 4, any determination made by the Reviewing Party, as provided in Section 10, that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or have lapsed).

Section 6. *Mandatory Indemnification.* Notwithstanding any other provision of this Agreement (other than Section 7 below), to the extent that Indemnitee has been successful on the merits in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

Section 7. *Partial Indemnification.* If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, liability, or losses actually and reasonably incurred by Indemnitee in an investigation, defense, appeal, or settlement, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses, liabilities or losses to which Indemnitee actually and reasonably incurred in connection thereof.

Section 8. *Other Exceptions to Indemnification.* No indemnification pursuant to this Agreement shall be paid by the Company on account of:

(a) any Proceeding in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Act, as amended, or any similar statute;

(b) any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Act or the Company's executive compensation recapture policy; or

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(c). Expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) which have been paid directly to Indemnitee by an insurance carrier under any D&O liability insurance policy maintained by the Company.

Section 9. *Mutual Acknowledgement*. Both the Company and Indemnitee acknowledge that in certain instances Federal law or applicable public policy may prohibit the Company from indemnifying its Directors, Officers and employees under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

Section 10. *Reviewing Party*. Prior to any Change in Control, the Reviewing Party shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification. After a Change in Control, the Reviewing Party shall be the Independent Legal Counsel referred to below. With respect to all matters arising after a Change in Control (other than a Change in Control approved by a majority of the Directors on the Board who were Directors immediately prior to such Change in Control) concerning the rights of Indemnitee to indemnity payments and Expense advances under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, the Company shall seek legal advice only from Independent Legal Counsel selected by Indemnitee and approved by the Company. Such Independent Legal Counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Legal Counsel and to indemnify fully such against any and all Expenses arising out of or relating to this Agreement or the engagement of Independent Legal pursuant hereto.

#### **ARTICLE IV**

##### **Indemnification Process and Appeal**

Section 1. *Suit to Enforce Rights*. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within sixty (60) calendar days of the final disposition of the Proceeding under which Indemnitee is seeking indemnification, then Indemnitee may but need not, at any time thereafter bring suit against the Company, in any appropriate court having subject matter jurisdiction thereof and in which venue is proper, to recover the unpaid amount of the claim. To the extent successful in whole or in part, Indemnitee shall be entitled to also be paid the Expenses (to be proportionately prorated if Indemnitee is only partially successful) of prosecuting such claim.

Section 2. *Defense to Indemnification, Burden of Proof, and Presumptions*. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Expenses incurred in defending a

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Proceeding in advance of its final disposition where the required undertaking has been tendered to the Company) that is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on the Company. Neither the failure of the Reviewing Party or the Company (including its Board, Independent Legal Counsel, or its shareholders) to have made a determination prior to the commencement of such action by Indemnitee that indemnification of the claimant is proper under the circumstances because Indemnitee has met the Standard of Conduct set forth herein and under applicable law, nor an actual determination by the Reviewing Party or Company (including its Board, Independent Legal Counsel, or its shareholders) that Indemnitee had not met such applicable Standard of Conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable Standard of Conduct. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

Section 3. *Indemnification for Expenses Incurred in Enforcing Rights.* The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall advance such Expenses to Indemnitee, that are incurred by Indemnitee in connection with any claim asserted against or covered action brought by Indemnitee for (i) indemnification of Expenses or Expense advances by the Company under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, and or (ii) recovery under Directors' and Officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, Expense advances, or insurance recovery, as the case may be.

## **ARTICLE V**

### **Notification and Defense of Proceeding**

Section 1. *Notice.* Indemnitee shall promptly notify the Chief Executive Officer or Secretary of the Company (or such other person as may be so designated by the Chief Executive Officer or Secretary) in writing of any Proceeding for which indemnification could be sought under this Article. In addition, Indemnitee shall give the Chief Executive Officer or Secretary (or such other person as may be so designated by the Chief Executive Officer or Secretary) such information and cooperation as the Company may reasonably require and as shall be within Indemnitee's power.

Section 2. *Defense.* With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company shall be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent that it may wish, the Company, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with satisfactory to Indemnitee. Indemnitee's consent to such counsel may not be unreasonably withheld, conditioned, or delayed.

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After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding. However, Indemnitee shall have the right to employ his or her own legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's Expense unless: (i) the employment of legal counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, (iii) after a Change in Control, the employment of counsel by Indemnitee has been approved by the Independent Legal Counsel, or (iv) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which case all Expenses of the Proceeding shall be borne by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which Indemnitee shall have made the determination provided for in (ii) above.

Section 3. *Settlement of Claims.* The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent, provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Legal Counsel has approved the settlement. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. The Company shall not be liable to indemnify Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; the Company's liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement. Neither the Company nor Indemnitee may unreasonably withhold its consent to a proposed settlement.

Section 4. *Non-Exclusivity.* The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Articles of Incorporation, Bylaws, applicable law, or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Articles of Incorporation, Bylaws, applicable law, or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

## **ARTICLE VI**

### **Directors and Officers Liability Insurance**

Section 1. *Optional Insurance, Contract, and Funding.* The Company may:

(a). purchase and maintain insurance, at its expense, to protect itself and any Indemnitee against any liability, whether or not the Company would have power to indemnify the individual against the same liability under Section 23B.08.510 or .520 of the WCBA, or a successor statute;

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(b). in addition to entering into this Agreement may enter into additional contracts with any Indemnatee in furtherance of this Article and consistent with the WCBA; and

(c). create a trust fund, grant a security interest, or use other means (including without limitation a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

## **ARTICLE VII**

### **Miscellaneous**

Section 1. *Amendment of this Agreement.* No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

Section 2. *Subrogation.* In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnatee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

Section 3. *No Duplication of Payments.* The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnatee to the extent Indemnatee has otherwise received payment (under any insurance policy, Bylaw, or otherwise) of the amounts otherwise indemnifiable hereunder.

Section 4. *Binding Effect.* This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, and personal and legal representatives. The indemnification provided under this Agreement shall continue as to Indemnatee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though he or she may have ceased to serve in such capacity at the time of any Proceeding.

Section 5. *Severability.* If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.



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Section 6. *Governing Law.* This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Washington applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

Section 7. *Notices.* All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company.

Section 8. *Entire Agreement.* Subject to the provisions of Article III, Section 1, this Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto.

Section 9. *Retroactivity.* This Agreement shall be deemed to have been in effect during all periods that Indemnitee was a Director and/or Officer of the Company, regardless of the date of this Agreement.

Section 10. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[ Signature Page Follows ]

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IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Indemnification Agreement as of the day specified above.

COMPANY:

ZUMIEZ INC.

By: \_\_\_\_\_  
Richard M. Brooks  
Chief Executive Officer

INDEMNITEE:

\_\_\_\_\_  
Name of Indemnitee (print name)

\_\_\_\_\_  
Signature