

GENERAC HOLDINGS INC.
Form DEF 14A
April 26, 2019

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

GENERAC HOLDINGS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
 - o Fee paid previously with preliminary materials.
 - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

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GENERAC HOLDINGS INC.

S45 W29290 Hwy. 59
Waukesha, Wisconsin 53189

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held June 13, 2019**

To our stockholders,

Notice is hereby given that the 2019 annual meeting of stockholders of Generac Holdings Inc. will be held on Thursday, June 13, 2019, at 9:00 a.m. local time, at Generac corporate headquarters at S45 W29290 Hwy. 59, Waukesha, Wisconsin 53189, for the following purposes:

1. To elect the three nominees named herein as Class I directors;
2. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2019;
3. To vote on an advisory, non-binding "say-on-pay" resolution to approve the compensation of our executive officers;
4. To vote on the approval of the Generac Holdings Inc. 2019 Equity Incentive Plan; and
5. To consider any other matters that may properly come before the meeting or any adjournments or postponements of the meeting.

Holders of record of our common stock at the close of business on April 15, 2019 are entitled to notice of, and to vote at, the annual meeting. Stockholders of record may vote their shares via telephone or over the internet or, if a paper proxy card is requested, by signing, dating and mailing the proxy card in the envelope provided or by delivering any completed proxy card at the annual meeting. Stockholders of record may also vote in person at the annual meeting. Instructions regarding all methods of voting are contained on any Notice of Internet Availability of Proxy Materials or proxy card provided. If your shares are held in the name of a bank, broker, fiduciary or custodian, follow the voting instructions you receive from your record holder.

By Order of the Board of Directors,

Raj Kanuru
Executive Vice President, General Counsel, and Secretary

April 26, 2019

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING, TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING PLEASE VOTE PROMPTLY BY TELEPHONE OR THE INTERNET, OR REQUEST A PROXY CARD TO COMPLETE, SIGN AND RETURN. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO, EVEN IF YOU HAVE PREVIOUSLY SUBMITTED YOUR PROXY.

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GENERAC HOLDINGS INC.

S45 W29290 Hwy. 59
Waukesha, Wisconsin 53189

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

June 13, 2019

INFORMATION CONCERNING SOLICITATION AND VOTING

The Board of Directors (the "*Board of Directors*" or "*Board*") of Generac Holdings Inc. ("*Generac*," "*we*," "*us*," "*our*," or the "*Company*,") is soliciting your proxy to be voted at the Annual Meeting of Stockholders to be held on Thursday, June 13, 2019, at 9:00 a.m. local time, at Generac corporate headquarters at S45 W29290 Hwy. 59, Waukesha, Wisconsin 53189, and any postponement or adjournment thereof.

In accordance with rules and regulations of the Securities and Exchange Commission (the "*SEC*"), instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner, we furnish proxy materials, which include this proxy statement and the accompanying proxy card, notice of meeting, and annual report to stockholders, to our stockholders over the internet unless otherwise instructed by the stockholder. If you received a Notice of Internet Availability of Proxy Materials ("*Notice of Internet Availability*") by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability. The Notice of Internet Availability was first mailed on or before May 1, 2019 to all stockholders of record as of the record date for the annual meeting, which was the close of business on April 15, 2019.

Matters to be Considered

At the meeting, stockholders will be asked to vote to elect the three nominees named herein as Class I directors, to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm, to vote on an advisory, non-binding "say-on-pay" resolution to approve the compensation of our executive officers, and to approve the Generac Holdings Inc. 2019 Equity Incentive Plan. See "PROPOSAL 1 ELECTION OF CLASS I DIRECTORS", "PROPOSAL 2 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM," "PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION," and "PROPOSAL 4 APPROVAL OF GENERAC HOLDINGS INC. 2019 EQUITY INCENTIVE PLAN." The Board of Directors does not know of any matters to be brought before the meeting other than as set forth in the notice of meeting. If any other matters properly come before the meeting, the persons named in the enclosed form of proxy or their substitutes will vote in accordance with their best judgment on such matters.

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Record Date; Stock Outstanding and Entitled to Vote

Holders of common stock as of the record date are entitled to notice of, and to vote at, the annual meeting. As of the record date, there were 62,297,629 shares of common stock outstanding and entitled to vote at the annual meeting, with each share entitled to one vote.

If you are a stockholder of record, you will need to present the Notice of Internet Availability or proxy card that you received, together with a form of personal photo identification, in order to be admitted into the meeting. If you are the beneficial owner of shares held in "street name," you will need to provide proof of ownership, such as a recent account statement or letter from your bank, broker or other nominee as of the close of business on April 15, 2019, along with a form of personal photo identification. Alternatively, you may contact the broker, bank or other nominee in whose name your shares of common stock are registered and obtain a legal proxy to bring to the meeting. Audio or visual recording of any portion of the annual meeting is not permitted. No cameras, recording equipment, large bags, briefcases or packages will be allowed in the meeting or adjacent areas. All other items may be subject to search.

Information About This Proxy Statement

Why you received this proxy statement. These materials have been made available to you on the internet or, upon your request, have been delivered to you in printed form, because our Board of Directors is soliciting your proxy to vote your shares at the annual meeting and any postponement or adjournment thereof. This proxy statement includes information that we are required to provide to you under the rules of the SEC and that is designed to assist you in voting your shares. If you own our common stock in more than one account, such as individually and also jointly with your spouse, you may receive more than one Notice of Internet Availability relating to these proxy materials or copy of these materials themselves. To assist us in saving money and to serve you more efficiently, we encourage you to have all your accounts registered in the same name and address by contacting our transfer agent:

Computershare, Inc.
P.O. Box 43078
Providence, RI 02940-3078
United States of America

By Overnight Delivery:
Computershare Inc.
250 Royall Street
Canton, MA 02021
United States of America

Telephone: 1-800-942-5909
Fax: (312) 601-2312

Householding. The SEC's rules permit us to deliver a single Notice of Internet Availability or set of annual meeting materials to one address shared by two or more of our stockholders. This delivery method is referred to as "householding" and can result in significant cost savings. To take advantage of this opportunity, we have delivered only one Notice of Internet Availability or proxy statement and annual report to multiple stockholders who share an address, unless we received contrary instructions from the impacted stockholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate Notice of Internet Availability or copy of the other proxy materials to any stockholder at the shared address to which a single copy of those documents was delivered. If you are a record holder and if you prefer to receive separate copies of the proxy materials, please contact

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Raj Kanuru, Executive Vice President, General Counsel, and Secretary, Generac Holdings Inc., S45 W29290 Hwy. 59, Waukesha, Wisconsin 53189, or by telephone at (262) 544-4811.

Voting by and Revocation of Proxies

Stockholders of record are requested to vote by proxy in one of the following ways:

By telephone Use the toll-free telephone number shown on the Notice of Internet Availability or any proxy card you receive;

By internet Visit the internet website indicated on the Notice of Internet Availability or any proxy card you receive and follow the on-screen instructions;

By mail If you request a paper proxy card by telephone or internet, you may elect to vote by mail. If you elect to do so, you should date, sign and promptly return your proxy card by mail in the postage prepaid envelope which accompanied that proxy card; or

In person You can deliver a completed proxy card at the meeting or vote in person.

Voting instructions (including instructions for both telephonic and internet proxies) are provided on the Notice of Internet Availability and on any proxy card you receive. The internet and telephone proxy procedures are designed to authenticate stockholder identities, to allow stockholders to give voting instructions and to confirm that stockholders' instructions have been recorded properly. A control number, located on the Notice of Internet Availability or proxy card, will identify stockholders and allow them to submit their proxies and confirm that their voting instructions have been properly recorded. Costs associated with electronic access, such as usage charges from internet access providers and telephone companies, must be borne by the stockholder. If you submit your proxy by internet or telephone, it will not be necessary to return a proxy card for your vote to be counted.

If a stockholder does not submit a proxy by the internet or by telephone or return a signed proxy card, and does not attend the meeting and vote in person, his or her shares will not be voted. Shares of our common stock represented by properly executed proxies received by us or proxies submitted by telephone or via the internet, which are not revoked, will be voted at the meeting in accordance with the instructions contained therein.

If instructions are not given and you do not indicate how your shares should be voted on a proposal, the shares represented by a properly completed proxy will be voted as the Board recommends. In addition, we reserve the right to exercise discretionary authority to vote proxies, in the manner determined by the Board in its sole discretion, on any matters brought before the 2019 annual meeting for which we did not receive adequate notice under the proxy rules promulgated by the SEC.

Any proxy signed and returned by a stockholder or submitted by telephone or via the internet may be revoked at any time before it is exercised by giving written notice of revocation to the Company's Secretary at our address set forth herein, by executing and delivering a later-dated proxy (either in writing, by telephone or via the internet) or by voting in person at the meeting. Attendance at the meeting will not, in and of itself, constitute revocation of a proxy.

If your shares are held in the name of a bank, broker, fiduciary or custodian, follow the voting instructions on the form you receive from your record holder. The availability of internet and telephone proxies for these stockholders will depend on their voting procedures.

Quorum

The presence at the annual meeting, in person or by proxy, of the holders of at least a majority of the number of shares of common stock issued and outstanding and entitled to vote as of the record

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date, is required to constitute a quorum to transact business at the annual meeting. Abstentions and broker non-votes will be counted toward the establishment of a quorum.

Required Votes

Election of Nominees named herein as Class I Directors. Under our Amended and Restated Bylaws (the "Bylaws"), the affirmative vote of a plurality of shares of common stock voting on this matter at the annual meeting is required to elect each nominee named herein as a director. Consequently, only shares that are voted in favor of a particular nominee will be counted toward such nominee's achievement of a plurality. Notwithstanding the foregoing, if a nominee for Director receives more "withheld" or "against" votes for his or her election than votes "for" his or her election in an uncontested election at a meeting of stockholders, the Director shall, in accordance with and subject to our Corporate Governance Guidelines and Principles, promptly tender his or her resignation to the Board.

Ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm. Proposal 2, relating to the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019, will be approved if it receives the affirmative vote of a majority of the shares of common stock represented at the annual meeting and entitled to vote.

Approval of Non-Binding "Say-on-Pay" Resolution Regarding Executive Compensation. Proposal 3, relating to the non-binding resolution to approve our executive compensation, will be approved if it receives the affirmative vote of a majority of the shares of common stock represented at the annual meeting and entitled to vote.

Approval of Generac Holdings Inc. 2019 Equity Incentive Plan. Proposal 4, relating to the approval of the Generac Holdings Inc. 2019 Equity Incentive Plan ("2019 Plan") to replace the Company's Amended and Restated 2010 Equity Incentive Plan ("2010 Plan"), will be approved if it receives the affirmative vote of a majority of the shares of common stock represented at the annual meeting and entitled to vote.

Other Matters. If any other matters are properly presented at the annual meeting for action, including a question of adjourning or postponing the meeting from time to time, the persons named in the proxies and acting thereunder will have discretion to vote on such matters in accordance with their best judgment.

Impact of Abstentions. A shareholder who abstains on Proposal 2, 3 or 4 will have the effect of voting against such proposal.

Shares Held by Brokers

If you are the beneficial owner of shares held for you by a broker, your broker must vote those shares in accordance with your instructions. If you do not give voting instructions to your broker, your broker may vote your shares for you on any discretionary items of business to be voted upon at the annual meeting. If you do not provide voting instructions on a non-discretionary item, including the election of the nominees named herein as directors, the shares will be treated as "broker non-votes." We believe that the ratification of the appointment of Deloitte & Touche LLP (Proposal 2) is a routine matter on which brokers will be permitted to vote any unvoted shares in their discretion. We believe that election of the three nominees named herein as Class I directors (Proposal 1), the advisory, non-binding "say on pay" resolution (Proposal 3), and the approval of the 2019 Plan (Proposal 4) are non-routine matters on which brokers will not be permitted to vote any unvoted shares. "Broker non-votes" will be included in determining the presence of a quorum at the annual meeting, but will have no effect on the outcome of any proposal.

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Proxy Solicitation

We will bear the costs of solicitation of proxies for the annual meeting, including preparation, assembly, printing and mailing of the Notice of Internet Availability, this proxy statement, the annual report, any proxy card and any additional information furnished to stockholders. Copies of our proxy statement will be furnished, upon request, to banks, brokerage houses, fiduciaries and custodians holding shares of common stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation material to such beneficial owners. Solicitation of proxies by mail may be supplemented by telephone, email or personal solicitation by Computershare or by directors, officers, or other regular employees of the Company. No additional compensation will be paid to directors, officers or other regular employees for such services.

Independent Registered Public Accounting Firm

A representative of Deloitte & Touche LLP, our independent accounting firm for the year ended December 31, 2018, will attend the annual meeting, will have an opportunity to make a statement if such representative desires to do so, and will be available to respond to appropriate questions.

Annual Report and Company Information

Our Annual Report to Stockholders, which contains consolidated financial statements for the year ended December 31, 2018, is being furnished to stockholders concurrently herewith. You also may obtain a copy of our Annual Report on Form 10-K for the year ended December 31, 2018 that was filed with the SEC, without charge, by writing to Generac Holdings Inc., Attn: Investor Relations, S45 W29290 Hwy. 59, Waukesha, Wisconsin 53189. These materials will also be available without charge at "Investor Relations" on our website at www.generac.com.

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PROPOSAL 1 ELECTION OF CLASS I DIRECTORS

Our Third Amended and Restated Certificate of Incorporation provides that our Board of Directors is divided into three classes, with each class serving a consecutive three-year term. The term of the current Class I Directors will expire on the date of the 2019 annual meeting, subject to the election and qualification of their respective successors.

In selecting director candidates, the Nominating and Corporate Governance Committee considers whether the candidates possess the required skill sets and fulfill the qualification requirements of directors approved by the Board of Directors, including integrity, objectivity, sound judgment, leadership, and diversity in all aspects of that term, including differences of perspective, professional experience, education, skills, and other individual qualities, such as gender, race, and ethnicity. The following biographies describe the business experience of each director. Following the biographical information for each director below, we have listed qualifications that, in addition to those discussed above, the Board of Directors considered in determining whether to recommend the director be nominated for reelection.

The nominees for election as Class I Directors at the 2019 annual meeting are described below. The Board, upon the recommendation of the Nominating and Corporate Governance Committee of the Board of Directors, has nominated each of the candidates for election. If elected, each of the nominees is expected to serve for a three-year term expiring at the annual meeting of stockholders of the Company in 2022 and until their respective successors have been elected and qualified. The Board of Directors expects that each of the nominees will be available for election as a director. However, if by reason of an unexpected occurrence, one or more of the nominees is not available for election, the persons named in the form of proxy have advised that they will vote for such substitute nominees as the Board of Directors may nominate.

The Board of Directors recommends a vote *FOR* the Company's nominees for Class I Directors.

Nominees for Election

**Name and present position,
if any, with the Company
Class I Directors**

Age, period served as a director, other business experience

John D. Bowlin

Age: 68

Generac Director since December 2006

Business Experience:

2008-2011: Consultant to CCMP Capital Advisors, LLC

1985-2003: Held various leadership positions with Philip Morris Companies, Inc. and Miller Brewing Company, including

President, Oscar Mayer Food Corporation,

President and Chief Operating Officer, Miller Brewing Company,

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President and Chief Operating Officer, Kraft Foods North America,

President, Kraft International, Inc., and

President and Chief Executive Officer, Miller Brewing Company.

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Name and present position,
if any, with the Company

Age, period served as a director, other business experience
Other Board Experience:

Former Director of the Schwan Food Company and Quiznos

Former Director and Non-Executive Chairman of

Vitamin Shoppe, Inc.,

Spectrum Brands, and

Pliant Corporation.

Mr. Bowlin has extensive leadership skills and operations experience in senior positions, including as Chairman, Chief Executive Officer and Chief Operating Officer for a number of private companies and divisions of public companies.

Mr. Bowlin holds a Bachelor of Business Administration from Georgetown University and a Master of Business Administration from Columbia University.

Aaron P. Jagdfeld
President and Chief Executive Officer

Age: 47

Generac Director since November 2006, President and Chief Executive Officer since September 2008, and Chairman since February 2016

Business Experience:

2007: President of Generac, responsible for sales, marketing, engineering, and product development

2002 - 2006: Chief Financial Officer, Generac

1994 - 2001: Finance Department, Generac

Prior to 1994: Audit Practice, Deloitte & Touche, LLP

Other Board Experience:

Current Director of The Hillman Group

As the Chief Executive Officer and the only management representative on the Board, Mr. Jagdfeld provides valuable insight to the Board into the day-to-day business issues facing the Company. Since joining the Company, he has navigated a number of challenges, including our initial public offering, the significant increase in sales, numerous acquisitions and our international expansion. Mr. Jagdfeld has extensive finance and operational experience and has high-level leadership experience in several prior positions.

Mr. Jagdfeld holds a Bachelor of Business Administration in Accounting from the University of Wisconsin-Whitewater.

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**Name and present position,
if any, with the Company**

Andrew G. Lampereur

Age, period served as a director, other business experience

Age: 56

Generac Director since March 2014

Business Experience:

2000 - 2017: Executive Vice President and Chief Financial Officer, Actuant Corporation, a global diversified company that designs and manufactures industrial products and systems

1999 - 2000: Applied Power (Actuant) Business Development Leader

1998 - 1999: Vice President and General Manager-Distribution, Gardner Bender (Actuant subsidiary)

1996 - 1998: Vice President Finance, Gardner Bender

1993 - 1996: Corporate Controller, Actuant Corporation

Prior to 1993: Held various financial positions with Fruehauf Trailer Corporation, Terex Corporation, and Price Waterhouse

Other Board Experience:

Previous Director of Robbins & Myers

Mr. Lampereur contributes over 26 years of senior-level financial experience in a variety of businesses complementary to Generac, including as a chief financial officer and director of a public company.

Mr. Lampereur graduated with a Bachelor of Business Administration from St. Norbert College. He is also a Certified Public Accountant.

Other Members of the Board of Directors

Including the nominees, the Board of Directors currently consists of ten (10) directors, each of whom, other than the nominees, is described below. The terms of the Class II Directors expire at the 2020 Annual Meeting of Stockholders, subject to the election and qualification of their respective successors. The terms of the Class III Directors expire at the 2021 Annual Meeting of Stockholders, subject to the election and qualification of their respective successors.

Age, period served as a director, other business experience

**Name and present position,
if any, with the Company
Class II Directors**

Todd A. Adams

Age: 48

Generac Director since October 2013, including Lead Director from February 2016 to February 2018. As previously disclosed, Mr. Adams intends to resign from the Board of Directors effective May 1, 2019.

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**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

Business Experience:

2009-Current: President, Chief Executive Officer, Rexnord Corporation, an industrial company

2004 - 2009: Held various positions at Rexnord Corporation, including Chief Financial Officer and President of the Water Management platform

Prior to 2004: Held various positions at The Boeing Company, APW Ltd., and Applied Power Inc. (currently Actuant Corporation)

Other Board Experience:

Current Director of Rexnord Corporation, since October 2009

Current Director of Badger Meter, Inc.

Mr. Adams brings to Generac extensive management and leadership experience gained in such senior roles as Chief Executive Officer and Chief Financial Officer for a public company.

Mr. Adams earned his Bachelor of Business Administration in Finance from Eastern Illinois University.

Bennett J. Morgan

Age: 55

Generac Director since November 2013, including election as Lead Director in February 2018
Business Experience:

2005 - 2016: President and Chief Operating Officer, Polaris Industries Inc., a manufacturer of power sports vehicles ("Polaris")

2004 - 2005: Vice President and General Manager, ATV Division, Polaris

2001 - 2004: General Manager, ATV Division, Polaris

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1997 - 2001: General Manager, PGA Division, Polaris

1987 - 1997: Various marketing, product development, and operations positions at Polaris Industries

Mr. Morgan brings to Generac extensive leadership skills, and over 25 years of expertise in international consumer durables products, dealer distribution, and product development and innovation in such senior roles as President and Chief Operating Officer.

Mr. Morgan earned his Master of Business Administration from the Carlson School of Management at the University of Minnesota and his Bachelor of Science in Economics from St. John's University.

Dominick P. Zarcone

Age: 60

Generac Director since January 2017

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**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

Business Experience:

2017-Current: President and Chief Executive Officer of LKQ Corporation, a global distributor of vehicle parts and accessories

2015 - 2017: Chief Financial Officer, LKQ Corporation

2011 - 2015: Managing Director and Chief Financial Officer of Baird Financial Group, a capital markets and wealth management company, and certain of its affiliates

2011 - 2015: Treasurer of Baird Funds, Inc., a family of fixed income and equity mutual funds managed by Robert W. Baird & Co. Incorporated, a registered broker/dealer

1995 - 2011: Managing Director of the Investment Banking department of Robert W. Baird & Co. Incorporated

1986 - 1995: Held various positions with investment banking company Kidder, Peabody & Co., Incorporated, most recently as Senior Vice President of Investment Banking

Other Board Experience:

Current Director of LKQ Corporation, since 2017

Mr. Zarcone brings to Generac extensive management and leadership experience as a senior executive gained in roles as Chief Executive Officer and Chief Financial Officer of a public corporation, and over 25 years of expertise in investment banking and capital markets.

Mr. Zarcone earned his Bachelor of Science in Finance from the University of Illinois at Urbana-Champaign and Master of Business Administration from the University of Chicago Graduate School of Business.

Class III Directors

Robert D. Dixon

Age: 59

Generac Director since March 2012

Business Experience:

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2014 - 2016: Chairman and CEO of Natural Systems Utilities LLC, a distributed water infrastructure company

2012 - 2014: Chief Executive Officer of Seven Seas Water Corporation, an international services corporation

1983 - 2011: Held various leadership roles at Air Products and Chemicals, Inc., including Senior Vice President & General Manager

Other Board Experience:

Current Director of Valicor Environmental Services, a private equity-owned company that is one of the largest providers of non-hazardous wastewater treatment services in North America.

Mr. Dixon brings to Generac over 30 years of global management, operations and finance experience.

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**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

Mr. Dixon earned a Master of Business Administration from Pennsylvania State University and a Bachelor of Business Administration from Miami University. He also attended the Advanced Management Program at INSEAD in Fontainebleau, France.

David A. Ramon

Age: 63

Generac Director since April 2010

Business Experience:

2014 - 2018: Chairman and Chief Executive Officer of Diversified Maintenance, a specialized facility services company

1998 - Current: Founder and Managing Partner of Vaduz Partners, a private investment firm

2000 - 2007: President, Chief Executive Officer, and Director of USA.NET, Inc.

1997 - 1998: President, Coleman Outdoor Recreation Group

1994 - 1997: Held various senior management positions, including President and Chief Operating Officer of New World Television, Inc. and Director of New World Communications Group, Inc.

1982 - 1994: Executive Vice President and Chief Financial Officer of Gillett Holdings, Inc.

Prior to 1982: Arthur Young & Company

Mr. Ramon brings to Generac more than 30 years of broad management, operations, and investment experience with both established and emerging companies. Mr. Ramon has leadership and financial experience, including as CEO, COO, President and CFO of a number of private and public companies.

Mr. Ramon earned a Bachelor of Business Administration degree in accounting from the University of Wisconsin.

William D. Jenkins, Jr.

Age: 53

Generac Director since March 2017

Business Experience:

2012 - Current: President & Chief Executive Officer of Barracuda Networks, a private network technology company

1998 - 2012: Held various positions at EMC Corporation, an information infrastructure company, including President of the Backup Recovery Systems division

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**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

Other Board Experience:

Current Director of Barracuda Networks

Current Director of Sumo Logic

Former Lead Director and member of Compensation and Audit Committees for Apigee Corporation (acquired by Google, Inc.)

Former Director and member of Audit Committee for Nimble Storage, Inc. (acquired by Hewlett Packard Enterprise Company)

Mr. Jenkins brings to Generac extensive management and leadership experience gained in such senior roles as Chief Executive Officer for a technology company.

Mr. Jenkins holds a Bachelor of Science degree in general engineering from the University of Illinois and a Master of Business Administration degree from Harvard Business School.

Kathryn V. Roedel

Age: 58

Generac Director since December 2016

Business Experience:

2005 - 2016: Held various leadership roles at Select Comfort Corporation, a manufacturer of mattresses and sleep-related products, including

Executive Vice President and Chief Services and Fulfillment Officer

Executive Vice President, Product and Service, and

Senior Vice President, Global Supply Chain.

1983 - 2005: Held various leadership roles at GE, including

General Manager, Global Supply Chain Strategy, GE Healthcare,

General Manager, Global Quality and Six Sigma, GE Healthcare,

Vice President Technical Operations and Director/Vice President of Quality Programs for GE Clinical Services, a division of GE Healthcare, and

Various roles in Sourcing, Engineering, and Manufacturing at GE Information Services and GE Healthcare.

Other Board Experience:

Current Director of The Jones Family of Companies, a private, family-owned manufacturer serving the mattress and janitorial industries

Current Director of Columbus McKinnon Corporation, a public company that designs and manufactures material handling systems

Ms. Roedel has over 30 years of extensive global general management, operations, supply chain and services experience.

Ms. Roedel graduated with a B.S., Mechanical Engineering from Michigan State University.

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CORPORATE GOVERNANCE

Board of Directors Independence Standards for Directors

Pursuant to our Corporate Governance Guidelines and Principles, a copy of which is available on our website at www.generac.com, the Board of Directors is required to affirmatively determine whether our directors are independent under the listing standards of the New York Stock Exchange ("NYSE"), the principal exchange on which our common stock is traded.

During its annual review of director independence, the Board of Directors considers all information it deems relevant, including without limitation any transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates. The Board of Directors also considers the recommendations of the Nominating and Corporate Governance Committee, which conducts a separate independence assessment of all directors as part of its nomination process for the Board of Directors and its respective committees. The purpose of this review is to determine whether any such relationship or transaction is considered a "material relationship" that would be inconsistent with a determination that a director is independent. The Board of Directors has not adopted any "categorical standards" for assessing independence, preferring instead to consider all relevant facts and circumstances in making an independence determination including, without limitation, applicable independence standards promulgated by the NYSE.

As a result of this review, the Board of Directors affirmatively determined that John Bowlin, Robert Dixon, David Ramon, Kathryn Roedel, Bennett Morgan, Todd Adams, Andrew Lampereur, Dominick Zarcone and William Jenkins are independent directors under the applicable rules of the NYSE.

Committees of the Board of Directors

Our Board of Directors has three standing committees: an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. Our Board of Directors has adopted charters for each of its standing committees. Copies of our committee charters are posted on our website at www.generac.com.

Audit Committee

The members of the Audit Committee are Andrew Lampereur (Chair), David Ramon, Robert Dixon and Dominick Zarcone. The Board has determined that each of Messrs. Lampereur, Ramon, Dixon, and Zarcone is an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K, and the Board is satisfied that all members of our Audit Committee have sufficient expertise and business and financial experience necessary to effectively perform their duties as members of the Audit Committee. All members of the Audit Committee meet all applicable independence standards under the NYSE corporate governance standards and applicable SEC and IRS rules.

The Audit Committee, among other things, assists the Board of Directors in fulfilling its responsibility relating to (a) the integrity of our financial statements, (b) our systems of internal controls and disclosure controls and procedures, (c) our compliance with applicable law and ethics programs, (d) the annual independent audit of our financial statements, and (e) the evaluation of financial and enterprise risks. In connection with its review of the Company's financial statements, the Audit Committee receives reports from the Company's Chief Financial Officer and the Company's independent registered public accounting firm regarding significant risks and exposures and assesses management's steps to minimize them. The Audit Committee also reviews material legal and regulatory matters and compliance with significant applicable legal, ethical, and regulatory requirements, and receives reports from the Company's management relating to these matters.

In discharging its duties, the Audit Committee has the sole authority to select, retain, oversee, and terminate, if necessary, the independent registered public accounting firm, review and approve the

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scope of the annual audit, review and pre-approve the engagement of our independent registered public accounting firm to perform audit and non-audit services, meet independently with our independent registered public accounting firm and senior management, review the integrity of our financial reporting process and review our financial statements and disclosures and certain SEC filings and financial press releases.

The Audit Committee formally met nine (9) times in 2018, and members of the Audit Committee also met informally among themselves, with management and with other members of the Board from time to time. Decisions regarding audit-related matters were approved by our Board after taking into account the recommendations of the Audit Committee and its members. The Audit Committee maintains a committee charter and meets with our independent registered public accounting firm without management present on a regular basis.

Compensation Committee

The members of the Compensation Committee are John Bowlin (Chair), Bennett Morgan, and William Jenkins. All members of the Compensation Committee meet all applicable independence standards under the NYSE corporate governance standards and applicable SEC and IRS rules.

The Compensation Committee plays an integral role in the Company's processes and procedures for the consideration and determination of executive and director compensation. The Compensation Committee determines the compensation policies and individual compensation decisions for our executive officers, and ensures that these policies and decisions are consistent with overall corporate performance. The Compensation Committee, in conjunction with the Nominating and Corporate Governance Committee as needed, reviews the form and amount of director compensation and makes recommendations to the Board related thereto. The Compensation Committee has the authority to approve all stock option grants and other equity awards to our employees, directors, and executive officers. The Compensation Committee also reviews and recommends to the Board of Directors the target annual incentive pool, the annual performance objectives for participants, and actual payouts to participants, including the executive officers. In setting compensation, the Compensation Committee works with its independent compensation consultant and management to create incentives that encourage an appropriate level of risk-taking that is consistent with the Company's business strategy and maximization of stockholder value.

The Compensation Committee has decision-making authority with respect to all compensation decisions for our executive officers, including annual incentive plan awards and grants of equity awards. The Compensation Committee is responsible for finalizing and approving the performance objectives relevant to the compensation of our CEO and other executive officers.

The Compensation Committee's recommendations are developed with input from our CEO and, where appropriate, other senior executives. The Compensation Committee reviews management recommendations and input from compensation consultants, along with other sources of data when formulating its independent recommendations to the Board of Directors. A discussion and analysis of the Company's compensation decisions regarding the executive officers named in the Summary Compensation Table appears in this proxy statement under the heading "EXECUTIVE COMPENSATION Compensation Discussion and Analysis."

To assist it in performing its duties, the Compensation Committee has the authority to engage outside consulting firms. The Compensation Committee engaged Willis Towers Watson & Co. ("Willis Towers Watson") as its independent compensation consultant effective September 2014. In its capacity as outside and independent compensation consultants, Willis Towers Watson reports directly to the Compensation Committee.

The Compensation Committee has sole authority to replace compensation consultants retained from time to time, and to hire additional Compensation Committee consultants at any time.

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Representatives from outside consulting firms engaged by the Compensation Committee attend meetings of the Compensation Committee, as requested, and communicate with the Chairman of the Compensation Committee between meetings.

The Compensation Committee assessed the independence of Willis Towers Watson pursuant to applicable SEC rules and concluded that no conflict of interest exists that would prevent Willis Towers Watson from independently advising the Compensation Committee.

The Compensation Committee reviews and discusses with management proposed Compensation Discussion and Analysis disclosures and determines whether to recommend the Compensation Discussion and Analysis to the Board of Directors for inclusion in the Company's proxy statement and annual report. The recommendation is described in the Compensation Committee Report included in this proxy statement.

The Compensation Committee formally met five (5) times in 2018, and members of the Compensation Committee also met informally among themselves, with management and with other members of the Board and Willis Towers Watson from time to time. Decisions regarding executive compensation were approved by our Board after taking into account the recommendations of the Compensation Committee and its members.

Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are Robert Dixon (Chair), Bennett Morgan, and Kathryn Roedel. All members of the Nominating and Corporate Governance Committee meet all applicable independence standards under the NYSE corporate governance standards and applicable SEC and IRS rules.

The Nominating and Corporate Governance Committee (a) identifies candidates to serve as directors and on committees of the Board of Directors, (b) develops, recommends, and reviews our corporate governance guidelines on a regular basis, and (c) assists the Board of Directors in its annual review of the Board of Directors' performance. The Nominating and Corporate Governance Committee also undertakes such other tasks delegated to the committee by the Board of Directors.

The Nominating and Corporate Governance Committee formally met four (4) times in 2018, but members of the Nominating and Corporate Governance Committee met informally among themselves, with management and other members of the Board from time to time. Decisions regarding board nominations and corporate governance-related matters were approved by our Board after taking into account the recommendations of the Nominating and Corporate Governance Committee members.

Criteria for Director Nominees

In selecting director candidates, the Nominating and Corporate Governance Committee considers whether the candidates possess the required skill sets and fulfill the qualification requirements of directors approved by the Board of Directors, including integrity, objectivity, sound judgment, leadership and diversity in all aspects of that term, including differences of perspective, professional experience, education, skills, and other individual qualities, such as gender, race, and ethnicity. Annually, the Nominating and Corporate Governance Committee assesses the composition of the Board of Directors, including the Committee's effectiveness in balancing the above considerations.

Other than the foregoing, there are no minimum criteria for director nominees, although the Nominating and Corporate Governance Committee may consider such other factors as it may deem are in the best interests of the Company and its stockholders. The Nominating and Corporate Governance Committee does not assign specific weights to, and a potential or incumbent director will not necessarily satisfy all of, the foregoing criteria and in evaluating a candidate does not distinguish on the basis of whether the candidate was recommended by a stockholder. Accordingly, the Nominating and Corporate Governance Committee does not have a formal diversity policy but considers diversity in all

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aspects of that term, as noted above, as a component of evaluating the composition of the Board of Directors in connection with the annual nomination process.

Process for Identifying and Evaluating Director Nominees

The Nominating and Corporate Governance Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board of Directors with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board of Directors with that of obtaining a new perspective. If any member of the Board of Directors does not wish to continue in service or if the Nominating and Corporate Governance Committee decides not to re-nominate a member for re-election, the Nominating and Corporate Governance Committee identifies the desired skills and experience of a new nominee based on the criteria listed above. Current members of the Nominating and Corporate Governance Committee and Board of Directors are polled for suggestions as to individuals meeting the criteria of the Nominating and Corporate Governance Committee. Executive search firms may also be retained to identify qualified individuals.

Stockholder Nominations

Our Bylaws contain provisions which address the process by which a stockholder may nominate an individual to stand for election to the Board of Directors at the Company's annual meeting of stockholders. To make a nomination for election to the Board of Directors, a stockholder must submit his or her nomination by providing the person's name and appropriate background and biographical information by writing to the Nominating and Corporate Governance Committee at Generac Holdings Inc., Attn: Raj Kanuru, Executive Vice President, General Counsel, and Secretary, S45 W29290 Hwy 59, Waukesha, Wisconsin 53189. A stockholder's nomination must be received by the Company's Secretary (i) no later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the first anniversary of the previous year's annual meeting of stockholders, (ii) in the event the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Company, or (iii) in the case of a special meeting of stockholders called for the purpose of electing directors, not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the date on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. A stockholder nomination must be accompanied by the information required by the Bylaws with respect to a stockholder director nominee.

We may require any proposed nominee to furnish other information as we may reasonably require to determine the eligibility of the proposed nominee to serve as a director of the Company. See "PROPOSALS BY STOCKHOLDERS" for the deadline for nominating persons for election as directors at our 2020 annual meeting of stockholders.

Board of Directors Role in Risk Oversight

Our Board and management continually monitor the material risks facing our Company, including financial risk, strategic risk, operational risk, and legal and compliance risk. Management regularly reports to the Board on its activities in monitoring and mitigating such risks. Overall responsibility for risk oversight rests with our Board. In addition, the Board may delegate risk oversight responsibility to

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a particular committee in situations in which the risk falls within the committee's area of focus or expertise. Our Board believes that for certain areas of risk, our Company is better served by having the initial risk evaluation and risk monitoring undertaken by a subset of the entire Board that is more focused on the issues pertaining to the particular risk. For instance, our Compensation Committee assists the Board in evaluating risks relating to our compensation policies and procedures. Also, our Audit Committee assists the Board in fulfilling the Board's oversight responsibility relating to the evaluation of financial and enterprise risks, including environmental, health & safety, product regulatory, and social matters. As it deems necessary and on at least an annual basis, the respective committee to which oversight and monitoring of a particular risk has been assigned reports on risk exposures and mitigation strategies with respect to such risk to the entire Board.

Board of Directors Leadership Structure

Aaron Jagdfeld has served as a director of the Company since 2006 and is the Company's Chairman of the Board, President and Chief Executive Officer. Bennett Morgan serves as Lead Director. The Lead Director has broad responsibility and authority, including to:

Review the agendas for and preside over meetings of the independent directors.

Preside at all meetings of the Board of Directors at which the Chairman is not present, including executive sessions of the independent directors.

Call meetings of the independent directors.

Serve as the principal liaison between the Chairman and the independent directors.

Consult with the Chairman regarding:

Information sent to the Board of Directors, including the quality, quantity, appropriateness, and timeliness of such information.

Meeting agendas for the Board of Directors.

The frequency of Board of Directors meetings and meeting schedules, assuring there is sufficient time for discussion of all agenda items.

Be available, when appropriate, for consultation and direct communication with stockholders.

Select, retain, and consult with outside counsel and other advisors as the Lead Director deems appropriate.

Periodically, our Board assesses these roles and the board leadership structure to ensure the interests of the Company and its stockholders are best served. Our Board has determined that its current structure, with a combined Chairman and CEO role and an independent Lead Director is in the best interests of the Company and its stockholders at this time based on a number of factors, including:

A combined Chairman and CEO structure provides the Company with decisive and effective leadership with clearer accountability to our stockholders and customers.

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The combined role is both counterbalanced and enhanced by the effective oversight and independence of our Board of Directors, and the independent leadership provided by our Lead Director and independent committee chairs.

The Board believes that the appointment of a strong independent Lead Director and the use of regular executive sessions of the non-management Directors, along with the Board's strong committee system and all Directors being independent except for Mr. Jagdfeld, allow it to maintain effective oversight of management.

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Stockholders and other parties interested in communicating directly with Mr. Morgan as Lead Director may do so by writing to Mr. Morgan, c/o Generac Holdings Inc., S45 W29290 Hwy. 59, Waukesha, Wisconsin 53189.

Attendance at Meetings

It is our policy that each director is expected to dedicate sufficient time to the performance of his or her duties as a director, including by attending meetings of the stockholders, Board of Directors and committees of which he or she is a member. All ten members of the Board of Directors attended the 2018 Annual Meeting of Stockholders.

In 2018, the Board of Directors held six (6) meetings (including regularly scheduled and special meetings) and took action by unanimous written consent from time to time. All incumbent directors attended at least 75% of (i) the total number of meetings of the Board of Directors (held during the period for which he or she has been a director); and (ii) the total number of meetings held by all committees on which he or she served (during the periods that he or she served).

Stockholder Communications with the Board of Directors

Stockholders and other parties interested in communicating directly with the Board of Directors, whether individually or as a group, may do so by writing to the Board of Directors, c/o Generac Holdings Inc., S45 W29290 Hwy. 59, Waukesha, Wisconsin 53189. The Secretary will review all correspondence and regularly forward to the Board of Directors all such correspondence that, in the opinion of the Secretary, deals with the functions of the Board of Directors or committees thereof or that the Secretary otherwise determines requires attention. Concerns relating to accounting, internal controls, or auditing matters will immediately be brought to the attention of the Chairman of the Audit Committee. We have adopted a Whistleblower Policy, which establishes procedures for submitting these types of concerns, either personally or anonymously through a toll free telephone "hotline" or web transmission operated by an independent party. Our Whistleblower Policy can be found on the Company's website at www.generac.com.

Stockholders and other parties interested in communicating directly with Andrew Lampereur, as Chairman of the Audit Committee, may do so by writing to Mr. Andrew Lampereur, Chairman, Audit Committee, c/o Generac Holdings Inc., S45 W29290 Hwy. 59, Waukesha, Wisconsin 53189.

Code of Ethics and Business Conduct

We have adopted a Code of Ethics and Business Conduct (the "*Code*"), that applies to all of our directors, officers and employees, including our principal executive officer and principal financial accounting officer. In addition, we have adopted a Supplemental Code of Ethics and Conduct (the "*Supplement*") that applies to all of our directors and executive officers, including our principal executive officer and principal financial accounting officer. The Code and Supplement are both posted on our website at www.generac.com. Any amendments to, or waivers under, our Code or Supplement which are required to be disclosed by the rules promulgated by the SEC will be disclosed on the Company's website at www.generac.com.

Corporate Governance Guidelines and Principles

We have adopted Corporate Governance Guidelines and Principles. These guidelines outline the role of our Board of Directors, the composition and operating principles of our Board of Directors and its committees and our Board of Directors' working process. Our Corporate Governance Guidelines and Principles are posted on our website at www.generac.com.

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Environmental, Social, and Governance Practices

Generac's mission is to ensure peace of mind by developing power products and solutions that make the world safer, brighter, and more productive. In furthering that mission, Generac takes seriously its environmental, social, and governance ("ESG") responsibilities, and in the course of its business encounters and manages a broad range of such ESG matters. We have identified the below ESG categories as among the most relevant to our business and of interest to key stakeholders.

Environmental, Health, and Safety

We are committed to developing environmentally responsible products and processes, and care about the safety and well-being of our employees, their families, and our communities. We demonstrate this commitment through the following:

Upholding our comprehensive Corporate Regulatory Compliance and Environmental Protection Policy and Corporate Safety Handbook

Deploying both a Corporate and numerous facility Health & Safety Committees to ensure employee and contractor safety

Maintaining ISO 14001 Certification for our Corporate Environmental Management System

Continually training and educating our employees and contractors on their responsibility to identify work that is unsafe or environmentally unsound and to help mitigate potential negative impacts

Implementing and monitoring a long-term "Vision Zero" plan, under which we evaluate and take advantage of reducing materials and waste throughout our operating facilities

Providing innovative product solutions that utilize natural gas (including bi-fuel options), offering significant environmental benefits compared to diesel products

Being a leader in LED and hybrid light tower technology, which provide for more fuel efficient operations

Investing in energy monitoring and management solutions, which provide customers the information and control necessary to allow them to reduce their overall energy consumption

Social Responsibility

We practice the highest ethical standards by honoring our commitments and treating everyone with fairness, trust and respect. We also believe our success is directly tied to our employees' personal and professional growth, and recognize their achievements and share in our mutual success. We demonstrate these values through the following:

Promoting an inclusive corporate culture that prohibits discrimination and harassment and encourages diversity

Performing an annual employee engagement survey to monitor and improve employee satisfaction

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Enforcing strong policies related to anti-corruption and anti-competitive practices

Holding suppliers to high ethical standards under our Supplier Code of Conduct

Being an Equal Opportunity Employer with affirmative action plans in place to ensure that qualified applicants and employees are receiving an equal opportunity for recruitment, selection, and advancement

Maintaining an employee wellness program

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Engaging in numerous community outreach and charitable activities, including fundraisers for charitable nonprofit organizations, supporting local youth education (including STEM and apprenticeship opportunities), and donating to over 180 community organizations in 2018

Providing storm relief services to communities affected by major weather-related power outages through free technical support and direct emergency product repairs in affected regions

Governance

Our Company is committed to good corporate governance and believes in maintaining policies and practices that serve the interests of all stockholders, including the following:

Board oversight of the Company's risk management framework, as well as its risk assessment and management practices

Adopting and enforcing our Code of Ethics and Business Conduct

Adhering to our Corporate Governance Guidelines and Principles

Regularly engaging with stockholders to seek their feedback on the Company's strategy, performance, and ESG practices

Routinely reviewing the need for Board and Committee refreshment

Maintaining a strong control environment and making effective controls an integral part of our routine business practices

Political Contributions

It is Generac's policy that Company funds or assets will not be used to make a political contribution to any political party or candidate, unless approval has been given by the Board of Directors or its authorized designee. In total, Generac contributed less than \$25,000 in 2018 to political parties and candidates.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act") requires the Company's officers and directors, and persons who own more than ten percent of the common stock of the Company, to file with the SEC reports of ownership of Company securities and changes in reported ownership. Officers, directors, and greater than ten percent stockholders, are required by SEC rules to furnish the Company with copies of all Section 16(a) reports they file. Based solely on a review of the copies of such forms furnished to the Company, or written representations from the reporting persons that no Form 5 was required, the Company believes that during 2018 all Section 16(a) filing requirements applicable to its officers, directors, and greater than ten percent beneficial owners were complied with, except for the following Form 4 filings that were inadvertently filed late: one Form 4 for one transaction by Mr. Jagdfeld filed on January 5, 2018; one Form 4 for one transaction by each of Messrs. Ragen, Minick, Pascavis, and Jagdfeld filed on February 16, 2018; and one Form 4 for one transaction by Mr. Bowlin on November 7, 2018.

Compensation Committee Interlocks and Insider Participation

In 2018, the members of our Compensation Committee were Todd Adams, Bennett Morgan, John Bowlin, and William Jenkins. No member of the Compensation Committee was, during 2018 or previously, an officer or employee of Generac or its subsidiaries. In addition,

during 2018, there were no Compensation Committee interlocks required to be disclosed.

Table of Contents**BENEFICIAL OWNERSHIP OF OUR COMMON STOCK**

The following table shows information regarding the beneficial ownership of our common stock as of April 15, 2019 by:

each person or group who is known to own beneficially more than five percent of our common stock;

each member of our Board of Directors, each nominee for election as a director, and each of our named executive officers;
and

all members of our Board of Directors and our executive officers as a group.

Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Except as noted by footnote, and subject to community property laws where applicable, we believe based on the information provided to us that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.

Unless otherwise indicated, the address for each holder listed below is c/o Generac Holdings Inc., S45 W29290 Hwy. 59, Waukesha, Wisconsin 53189.

Name and address of beneficial owner	Number of Shares	Percentage of Shares
Principal stockholders		
The Vanguard Group(1)	6,464,956	10.4%
EdgePoint Investment Group Inc.(2)	6,270,958	10.1%
BlackRock, Inc.(3)	4,842,628	7.8%
Directors and Named Executive Officers(4)(5)		
Aaron Jagdfeld	1,104,462	1.8%
York Ragen	212,905	0.3%
Russell Minick	24,743	*
Patrick Forsythe	38,887	0.1%
Erik Wilde	19,523	*
John Bowlin	85,754	0.1%
David Ramon	29,528	*
Todd Adams	12,787	*
Bennett Morgan	18,317	*
Robert Dixon	14,202	*
Andrew Lampereur	14,483	*
William Jenkins	8,257	*
Dominick Zarcone	6,935	*
Kathryn Roedel	5,373	*
All members of the Board of Directors and executive officers as a group (16 persons)	1,649,972	2.7%

*

Less than 0.1%

(1)

Based on information obtained from Amendment No. 6 to Schedule 13G filed by The Vanguard Group ("Vanguard") on February 11, 2019. According to that report, Vanguard possesses shared power to vote or to direct the voting of 7,901 of such shares and possesses shared power to dispose or to direct the disposition of 127,773 of such shares and possesses sole power to vote or to direct the voting of 126,333 of such shares and possesses sole power to dispose or to direct the

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disposition of 6,337,183 of such shares. In addition, according to that report, Vanguard's business address is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

- (2) Based on information obtained from Amendment No. 4 to Schedule 13G filed by EdgePoint Investment Group Inc. ("EdgePoint") on February 13, 2019. According to that report, EdgePoint possesses shared power to vote or to direct the voting of 6,270,958 of such shares and possesses shared power to dispose or to direct the disposition of 6,270,958 of such shares. In addition, according to that report, EdgePoint's business address is 150 Bloor Street West, Suite 500, Toronto, Ontario M5S 2X9, Canada.
- (3) Based on information obtained from Amendment No. 4 to Schedule 13G filed by Blackrock, Inc. on February 4, 2019. According to that report, Blackrock, Inc. possesses sole power to vote 4,601,399 of such shares and possesses sole power to dispose 4,842,628 of such shares. In addition, according to that report, Blackrock, Inc.'s business address is 55 East 52nd Street, New York, New York 10022.
- (4) With respect to Messrs. Jagdfeld, Ragen, Minick, Forsythe and Wilde, the number of shares beneficially owned includes 385,219, 109,117, 10,328, 13,567 and 7,587 shares respectively, which may be acquired pursuant to options issued under the Omnibus Plan because such options are exercisable within 60 days. The respective number of shares for the individuals mentioned above were in each case also added to the denominator for purposes of calculating the percentage ownership of that individual.
- (5) With respect to Ms. Roedel and Messrs. Dixon, Adams, Morgan, Lampereur, Jenkins and Zarcone, the number of shares beneficially owned includes 5,373, 2,540, 7,259, 4,561, 7,339, 1,417 and 4,102 Deferred Stock Units, respectively, all of which were issued pursuant to the Company's Deferred Stock Unit Plan for Non-Employee Directors, effective April 1, 2017.

Table of Contents**EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

This Compensation Discussion and Analysis (CD&A) describes our executive compensation program. It provides an overview of the 2018 compensation for the following named executive officers, practices and policies, and how the Compensation Committee made its decisions.

Named Executive Officer	Title
Aaron Jagdfeld	President, Chief Executive Officer & Chairman
York Ragen	Chief Financial Officer
Russell Minick	Chief Marketing Officer
Patrick Forsythe	Executive Vice President, Global Engineering
Erik Wilde	Executive Vice President, Industrial Americas

2018 Business Highlights & Performance

2018 was a fantastic year for Generac. For the full year, net sales grew more than 20% over the prior year to over \$2 billion, with Adjusted EBITDA margins expanding 210 basis points to 21.0% or approximately \$425 million dollars. Continued strength in most of our end markets underpinned the increases in 2018, with demand for home standby generators in particular remaining very robust throughout the year, as increased power outage activity over the last two years, alongside the impact of our initiatives to grow the market, resulted in continued penetration gains. Shipments of C&I products were also significantly higher year over year, driven by the continued recovery in domestic mobile products and growth in demand for backup power in the telecom and healthcare sectors. In addition, strong organic sales growth was again experienced within the International segment, which was leveraged into further improvement in Adjusted EBITDA margins for the year.

We achieved a number of significant milestones in 2018 that we believe are important to the execution of our strategy. In May 2018, we launched the latest version of our flagship home standby generator product line with WiFi connectivity as a standard feature. As an industry first, we believe that the ability for a consumer or a dealer to remotely monitor a generator is a great first step towards enhancing the customer experience as well as enabling a deeper relationship with both end users and distribution partners.

In 2018, we also expanded on our position as the largest global manufacturer of gaseous fueled backup generators with the introduction of a 750 kilowatt machine the largest output unit in our lineup. A core component of Generac's strategy is to build on its leadership position in the market for natural gas gensets, and throughout 2018 we introduced a number of new products, new programs, and innovative technologies related to gaseous generators.

2018 was also a record year for sales volumes outside the US and Canada for Generac with 22% of our overall revenues being generated primarily through our Pramac, Ottomotores, Tower Light and Motortech subsidiaries. Building on our success in globalizing Generac, we closed on the acquisition of the Mexican genset company Selmec in June 2018. Selmec is located in Mexico City and is a designer and manufacturer of commercial and industrial generators serving Latin America, with a particular focus on the telecommunications market and strong service capabilities.

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Total Net Sales (in millions of US\$)

Adjusted EBITDA* (in millions of US\$)

*

A full discussion of our use of non-U.S. generally accepted accounting principles measures to provide a baseline for evaluating and comparing our operating results, and a reconciliation of Adjusted EBITDA to net income can be found in pages 18-23 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

**Total Shareholder Return
3-Year Rolling(1)**

**Cash Flow from Operations
(in millions of US\$)(2)**

(1)

Total Shareholder return reflects the price appreciation of Generac shares along with the assumption of special dividends being reinvested to calculate a total return to shareholders expressed as a percentage.

(2)

On January 1, 2018, the Company adopted ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*; ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*; and ASU 2014-09, *Revenue from Contracts with Customers*. These new standards required retrospective application to all periods presented in its financial statements.

Table of Contents***Generac's Executive Compensation Practices***

The following best practices ensure alignment between shareholders and executives while maintaining corporate governance.

Compensation Practice	Applicable	Policy Summary
Pay for Performance	YES	Executive officer pay is based on the achievement of specific annual and long-term strategic and financial goals.
Stock Ownership Guidelines	YES	Stock ownership guidelines have been established for Executive officers and Directors.
Compensation Risk Assessments	YES	A compensation risk assessment is performed on a regular basis.
Independent Compensation Consultant	YES	An independent consultant is retained by the Compensation Committee.
Clawback Policy	YES	Requires the CEO, CFO and other executive officers to reimburse or forfeit any excess incentive compensation received due to the accounting restatement of the Company's financial statements as a result of the Company's material noncompliance with any financial reporting requirement under federal securities laws.
Hedging of company stock	NO	Executive officers and Directors may not engage in speculative transactions in Company securities. Specifically, it is against Company policy to trade in puts or calls in Company securities or sell Company securities short.
Pledging of company stock	NO	Executive officers may not pledge Company securities or hold Company securities in margin accounts.
Tax gross-ups	NO	Executive officers do not receive tax-gross ups either directly or indirectly.
Dividends on unearned performance awards	NO	Executive officers do not receive dividends on unearned performance awards.
"Single trigger" change in control severance provisions	NO	Executive officers do not have severance arrangements that trigger solely by virtue of a change in control.

ABOUT OUR EXECUTIVE COMPENSATION PROGRAM***2018 Executive Compensation Program Changes and Events***

We remain focused on the continuous improvement of our executive compensation program to ensure alignment with our compensation philosophy, Powering Our Future Strategy and shareholder

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interests, as well as market best practices. To this end, the Committee has made the following refinements to executive compensation:

What's Changed	How It's Changed	Rationale for Change
Fiscal Year End Bonus	The Executive Management Incentive Plan ("EMIP") was renamed the Annual Incentive Plan ("AIP"), and the 0-3X multiple used in the bonus payout calculation was eliminated and replaced with a defined scale of 0-200%.	The Committee believes the changes in design of the new AIP better align annual bonus payout to market practice and increase transparency of our pay for performance AIP.
Performance Metrics	Added third metric of Free Cash Conversion for Performance Share Awards.	The Committee believes adding a third metric represents a more meaningful method of measuring long term performance given the focus on cash flow in addition to revenue growth and margins.
Clawback Policy	Policy issued April 2019	The Committee believes the adoption of a clawback policy is an effective practice for mitigating excessive risk-taking.

Philosophy and Objectives

We believe that the compensation program for our executives should directly support the achievement of specific annual, long-term and strategic goals of the business and, thereby, align the interests of executives with the interests of our stockholders. Our compensation program is designed to provide a balanced program that rewards corporate, business and individual results that support the Company's strategic plan, with a focus on performance-based compensation. The program's strong pay-for-performance alignment is an important part of our continuing commitment to enhancing long-term stockholder value. We also believe that stockholders are best served when we are able to attract and retain high caliber executive talent. To that end, we offer competitive base salary, as well as annual and long-term incentive opportunities, which encourage specific performance and reward the successful efforts of our executives. Within this context, the four major objectives for our executive compensation program are:

Alignment: Link executive long-term incentive awards and annual bonuses with increases in stockholder value, as well as align stockholder and executive interests by requiring meaningful executive stock ownership levels.

Motivation: Motivate executives to be accountable for achievement of our strategic and financial objectives.

Retention and Attraction: Retain and attract senior executives, as well as other management personnel, by offering market competitive levels of compensation and incentive upside opportunity.

Simple and Transparent: Establish clear financial targets and annual objectives for all bonus eligible participants to drive further alignment with strategic plan.

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To achieve these objectives, we have structured a compensation program that provides our executives with the following:

Pay Element	Form	Purpose
Base Salary	Cash (Fixed)	Reflects position responsibilities, competitive market rates, strategic importance of the position and individual experience.
Annual Performance Bonus Plan	Cash (Variable)	Rewards achievement of Generac's annual financial goals as defined by the Compensation Committee and other qualitative and quantitative performance objectives as determined by the Compensation Committee.
Long-Term Incentives	Equity (Variable)	Rewards strong performance with incentives that focus our executive team on creating stockholder value over the long-term.

Generally, the total direct compensation of our executives, including base pay, annual bonus and long-term incentives, is performance-based and market-driven. The Compensation Committee believes this construct results in a fair level of pay for target performance, and an above-market opportunity if the executive team builds share value in a sustainable way. We target cash compensation (base salary and annual bonus) around the median of our market and compensation peer group, taking into account the relative responsibilities of our executives. In general, we target long-term incentives above the median and up to the 75th percentile of market to encourage the sustainability of the business and drive long-term stockholder value creation. This aligns with our approach to long-term financial goal-setting in which the Company often sets performance goals above the median, and in some cases above the 75th percentile, relative to similar financial measures at our peers and the general industry. Actual total compensation in any given year may be above or below the target level based on individual and corporate performance.

Target Pay Mix

The charts below show that the majority of our named executives' total target direct compensation in 2018 is variable and performance based:

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HOW COMPENSATION DECISIONS ARE MADE

Role of the Compensation Committee and Management

The Compensation Committee, composed solely of independent directors, is responsible for making executive compensation decisions for the named executive officers. The Compensation Committee works closely with its independent compensation consultant and management to examine pay and performance matters throughout the year.

Each year, the CEO and CFO establish a budget, which is approved by the Board of Directors. The budget establishes sales targets and other performance-related goals, which gives the Compensation Committee a basis for approving financial targets under the annual incentive plans for the year. The Compensation Committee also reviews the basis for establishing goals and objectives related to the compensation of the named executive officers. During this review, the Compensation Committee considers the balance between short-term cash compensation and long-term incentives and evaluates alignment of pay for performance in light of established goals and objectives. The Compensation Committee also considers profitable growth of the business and our relative stockholder return. The Compensation Committee sets the CEO compensation based on that evaluation using market and peer group data to determine appropriate total direct compensation levels (consisting of base salary, annual bonus and long-term incentives). The Compensation Committee also reviews and approves Executive Management compensation using market data and in conjunction with recommendations from the CEO and EVP, Human Resources. See "*Assessing External Market Practice*" below for more information. Finally, in making subjective evaluations of the overall performance of the CEO, the Compensation Committee considers performance from the perspective of our core values and our leadership principles, which include practicing integrity, driving innovation, demonstrating agility, operational excellence, developing our employees, and building a team environment.

The CEO and EVP, Human Resources also provide the Compensation Committee with additional analyses and recommendations related to compensation of the named executive officers. The annual analysis includes market compensation data and a review of factors such as industry knowledge, level of experience, and skill set as to the compensation of the named executive officers. Neither the CEO nor the EVP, Human Resources makes recommendations with respect to his or her own compensation.

The Role of the Independent Consultant

In 2018, Willis Towers Watson provided advice to the Compensation Committee regarding base pay, use of peer group data, benchmarking of unique job scopes, annual and long-term incentive design, and the CEO pay ratio along with a variety of other compensation-related topics. The Compensation Committee has assessed the independence of Willis Towers Watson pursuant to the SEC rules and concluded that no conflict of interest exists that would prevent Willis Towers Watson from independently advising the Compensation Committee.

Assessing External Market Practice

Attracting and incentivizing high caliber executive talent is a critical part of our compensation philosophy and leadership strategy. Therefore, integral to our approach for setting compensation levels is ensuring we have a competitive pay framework. In support of this objective, annually Willis Towers Watson provides the Compensation Committee with compensation data with respect to similarly sized manufacturing companies in the identified peer group and amongst similarly sized general industry companies from a published survey perspective. In 2018 the Compensation Committee considered both of these sources in determining competitive total direct compensation benchmarks for our CEO, CFO and for the EVP, Industrial Americas. Published industry specific market survey data was considered in determining market total direct compensation benchmarks for other executives. The Compensation Committee has generally targeted the market median for total cash compensation of our named

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executive officers, and it has targeted long-term incentive grant values above the market median, with total direct compensation targeted at or above the market median. However, annual incentive opportunity is set such that if the Company achieves outstanding financial performance in a particular year, total cash compensation can be above the market median.

Peer group membership is also reviewed annually. During the period, Altra Industrial Motion Corp. combined with Fortive's automotive and specialty group resulting in a combined total company which is still in the peer range for Generac. In 2018, the Compensation Committee concluded no changes were necessary for shifts related to company size, focus or business model over the past fiscal year. The Compensation Committee examined the practices of the following peer group companies that most closely approximate the size, scope and complexity of our business:

A.O. Smith	Brady	Graco Inc.	Regal Beloit Corp.
Actuant	Briggs & Stratton	Hubbell Inc.	Rexnord
Acuity	Donaldson Co Inc.	Ilex Corp.	Snap-On Inc.
Altra Industrial Motion Corp.	Enpro Industrial Inc.	Nordson Corp.	Toro Co
Barnes Group Inc.	Franklin Electric Co, Inc.	Powell	Watts Water Technologies, Inc.

Stockholder Input and Outreach

The Committee also considers the results of advisory "say-on-pay" stockholder votes when making compensation decisions. At the 2018 Annual Meeting of Stockholders, when the Company's most recent advisory say-on-pay vote was held, over 96% of shares voting approved the compensation of the Company's executive officers. The Company currently holds say-on-pay votes every year.

During fiscal 2018, we met with various stockholders to discuss corporate governance, executive compensation and other matters. The board and the Committee have considered, and will continue to seriously consider, feedback from these discussions as we review and evaluate our corporate governance practices and executive compensation programs.

2018 EXECUTIVE COMPENSATION PROGRAM DECISIONS

Base Salary

The Compensation Committee reviews and approves base salary levels for all named executive officers at the beginning of each year. The following decisions reflect the Compensation Committee's consideration of external market practices, peer and published survey data and other factors including the individual's scope of role and performance, time in position and industry experience and are intended to more closely align pay with market-competitive levels.

Named Executive Officer	Annual Base Salary at 12/31/2017	Annual Base Salary at 12/31/2018	% Change
Aaron Jagdfeld	\$ 830,000	\$ 870,000	4.8%
York Ragen	\$ 410,000	\$ 425,000	3.7%
Russell Minick	\$ 420,000	\$ 435,000	3.6%
Patrick Forsythe	\$ 366,000	\$ 377,500	3.1%
Erik Wilde	\$ 345,000	\$ 358,000	3.8%

In March 2018, the Compensation Committee increased Mr. Jagdfeld's base salary to \$870,000 to further align his pay to market competitive levels. Messrs. Forsythe, Minick, Ragen and Wilde received a base salary increase after consideration of both performance and market data.

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In March 2019, the Compensation Committee sought to address market considerations and recognize the strong performance and contributions of Mr. Jagdfeld with an increase to \$915,000. The Compensation Committee also increased the base salary for Messrs. Ragen, Minick, Forsythe and Wilde. Mr. Ragen's base salary increased to \$437,500, Mr. Minick to \$447,500, Mr. Forsythe to \$390,000, and Mr. Wilde to \$370,000.

Annual Performance Bonus Plan

Under the Annual Performance Bonus Plan the Compensation Committee approved design changes and the financial targets of the 2018 Annual Incentive Plan ("AIP"). This plan replaces the previous plan named the Executive Management Incentive Plan ("EMIP"). Consistent with prior years the annual bonus is calculated as a percentage of base salary and is paid in cash.

Prior to 2018, the design included a multiplier which was applied on a sliding scale of (0) to (3X), in .2 increments. The multiplier was applied to an individual's bonus target (as a percentage of base salary) based on achievement. In 2017, under the prior (0) to (3)X scale, a 1.4X multiplier would be applied when EBITDA and OFCF targets were achieved as follows:

Named Executive Officer	Target	Actual Bonus at
	Bonus as % of Base Salary	EBITDA/OFCF Targets as a % of Base Salary (1.4X)
Aaron Jagdfeld	80%	112%
York Ragen	50%	70%
Russell Minick	50%	70%
Patrick Forsythe	50%	70%
Erik Wilde	50%	70%

Beginning in 2018, the changes simplify the plan by aligning the bonus scales more closely with market. Under the new design, the multiplier was eliminated and individual target bonus percentages were adjusted to account for this change. Target achievement of financial results will result in target bonus payout at 100%. The plan is further simplified with a defined achievement payout scale from a threshold of 40% of target to a maximum of 200% of target, which also aligns to market practices. For 2018, the threshold, target and maximum bonus opportunity are as follows:

Named Executive Officer	Below Threshold	Threshold Bonus	Target Bonus	Maximum Bonus
	as a % of Base Salary	as a % of Base Salary	as a % of Base Salary	as a % of Base Salary
Aaron Jagdfeld	0%	45%	112.5%	225%
York Ragen	0%	26%	65%	130%
Russell Minick	0%	26%	65%	130%
Patrick Forsythe	0%	26%	65%	130%
Erik Wilde	0%	26%	65%	130%

Compared to the prior year, the new design resulted in an increase in the CEO's Threshold from 16% to 45% with a change from 112% to 112.5% to Target, and no change to the previously capped Maximum of 225%. Other named executives had an increase in Threshold from 10% to 26%, a decrease in their Target Bonus percentages from 70% to 65% and an increase in Maximum opportunity from 125% to 130%. The changes made align with the major objectives for our executive compensation

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program. See "*Philosophy & Objectives*" above for more information. No changes were made to the three AIP financial performance metrics or the weighting of each metric as summarized below:

Adjusted EBITDA	Operating Free Cash Flow	IPG
50%	25%	25%

2018 Annual Performance Bonus Plan Results

For 2018, IPGs for each named executive officer were based on growing our portion of the residential market, increasing industrial market share, geographic expansion (organic and inorganic), achieving the 2018 financial budget of \$337 million in Adjusted EBITDA, \$313 million in Operating Free Cash Flow ("OFCF") and numerous other goals related to product and organizational development. The 2018 Annual Incentive Plan ("AIP") payout is funded on the Company's performance against the Adjusted EBITDA and OFCF goals, and the named executive officers' IPG achievement.

Achievement of the above stated financial targets under the plan would result in a 100% payout for three components in the plan. For 2018, the Company's Adjusted EBITDA, excluding the impact of acquisitions that occurred during the performance period and before deduction for non-controlling interests, was \$421.7 million, which exceeded the target resulting in a 200% payout for the 50% EBITDA portion. The level of Adjusted EBITDA achieved also corresponds to the resulting payout opportunity for the 25% IPG portion of the bonus plan. The IPG is adjusted for each named executive officer's performance against certain defined and measurable goals established at the commencement of the year and developed to achieve specific initiatives related to the Company's long-term strategy. The Company's OFCF, also excluding the impact of acquisitions was \$292.9 million, which was slightly short of the target resulting in an 81% payout for the 25% OFCF portion. The Compensation Committee determined to adjust actual 2018 OFCF to exclude a voluntary prepayment of certain pension obligations, made with respect to tax optimization considerations resulting from the 2017 Tax Cuts & Jobs Act. This OFCF adjustment had not been contemplated when the OFCF target was established. As a result the Committee approved the 2018 achievement payout of 170% out of a maximum of 200%.

The Compensation Committee maintains its discretion to make downward adjustment of annual performance bonuses, regardless of the outcome under incentive bonus formulas. No downward adjustments were made in the 2018 payments.

Long-Term Incentives

Generac believes that equity awards and other forms of long-term incentive compensation are a critical component of a competitive, comprehensive executive compensation program. Consequently, the Company has made annual equity awards to its named executive officers since 2012.

Our long-term incentive program is designed to reward our executives for their contribution to the Company's long-term growth and performance, and to better align the interests of our named executive officers with those of our stockholders. In addition, our long-term awards are used to attract and retain critical employee talent by providing a competitive market-based opportunity.

In 2018, a combination of stock options, restricted stock and performance share awards were granted to the named executive officers, as follows:

Fifty percent (50%) of the award was granted in the form of stock options, with those options vesting equally over the four anniversaries immediately following the date of grant.

Twenty-five percent (25%) of the award was granted in the form of restricted stock, with those shares vesting equally over the three anniversaries immediately following the date of grant.

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Twenty-five percent (25%) of the award was granted in the form of performance shares. Named executive officers may earn from 0% to 200% of their target performance share awards based on the achievement of specified revenue growth and EBITDA margin goals. Each performance share has a value equal to a share of common stock and the number of shares that can be earned is contingent upon Company performance over a three-year performance period, against goals approved by the Compensation Committee.

For 2018, the award grants for the named executive officers were as follows:

Grants of Plan-Based Awards

Executive	Value of Stock Options(1)	Value of Time Vested Restricted Stock(2)	Value of Performance Shares(3)	Total Value of 2018 Long Term Incentive Grants
Aaron Jagdfeld	\$ 1,680,002	\$ 840,039	\$ 840,039	\$ 3,360,079
York Ragen	\$ 425,002	\$ 212,511	\$ 212,511	\$ 850,024
Russell Minick	\$ 435,006	\$ 217,513	\$ 217,513	\$ 870,033
Patrick Forsythe	\$ 330,305	\$ 165,164	\$ 165,164	\$ 660,634
Erik Wilde	\$ 313,263	\$ 156,652	\$ 156,652	\$ 626,566

- (1) Value of time-vested stock options at March 2018 grant date.
- (2) Value of time-vested restricted stock at March 2018 grant date.
- (3) Value of performance shares at March 2018 grant date.

The named executive officers also hold performance shares granted in the 2016 cycle, subject to three-year performance conditions. This grant was intended to encourage target revenue growth measured in compound annual growth rate ("CAGR") and target EBITDA margin percentages during a three-year performance period (2016 - 2018). Specifically, if revenue growth (CAGR) and average EBITDA margin percentages during the period were achieved within a defined target range on a performance matrix, the named executive officers would earn from 10% to 200% of their target performance share awards. The revenue growth (CAGR) and EBITDA margin targets were set at a level, given business conditions at the time the awards were granted, that were designed to be challenging but achievable with strong management performance. After the conclusion of the three-year period, the Performance Share Targets were measured against actual financial results for Generac Power Systems, Inc., excluding any businesses acquired during the three-year period. For the three year period, the actual Revenue Growth (CAGR) fell .81% below target and the actual EBITDA margin was 1.12% above Target. Based on these results, the Committee

determined and approved a final

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vesting of 94.7% for the three-year performance period from 2016 - 2018. The minimum, target, and maximum financial performance metrics and the actual results for the 2016 - 2018 performance awards are reflected below:

Performance Measure	Minimum	Target	Maximum	Actual	2016 - 2018
				2016 - 2018 Cycle Results	2016 - 2018 Vesting
Revenue Growth (CAGR)	5%	9%	13%	8.19%	94.7%
EBITDA Margin %	19%	21%	23%	22.12%	

In December 2018, the Committee approved changes to the performance scale for the three year Performance Share awards. Effective with the 2019 three-year performance grant, a total of three performance measures, each weighted independently at 33%, will be used. The three measures include Revenue Growth (CAGR), EBITDA Margin %, and Free Cash Flow Conversion. The Committee believes adding Free Cash Flow Conversion as a third metric further strengthens the tie between individual employee performance and corporate performance. Eliminating the performance matrix and assessing each measure independently reinforces transparent pay for performance outcomes.

OTHER PRACTICES, POLICIES & GUIDELINES*Clawback and Hedging Policies*

Effective April 2019, the Company adopted a formal "clawback" policy applicable to annual and long-term incentive awards made to its CEO, CFO and other executive officers. Under this policy, the Company may seek to recoup incentive compensation paid to its executive officers to the extent that such compensation was granted, vested, or earned based on financial results that the Company is required to restate as a result of material non-compliance with applicable federal securities laws.

In addition, under our insider trading policy, an officer, member of the Board of Directors or designated insider may not engage in short selling Company common stock at any time. Such individuals are prohibited from hedging and from using instruments or arrangements for margin borrowing or stock lending, pledging or placing any "stop loss" orders or any other "limit order" in relation to securities of the Company.

Stock Ownership Guidelines

The Compensation Committee believes that it is in the best interest of Generac and its stockholders to align the financial interests of the Company's officers and directors with those of Generac's stockholders by requiring officers and directors to establish and maintain a permanent minimum ownership position in Company stock (based on the market value of our common stock), and by limiting the ability to sell Company stock until guideline ownership levels have been achieved. In addition, the Compensation Committee believes that the investment community values stock ownership by such officers and that share ownership demonstrates a commitment to and belief in the long-term strategic direction of Generac.

Accordingly, stock ownership guidelines have been established for the Company's officers and directors, including all the named executive officers and directors.

The current stock ownership guidelines are as follows:

Position/Level	Multiple of Salary Requirement
CEO	4.0X annual base pay
Directors	5.0X annual cash retainer
CFO, EVP & SVP	2.0X annual base pay
Group Vice Presidents/GM	1.0X annual base pay

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Executives are expected to build ownership value over time as a result of their performance and participation in the Company's equity compensation programs. Under the guidelines, no time period is specified for compliance for officers. For directors, they have five years to meet their minimum ownership requirement. The following retention ratios apply to each executive based on years of service and percentage of the guideline that has been achieved. Under the stock ownership guidelines, (i) an executive that has met 50% of the multiple of salary guideline and has less than 5 years of service has a 50% retention ratio, (ii) an executive that has met 50% of the multiple of salary guideline and has five or more years of service has a 25% retention ratio and (iii) an executive that has met less than 50% of the multiple of salary guideline has a 75% retention ratio. The Compensation Committee will assess progress towards meeting the guidelines on an annual basis. As of April 2019, three of the five named executive officers, including the CEO and CFO, have met their ownership guidelines, and Russell Minick has met 97% of his required ownership position. Erik Wilde joined Generac in July 2016 and is progressively increasing his ownership as expected under the above guidelines. All directors are compliant with applicable stock ownership guidelines.

Benefits and Perquisites

Generac does not provide for special medical, dental, insurance or disability benefits for the named executive officers beyond that offered to all employees. In addition, Generac does not offer special perquisites for any of the named executive officers.

Retirement Plans

The named executive officers are eligible to participate in the Generac Power Systems, Inc. Employees 401(k) Savings Plan on the same terms as other participating employees.

We also provide retirement benefits to certain named executive officers under the terms of the Generac Power Systems Inc. Salaried, Technical & Clerical Employees Pension Plan (the "Plan"). The Plan is a tax qualified defined benefit pension plan. Consistent with our focus on performance-based compensation (as opposed to compensation based on tenure), the Plan was frozen effective December 31, 2008, resulting in a cessation of all future benefit accruals under the Plan. The named executive officers participate in the Plan on the same terms as our other participating employees.

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REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the "EXECUTIVE COMPENSATION Compensation Discussion and Analysis" section with our management. Based upon this review and discussion, the Compensation Committee recommended to the Board of Directors that the "EXECUTIVE COMPENSATION Compensation Discussion and Analysis" section be included in this Proxy Statement, which will be incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Respectfully submitted by the Compensation Committee of the Board of Directors.

John Bowlin, Chair
Bennett Morgan
William Jenkins

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The following table shows compensation information for 2016, 2017 and 2018 for our named executive officers.

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock awards (\$)(1)	Option awards (\$)(1)	Non-equity	Change	All other compensation (\$)(3)	Total (\$)
						incentive plan compensation (\$)(2)	in pension value (\$)		
Aaron Jagdfeld	2018	862,986		1,680,077	1,680,002	1,627,172		33,482	5,883,719
<i>Chairman,</i>	2017	824,658		1,600,066	1,600,011	776,880	58,179	48,363	4,908,156
<i>President and Chief Executive Officer</i>	2016	794,932		1,500,042	1,500,010	364,800	24,852	22,204	4,206,840
York Ragen	2018	422,370		425,022	425,002	453,741		30,738	1,756,873
<i>Chief Financial Officer</i>	2017	408,219		410,026	410,012	236,160	7,883	32,995	1,505,296
	2016	398,918		400,029	400,009	110,000	3,369	23,727	1,336,052
Russell Minick	2018	432,370		435,026	435,006	470,072		8,961	1,781,435
<i>Chief Marketing Officer</i>	2017	417,329		420,056	420,009	239,400		28,858	1,525,652
	2016	404,658		303,809	303,752	113,400		2,758	1,128,377
Patrick Forsythe	2018	375,484		330,329	330,305	412,844		8,994	1,457,955
<i>Executive Vice President Global Engineering</i>	2017	364,397		274,502	274,514	215,208	5,794	8,100	1,142,515
	2016	356,962		267,794	267,755	101,745	2,574	7,950	1,004,779
Erik Wilde	2018	355,721		313,303	313,263	388,493		46,247	1,417,027
<i>Executive Vice President Industrial Americas</i>	2017	344,110		107,842	107,813	196,650		8,100	764,515
	2016	146,247				100,000		2,882	249,129

- (1) The amounts reported for 2018 represent the aggregate grant date fair value for awards of restricted stock, stock options, and performance shares and are computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Subtopic 718-10. See Note 15 to the Consolidated Financial Statements included in our Annual Report on form 10-K for the year ended December 31, 2018 for a discussion of the relevant assumptions used in calculating these amounts. All amounts represent potential future income calculated for financial reporting purposes; actual amounts recognized by the named executive officers may be materially different depending on, among other things, the Company's stock price performance and the period of service of the executive. The Stock Award amounts are composed in equal measure of restricted stock and performance shares, with the performance share portion assuming target performance by the Company during the relevant performance period. Assuming achievement of maximum performance during the relevant performance period for the performance shares, the Stock Award amounts provided would increase by a multiplier of 1.5.
- (2) The non-equity incentive plan compensation column reflects cash incentive awards earned pursuant to our Annual Performance Bonus Plan as previously described. These awards are earned during the year reflected and paid in the following year.
- (3) All other compensation represents the employer matching contributions and employer non-elective contributions of the defined contribution plan and cash payouts of unused vacation. Included in the number for Mr. Jagdfeld and Ragen are \$16,982, and \$19,738, respectively, for unused 2018 vacation time. Included in the number for Mr. Wilde is \$37,997 for relocation reimbursement paid in 2018, including \$12,197 in gross up-related relocation fees.

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Grants of Plan-Based Awards in 2018

The following table indicates potential cash incentive compensation under our Annual Performance Bonus Plan based on 2018 performance and equity awards granted in 2018.

Name	Grant Date	Fresh shares (\$)	Large shares (\$)	Performance shares (\$)	Possible payouts under non-equity incentive plan awards(1)	Possible payouts under equity incentive plan awards(2)	All other awards: stock number(3)	All other awards: option number(4)	Exercise price or underlying price of option awards(5)	Grant date fair value of stock and option awards (\$)
					(\$)	(\$)	(#)	(#)	(\$/sh)	(\$)
Aaron Jagdfeld		391,500	7,750	57,500						
	3/1/18					19,143				840,039
	3/1/18						19,144			840,039
	3/1/18							94,044	\$ 43.88	880,002
York Ragen		110,500	6,250	65,500						
	3/1/18					4,843				212,511
	3/1/18						4,843			212,511
	3/1/18							23,791	\$ 43.88	25,002
Russell Minick		113,100	2,750	65,500						
	3/1/18					4,957				217,513
	3/1/18						4,957			217,513
	3/1/18							24,351	\$ 43.88	35,006
Patrick Forsythe		98,100	5,375	90,750						
	3/1/18					3,764				165,164
	3/1/18						3,764			165,164
	3/1/18							18,490	\$ 43.88	30,305
Erik Wilde		93,000	2,700	65,400						
	3/1/18					3,570				156,652
	3/1/18						3,570			156,652
	3/1/18							17,536	\$ 43.88	13,263

- (1) Under the Annual Performance Bonus Plan, the Compensation Committee approved a 2018 Annual Incentive Plan ("AIP"). For additional information regarding the Annual Performance Bonus Plan, please see the Compensation Discussion and Analysis.
- (2) Represents an award of performance shares that vests from 0% to 200% on the third anniversary of the grant date based on meeting certain Company performance goals relating to 2018-2020 performance period.
- (3) Represents an award of restricted stock, vesting in equal installments on each anniversary of the date of grant over three years.
- (4) Represents an award of stock options, vesting 25% on each anniversary of the date of grant over four years.
- (5) The grant date fair values were computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Subtopic 718-10. See Note 15 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 for a discussion of the relevant assumptions used in calculating these amounts.

Table of Contents**2018 Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of December 31, 2018:

Name	Option awards				Stock awards			Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested (\$)
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price (\$)(15)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	
Aaron Jagdfeld	62,087	(1\$)	15.94	02/24/22				
	69,501	(2\$)	29.81	03/14/23				
	47,156	(3\$)	57.63	02/28/24				
	40,231	13,410(4)\$	49.70	02/13/25				
	54,526	54,526(5)\$	33.23	02/18/26	7,525(9)	373,993	22,574(10)	1,121,928
	23,767	71,302(6)\$	40.12	03/01/27	13,294(11)	660,712	19,941(12)	991,068
		94,044(7)\$	43.88	03/01/28	19,144(13)	951,457	19,144(14)	951,457
York Ragen	17,716	(1\$)	15.94	02/24/22				
	19,335	(2\$)	29.81	03/14/23				
	13,770	(3\$)	57.63	02/28/24				
	13,768	4,589(4)\$	49.70	02/13/25				
	14,541	14,540(5)\$	33.23	02/18/26	2,007(9)	99,748	6,020(10)	299,194
	6,090	18,272(6)\$	40.12	03/01/27	3,406(11)	169,278	5,110(12)	253,967
		23,791(7)\$	43.88	03/01/28	4,843(13)	240,697	4,843(14)	240,697
Russell Minick	10,328	(3\$)	57.63	02/28/24				
	3,532	3,531(4)\$	49.70	02/13/25				
		11,041(5)\$	33.23	02/18/26	1,524(9)	75,743	4,572(10)	227,228
		18,717(6)\$	40.12	03/01/27	3,490(11)	173,453	5,235(12)	260,180
		24,351(7)\$	43.88	03/01/28	4,957(13)	246,363	4,957(14)	246,363
Patrick Forsythe		10,446(8)\$	28.36	08/10/25				
		9,733(5)\$	33.23	02/18/26	1,343(9)	66,747	4,030(10)	200,291
		12,234(6)\$	40.12	03/01/27	2,280(11)	113,316	3,421(12)	170,024
		18,490(7)\$	43.88	03/01/28	3,764(13)	187,071	3,764(14)	187,071
Erik Wilde					2,398(15)	119,181		
	1,601	4,805(6)\$	40.12	03/01/27	896(11)	44,531	1,344(12)	66,797
		17,536(7)\$	43.88	03/01/28	3,570(13)	177,429	3,570(14)	177,429

(1) These options were granted on February 24, 2012, and vest in 25% increments on each of the first through fourth anniversaries of the date of grant.

(2) These options were granted on March 14, 2013, and vest in 25% increments on each of the first through fourth anniversaries of the date of grant.

(3) These options were granted on February 28, 2014, and vest in 25% increments on each of the first through fourth anniversaries of the date of grant.

(4)

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These options were granted on February 13, 2015, and vest in 25% increments on each of the first through fourth anniversaries of the date of grant.

(5) These options were granted on February 18, 2016, and vest in 25% increments on each of the first through fourth anniversaries of the date of grant.

(6) These options were granted on March 1, 2017, and vest in 25% increments on each of the first through fourth anniversaries of the grant date.

(7) These options were granted on March 1, 2018, and vest in 25% increments on each of the first through fourth anniversaries of the grant date.

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- (8) These options were granted on August 10, 2015, and vest in 25% increments on each of the first through fourth anniversaries of the date of grant.
- (9) Represents an award of restricted stock granted February 18, 2016, and vests in equal installments on each of the first through third year anniversaries of the grant date.
- (10) Represents an award of restricted stock with performance features granted February 18, 2016, which vests from 0% to 200% on the third anniversary of the grant date based on meeting certain Company performance goals relating to 2016-2018 fiscal years.
- (11) Represents an award of restricted stock granted March 1, 2017, and vests in equal installments on each of the first through third year anniversaries of the grant date.
- (12) Represents an award of performance shares granted March 1, 2017, which vests from 0% to 200% on the third anniversary of the grant date based on meeting certain Company performance goals relating to 2017-2019 performance period.
- (13) Represents an award of restricted stock granted March 1, 2018, and vests in equal installments on each of the first through third year anniversaries of the grant date.
- (14) Represents an award of performance shares granted March 1, 2018, which vests from 0% to 200% on the third anniversary of the grant date based on meeting certain Company performance goals relating to 2018-2020 performance period.
- (15) Represents an award of restricted stock granted August 4, 2016, and vests in equal installments on each of the first through third year anniversaries of the grant date.
- (16) In connection with the Company's June 2012 \$6.00/share special dividend and June 2013 \$5.00/share special dividend, our Board of Directors reduced the exercise prices of options granted prior to the dividend dates by the amount of the dividend in accordance with the Plan provisions. The exercise price reported in this table represents the exercise price after adjusting for such dividend.

Option Exercises and Stock Vested in 2018

The following table sets forth information regarding option exercises and the vesting of stock awards during 2018 for our named executive officers:

Name	Option awards		Stock awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)	Number of shares acquired on vesting (#)(2)	Value realized on vesting (\$)
Aaron Jagdfeld			17,944	\$ 814,577
York Ragen(1)	106,294	\$ 5,773,359	5,001	\$ 227,552
Russell Minick	11,760	\$ 172,339	4,263	\$ 193,260
Patrick Forsythe	45,150	\$ 1,227,550	2,485	\$ 111,871
Erik Wilde			2,846	\$ 152,975

(1) The actual shares issued using the net share settlement exercise methods were 56,222 for Mr. Ragen.

(2)

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The actual shares received after withholding shares using the net share settlement method to cover the tax liability resulting from the vesting of such shares were 12,460, 3,415, 2,902, 1,646 and 1,950 for Mr. Jagdfeld, Mr. Ragen, Mr. Minick, Mr. Forsythe and Mr. Wilde, respectively.

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The following table presents information regarding the present value of accumulated benefits that may become payable to the named executive officers under the Plan.

Name	Plan Name	Number of years credited service	Present value of accumulated benefit(1)	Payments during last fiscal year
Aaron Jagdfeld	Generac Power Systems, Inc. Employees' Pension Plan	14	296,896	
York Ragen	Generac Power Systems, Inc. Employees' Pension Plan	3	40,332	
Russell Minick	Generac Power Systems, Inc. Employees' Pension Plan			
Patrick Forsythe	Generac Power Systems, Inc. Employees' Pension Plan	5	34,564	
Erik Wilde	Generac Power Systems, Inc. Employees' Pension Plan			

- (1) The accumulated benefit is based on service and earnings considered by the Plan for the period through December 31, 2008, at which time the Plan was frozen. Present value has been calculated assuming the named executive officers will remain in service until age 65, the age at which retirement may occur without any reduction in benefits, and that the benefit is payable under the available forms of annuity consistent with the Plan. The interest assumption is 4.24%. The post retirement mortality assumption is based on the RP-2014 Healthy Annuitant Mortality for Males or Females, as appropriate adjusted backwards to 2006 base year by Projection Scale MP-2014, then generational projection forward by Projection Scale MP-2018. For purposes of calculating benefits, average annual compensation is limited by Section 401(a)(17) of the Internal Revenue Code and is based upon wages, salaries and other amounts paid to the employee. Under the Plan, a participant earns a vested right to an accrued benefit upon completion of five years of vesting service. See Note 14 Benefit Plans to our consolidated financial statements in the 2018 Annual Report on Form 10-K for more information.

Employment Agreements and Severance Benefits

Mr. Jagdfeld is subject to an employment agreement with the Company which, as of November 5, 2018, provides for a three-year initial term and renews annually thereafter. In the event of a Change in Control as defined in the Company's Executive Change in Control Policy, the current expiration of Mr. Jagdfeld's term would be extended by 24 months from the date of the Change in Control.

In the event Mr. Jagdfeld's employment is terminated by us without Cause or by the executive for Good Reason, we are obligated to provide severance benefits.

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Cause is defined as the executive's: (a) willful and continued failure to substantially perform his or her duties; (b) gross negligence or willful misconduct in the performance of his or her duties; (c) commission of fraud, embezzlement, misappropriation of funds, breach of fiduciary duty or a material act of dishonesty against us; (d) gross negligence or willful misconduct deemed a material violation of Company policy (e) indictment for a felony; or (f) drug addiction or habitual intoxication that adversely effects his or her performance or the reputation or best interests of the Company.

In Mr. Jagdfeld's employment agreement, Good Reason is defined as: (a) a reduction in excess of 5% of the executive's base salary or target bonus opportunity, excluding across the board reductions affecting all senior executives; (b) a material reduction of the executive's duties or responsibilities; (c) a failure of the Company to make available to the executive the type of employee benefits which are available to the executive as of November 5, 2018; (d) a requirement by us that the executive be based in an office that is 50 miles or more from his principal place of employment as of November 5, 2018; and (e) a material breach of any material term or condition of the employment agreement by us that has not been cured within 20 days after written notice has been given.

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All severance payments are subject to the executive's execution and effectiveness of a release of claims in the form attached to the employment agreement, and the executive's continued compliance with a Restrictive Covenant Agreement (as defined herein).

If we terminate Mr. Jagdfeld's employment for Cause, or if he terminates his employment without Good Reason, he is entitled only to the obligations already accrued under his or her employment agreement. If we terminate Mr. Jagdfeld's employment without Cause or if he terminates his employment for Good Reason, he is entitled to (1) any accrued but unpaid base salary and vacation pay through the Termination Date (as defined in each employment agreement), payable within thirty days following such Termination Date, (2) any earned annual bonus for the fiscal year during which the Termination Date occurred (and the annual bonus for the prior fiscal year, if earned but not yet paid), payable in accordance with our usual bonus payment schedule, and (3) continued participation for him and his spouse and dependents in our medical, hospitalization, dental and life insurance programs for a period of 24 months at our expense commencing on the Termination Date, and he would be entitled to full COBRA rights following the termination of such benefits. In addition, Mr. Jagdfeld would be entitled to continued payment of his base salary for a period of 24 months commencing on the Termination Date, payable in accordance with our standard payroll practices, and payments equal to 200% of his target annual bonus for the year in which the Termination Date occurs, payable in equal installments over a period of 24 months commencing on the Termination Date.

The following table sets forth the severance benefits that would have been payable to Mr. Jagdfeld if we had terminated Mr. Jagdfeld's employment agreement without Cause on December 31, 2018 or if he terminated his employment agreement for Good Reason:

Executive	Severance Period	Salary	Target Bonus	Benefits	Value of Accelerated Equity(1)	Total Severance
Aaron Jagdfeld	24 months	\$ 1,740,000	\$ 1,957,500	\$ 24,023	\$ 7,179,066	\$ 10,900,589

(1)

Represents the value of the long-term incentive awards to be received upon a qualifying termination of employment. Under the terms of the restricted stock agreements and option agreements, if within the one year period following a change in control, the participant's employment is terminated without cause, the participant's outstanding restricted stock and stock options shall vest as of the date of such termination of employment. In the case of the outstanding restricted stock awards, the equity value represents the value of the shares (determined by multiplying the closing price of \$49.70 per share on December 31, 2018 by the number of unvested shares of restricted stock that would vest upon termination of employment). In the case of option awards, the equity value was determined by multiplying (i) the spread between the exercise price and the closing price of \$49.70 per share on December 31, 2018 and (ii) the number of unvested option shares that would vest following termination.

Simultaneously with the execution of Mr. Jagdfeld's employment agreement, we entered into a confidentiality, non-competition and intellectual property agreement ("Restrictive Covenant Agreement") with Mr. Jagdfeld. Pursuant to the Restrictive Covenant Agreement, Mr. Jagdfeld has agreed to maintain Confidential Information (as defined in the Restrictive Covenant Agreement) in confidence and secrecy and has agreed not to compete with us or solicit any of our employees during his employment and for a period of 24 months following his termination.

Although they have not entered into employment agreements, Mr. Ragen, Mr. Minick, Mr. Forsythe and Mr. Wilde have also signed employee nondisclosure and non-compete agreements. Our salary and bonus arrangements with Mr. Ragen, Mr. Minick, Mr. Forsythe and Mr. Wilde are described under "Compensation Discussion and Analysis 2018 Executive Compensation Program Decisions."

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As previously disclosed, in November 2018, the Board approved and the Company adopted an Executive Change in Control Policy ("CIC Policy") applicable to all executive officers, excluding the CEO. Effective with this adoption, all previous Change in Control Severance Agreements between the Company and Messrs. Ragen, Minick, Forsythe, and Wilde were terminated. Additional detail regarding the CIC Policy is included below, and all capitalized terms used therein are as defined in the CIC Policy unless otherwise noted.

Under the CIC Policy, an eligible executive is entitled to severance benefits upon termination of employment by us without Cause or by the executive for Good Reason during the period commencing 120 days prior to the occurrence of a Change in Control and ending on the second anniversary of the date of the Change in Control.

Under the CIC Policy, a Change in Control is defined as any of the following: (a) The acquisition by 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") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of either (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) 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 subsection (a), the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (4) any acquisition by any corporation pursuant to a transaction which complies with clauses (1) and (2) of subsection (c) of this definition; (b) the cessation for any reason of individuals who, as of November 5, 2018, constitute the Board (the "Incumbent Board") to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, 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 were 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; (c) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which 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 Outstanding Company Voting Securities, as the case may be, and (2) at least a majority of the members of the board of directors of the corporation 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 (d) the approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Cause is defined as: (a) An Executive's willful and continued failure to perform substantially his or her duties owed to the Employer (other than such failure resulting from a Disability) after a written

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demand for substantial performance is delivered to the Executive specifically identifying the nature of such unacceptable performance and is not cured by the Executive within a reasonable period, not to exceed 30 days; (b) An Executive is convicted of (or pleads guilty or no contest to) a felony or any crime involving moral turpitude; (c) An Executive has engaged in conduct that constitutes gross negligence or willful misconduct in the performance of his or her employment duties and/or deemed a material violation of a Company policy; (d) An Executive commits fraud, embezzlement, misappropriation of funds, breach of fiduciary duty, or a material act of dishonesty against the Company; (e) An Executive's drug addiction, habitual intoxication, or violation of the Company's Code of Ethics and Business Conduct and/or Supplemental Code of Ethics and Business Conduct adversely affects Executive's job performance and duties, or the reputation or best interests of the Company; or (f) An Executive's breach of any representation, warranty or covenant under this Policy, an award agreement, an employment agreement or other agreement or arrangement with an Employer. However, an act or omission by an Executive shall not be "willful" if conducted in good faith and with the Executive's reasonable belief that such conduct is in the best interests of the Employer.

Good Reason means, without the express written consent of an Executive, the occurrence of any of the following events during a Protection Period: (a) An Executive's Base Salary or target annual bonus opportunity under the Company's Annual Performance Bonus Plan or other similar annual bonus plan of the Company or any other Employer is reduced in excess of 5%, excluding across the board reductions affecting all executive officers of the Company; (b) An Executive's duties or responsibilities are negatively and materially changed in a manner inconsistent with the Executive's position (including status, offices, titles, and reporting responsibilities) or authority; or (c) The Company requires an Executive's principal office to be relocated more than 50 miles from its location as of the date immediate preceding a Change in Control. However, Good Reason shall not exist unless the Executive provides the Board not less than 30 nor more than 90 days' written notice, with specificity, of the grounds constituting Good Reason and an opportunity within such notice period for the Company to cure such grounds, and the Company fails to cure such grounds within the prescribed time period. Such notice shall be given within 90 days following the initial existence of such grounds constituting Good Reason for such notice and subsequent termination, if not so cured above, to be effective.

If we terminate the employment of the Executive without Cause or if the Executive terminates his or her employment for Good Reason during the Protection Period, the Executive is entitled to receive from us: (i) any accrued but unpaid Base Salary and vacation pay through the Qualifying Termination date; (ii) any annual bonus for the fiscal year prior to the year in which the Qualifying Termination date occurred, if earned but not yet paid; and (iii) a lump sum payment in the aggregate amount equal to the sum of the Executive's Base Salary and the Executive's target annual bonus for the year during which the Qualifying Termination occurred, multiplied by two (2) (collectively, "CIC Severance Pay") (iv) continued participation for the Executive and his or her spouse and dependents in the Employer's medical, hospitalization, dental, and life insurance programs in which Executive participated immediately prior to the Qualifying Termination date for a period of twenty-four (24) months following such date (the "Continued Benefits"), and Executive and his or her eligible spouse and dependents shall be entitled to full COBRA rights following the termination of such Continued Benefits; (v) unvested options and other long-term incentive awards granted to the Executive pursuant to award agreements through the date of termination shall vest in accordance with such agreements upon the Qualifying Termination or, in the event of a Qualifying Termination prior to the Change in Control, upon the Change in Control. Any long-term incentive award where the number of shares that are earned upon vesting or the amount of payment varies dependent attainment of a performance level will be deemed earned at the "target" performance level (i.e., 100% payout).

Under the CIC Policy, if we had terminated the employment of Messrs. Ragen, Minick, Forsythe, and Wilde without Cause or if they terminated their employment for Good Reason on December 31,

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2018 and such date was within a Protection Period, they would have been entitled to the amounts set forth in the following table:

Executive	Change in Control Severance Period	Salary	Target Bonus	Benefits	Value of Accelerated Equity(1)	Total Severance
York Ragen	24 months	\$ 850,000	\$ 1,105,000	\$ 26,825	\$ 1,856,564	\$ 3,838,389
Russell Minick	24 months	\$ 870,000	\$ 1,131,000	\$ 24,023	\$ 1,732,206	\$ 3,757,229
Patrick Forsythe	24 months	\$ 755,000	\$ 981,500	\$ 19,141	\$ 1,532,553	\$ 3,288,194
Erik Wilde	24 months	\$ 716,000	\$ 930,800	\$ 26,903	\$ 733,458	\$ 2,407,161

- (1) Represents the value of the long-term incentive awards to be received upon a Qualifying Termination. Under the terms of the CIC Policy, if during a Protection Period the Executive's employment is terminated by the Company without Cause (or by the Executive for Good Reason), the Executive's outstanding restricted stock, stock options, and performance shares shall vest as of the date of such termination of employment. In the case of the outstanding restricted stock awards, the equity value represents the value of the shares (determined by multiplying the closing price of \$49.70 per share on December 31, 2018 by the number of unvested shares of restricted stock that would vest upon termination of employment). In the case of option awards, the equity value was determined by multiplying (i) the spread between the exercise price and the closing price of \$49.70 per share on December 31, 2018 and (ii) the number of unvested option shares that would vest following termination

All severance benefits are subject to the Executive's execution and the effectiveness of a release of claims, as well as continued compliance with the nondisclosure and noncompete agreement between each Executive and the Company.

2018 DIRECTOR COMPENSATION

Non-employee directors are paid in accordance with the Company's Non-Employee Director Compensation Policy, as amended. The following table shows compensation information for 2018 for our Board of Directors.

Name	Fees earned (\$)(2)	Stock awards (\$)(1)	Total (\$)
John D. Bowlin		192,586	192,586
David A. Ramon	77,500	115,037	192,537
Robert Dixon	87,500	115,037	202,537
Todd Adams		208,571	208,571
Bennett Morgan		215,484	215,484
Andrew Lampereur		212,597	212,597
Kathryn Roedel	77,500	115,037	192,537
William Jenkins		192,586	192,586
Dominick Zarcone		192,586	192,586

- (1) Represents shares received in connection with annual equity grants and, if elected in lieu of cash by the non-employee director, quarterly retainer fees. The amounts indicated represent the aggregate grant date fair value for awards of stock (including Deferred Stock Units), computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Subtopic 718-10. See Note 15 to the Consolidated Financial Statements included in our Annual Report on form 10-K for the year ended

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December 31, 2018 for a discussion of the relevant assumptions used in calculating these amounts.

- (2) Once directors have met their minimum stock ownership requirement, they may elect to receive their annual stock grant in cash.

As of December 31, 2018, each individual who served as an outside director during 2018 had outstanding the following number of stock awards:

Name	Stock awards (#)(1)
John D. Bowlin	25,036
David A. Ramon	19,728
Robert Dixon	14,202
Todd Adams	18,035
Bennett Morgan	17,817
Andrew Lampereur	12,007
Kathryn Roedel	5,373
William Jenkins	8,257
Dominick Zarcone	6,935

- (1) With respect to Ms. Roedel and Messrs. Morgan, Adams, Lampereur, Zarcone, Dixon, and Jenkins, the number of shares beneficially owned includes 5,373, 4,561, 7,259, 7,339, 4,102, 2,540, and 1,417 Deferred Stock Units, respectively, all of which were issued pursuant to the Company's Deferred Stock Unit Plan for Non-Employee Directors, effective April 1, 2017.

During 2018, the fee paid to the Chairman of the Audit Committee was \$5,000 per quarter, while the fee paid to the Chairman of the Compensation Committee was \$3,750, and the fee paid to the Chairman of the Nominating and Governance Committee was \$2,500 per quarter. The fee paid to the Lead Director was \$6,250 per quarter. Our non-employee directors are reimbursed for out-of-pocket expenses incurred in connection with rendering board services.

Non-employee Director Pay

In June 2018, the Compensation Committee reviewed a competitive assessment of its non-employee director compensation program with the assistance of Willis Towers Watson. Based on that assessment, various compensation elements were increased effective April 1, 2018, including the annual retainer, the annual equity grant, and the additional retainer for the Chairman of the Compensation Committee as shown in the table below.

	Prior to April 1, 2018	As of April 1, 2018
Board Compensation		
Annual Retainer	\$ 70,000	\$ 80,000
Annual Equity Grant	\$ 100,000	\$ 115,000
Additional Board Leadership Retainers		
Lead Director	\$ 25,000	\$ 25,000
Audit Committee Chairman	\$ 20,000	\$ 20,000
Compensation Committee Chairman	\$ 10,000	\$ 15,000
Nominating & Governance Committee Chairman	\$ 10,000	\$ 10,000

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Pay Ratio Disclosure

In accordance with Item 402(u) of Regulation S-K, passed as part of the Dodd-Frank Wall Street Reform Act and Consumer Protection Act of 2010, we determined the ratio of the annual total compensation of Mr. Jagdfeld relative to the annual total compensation of our median employee. Since there have been no changes in the Company's employee population or employee compensation arrangements that we believe would significantly impact the pay ratio disclosure, we have chosen to use the same median employee for the 2018 pay ratio disclosure that we used for the 2017 disclosure.

We identified our median employee in 2017 using a multistep process that is permitted under the SEC rules. We first examined the annual cash compensation paid to each employee during 2017, which we gathered from payroll data. The total number of employees was 4,145, which included all full-time, part-time, and seasonal employees. We then examined the 2017 annualized base salaries for all individuals who were employed by us as of November 1, 2017. For purposes of reporting annual total compensation and the ratio of annual total compensation of the CEO to the median employee, both the CEO and median employee's annual total compensation were calculated consistent with the disclosure requirement of executive compensation under the Summary Compensation Table ("SCT"). However, in 2018, to present a more holistic view of total compensation, we elected to include the value of health and welfare benefits in the annual total compensation of both our CEO and our median employee. The results are as follows:

Median of annual employee excluding CEO: \$63,122

Annual Total Compensation of CEO: \$5,894,667

Ratio of CEO annual total compensation to median employee compensation: 93 to 1

2018 Equity Compensation Plan Information at Fiscal Year-End

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,519,930	\$ 37.69	3,503,638

Equity compensation plans not approved by security holders(1)

(1) Not applicable. There were no equity compensation plans not approved by the security holders.

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RELATED PERSON TRANSACTIONS

Policies for Approval of Related Person Transactions

We adopted a written policy relating to the approval of related person transactions. Our Audit Committee reviews and approves or ratifies all relationships and related person transactions between us and (1) our directors, director nominees, or executive officers, (2) any five percent record or beneficial owner of our common stock, or (3) any immediate family member of any person specified in (1) and (2) above. Our Chief Financial Officer is primarily responsible for the development and implementation of processes and controls to obtain information from our directors and executive officers with respect to related person transactions and for determining, based on the facts and circumstances, whether we or a related person have a direct or indirect material interest in the transaction.

As set forth in the Company's related person transaction policy, in the course of its review and approval or ratification of a related party transaction, the Audit Committee will consider:

the nature of the related person's interest in the transaction;

the availability of other sources of comparable products or services;

the material terms of the transaction, including, without limitation, the amount and type of transaction; and

the importance of the transaction to us.

Any member of the Audit Committee who is a related person with respect to a transaction under review will not be permitted to participate in the discussions or approval or ratification of the transaction. However, such member of the Audit Committee will provide all material information concerning the transaction to the Audit Committee.

There were no related person transactions required to be disclosed since January 1, 2018 and no such transactions are currently proposed.

PROPOSAL 2 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors recommends that the stockholders ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2019.

Although the Company is not required to seek stockholder approval of this appointment, the Board of Directors believes that doing so is consistent with good corporate governance practices. If the appointment is not ratified, the Audit Committee will explore the reasons for stockholder rejection and will reconsider the appointment.

The Board of Directors unanimously recommends a vote *FOR* ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm.

Principal Accounting Fees and Services

Deloitte & Touche LLP audited our financial statements for the years ended December 31, 2018, 2017, and 2016 and currently serves as our independent registered public accounting firm. The

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following table presents fees paid for the audit of our annual consolidated financial statements and all other professional services for each of the last two years:

	For the Years Ended December 31,	
	2018	2017
Audit Fees	\$ 1,267,000	\$ 1,131,000
Audit-related fees	\$ 114,000	\$ 103,000
Tax fees	\$ 363,000	\$ 184,000
All other fees	\$ 33,000	\$ 2,000
Total Fees	\$ 1,777,000	\$ 1,420,000

The services provided by Deloitte & Touche were pre-approved by the Audit Committee. The Audit Committee has considered whether the provision of the above-noted services is compatible with maintaining the independence of the independent registered public accounting firm and has determined, based on advice from Deloitte & Touche, that the provision of such services has not adversely affected Deloitte & Touche's independence.

According to its charter, the Audit Committee is responsible for approving all audit engagement fees, terms and non-audit engagements with the independent auditors on behalf of the Company in advance of providing any service.

PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION

As required by Regulation 14A of the Securities Exchange Act, we are offering our stockholders an opportunity to cast an advisory vote on the compensation of our named executive officers, as disclosed in this proxy statement. Although the vote is non-binding, we value continuing and constructive feedback from our stockholders on compensation and other important matters. The Board and the Compensation Committee will consider the voting results when making future compensation decisions.

At the 2018 Annual Meeting of Stockholders, we provided our stockholders with the opportunity to cast an advisory vote on the compensation of our named executive officers as disclosed in the proxy statement for the 2018 Annual Meeting, and our stockholders overwhelmingly approved the proposal, with more than 96% of the votes cast in favor. At the 2017 Annual Meeting, we asked our stockholders to indicate if we should hold an advisory vote on the compensation of our named executive officers every one, two or three years, with our Board recommending an annual advisory vote. Because our Board views it as a good corporate governance practice, and because at our 2017 Annual Meeting more than 90% of the votes cast were in favor of an annual advisory vote, we again are asking our stockholders to approve the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules.

As described in the "Compensation Discussion and Analysis" section of this proxy statement, we believe that our executive compensation program enables us to attract, retain, and motivate a high-performance executive management team that improves our fundamental financial performance and provides value to the long-term interests of Generac and its stockholders.

We ask for your advisory vote on the following resolution:

"RESOLVED, that the stockholders hereby approve the compensation of Generac's named executive officers, as described in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission."

The Board of Directors unanimously recommends a vote "FOR" approval of this proposal.

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PROPOSAL 4 APPROVAL OF GENERAC HOLDINGS INC. 2019 EQUITY INCENTIVE PLAN

Introduction

On April 12, 2019, our Board of Directors, at the recommendation of our Compensation Committee (the "Committee"), approved the Generac Holdings Inc. 2019 Equity Incentive Plan (the "2019 Plan"), subject to approval by our stockholders at the 2019 Annual Meeting. The 2019 Plan will become effective on the date it is approved by our stockholders, and will replace our Amended and Restated 2010 Equity Incentive Plan (the "2010 Plan"). We do not grant any equity awards under any plan other than the 2010 Plan.

After the 2019 Plan becomes effective upon approval by our stockholders, no new awards will be made under the 2010 Plan. The number of shares of our Common Stock that may be the subject of awards and issued under the 2019 Plan is 2,675,000, plus the shares subject to any awards outstanding under the 2010 Plan as of the date the 2019 Plan becomes effective that subsequently expire, are forfeited or canceled, or are settled for cash. Until such time, however, awards under the 2010 Plan that are outstanding on the date the 2019 Plan becomes effective will continue to be subject to the terms of the 2010 Plan.

As of March 22, 2019, a total of 2,238,626 shares were subject to outstanding awards under the 2010 Plan. As of the same date, 2,997,109 shares in the aggregate were available for future awards under the 2010 Plan. Any shares remaining available for future awards under the 2010 Plan as of the effective date of the 2019 Plan will not be carried over into the 2019 Plan.

Stockholder Approval and Board of Directors Recommendation

Stockholder approval of the 2019 Plan is being sought in order to satisfy the stockholder approval requirements of the NYSE and Internal Revenue Code (as amended, the "Code") Section 422 to enable options granted under the 2019 Plan to qualify as incentive stock options.

Our Board of Directors recommends that our stockholders vote **FOR** the 2019 Plan because it includes a number of features that we believe are consistent with the interests of our stockholders and sound corporate governance practices. The 2019 Plan also will provide us with a share reserve that will enable us to continue to provide a competitive mix of compensation to our key employees. If the 2019 Plan is not approved by our stockholders, the 2010 Plan will remain in effect and we will remain subject to its existing share reserve.

Factors Considered in Setting Size of Requested Share Reserve

As of April 15, 2019, there were 62,297,629 shares of our Common Stock issued and outstanding. The closing sale price of a share of our Common Stock on the NYSE on that date was \$54.36.

In setting the proposed number of shares reserved and issuable under the 2019 Plan, the Committee and our Board of Directors considered a number of factors as described below.

Awards Outstanding and Shares Available for Grant. The table below shows, as of March 22, 2019, the shares reserved for issuance of outstanding awards under the 2010 Plan and available for future grant under our 2010 Plan. The table also shows the number of shares that will be

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available for future grants under each equity compensation plan following approval of the 2019 Plan by our stockholders.

	As of March 22, 2019		After Approval of 2019 Plan	
	Shares Reserved for Issuance of Outstanding Awards(2)	Shares Available For Future Awards	Shares Reserved for Issuance of Outstanding Awards	Shares Available for Future Awards
2010 Plan ⁽¹⁾	2,238,626	2,997,109	2,238,626	0
2019 Plan	0	0	0	2,675,000 ⁽³⁾
Total	2,238,626	2,997,109	2,238,626	2,675,000

- (1) Shares reserved for issuance of outstanding awards at March 22, 2019 consist of the following:

Types of Awards	Full Value Awards	Weighted	Weighted
		Average Exercise Price of Options/SARs	Average Term to Expiration
2010 Plan ⁽²⁾	1,818,553	420,073 ⁽⁴⁾	\$ 40.90 7.56 years

- (2) Following stockholder approval of the 2019 Plan, no further equity awards may be granted under the 2010 Plan; however, any shares that would return to the 2010 Plan as a result of an award terminating, expiring or being forfeited or being settled in cash in lieu of shares will instead become available under the 2019 Plan.
- (3) The 2019 Plan authorizes 2,675,000 shares for awards.
- (4) Assumes target level of performance during the applicable measurement period for vesting of performance-based awards.

Historical equity granting practices. Our three-year average "burn rate" was 1.57% for fiscal years 2016 through 2018. We define burn rate as the total number of shares subject to awards granted to participants in a single year expressed as a percent of our basic weighted average common shares outstanding for that year. We believe our historical burn rate is reasonable for a company of our size in our industry.

Estimated duration of shares available for issuance under the 2019 Plan. Based on the 2,675,000 shares to be reserved under the 2019 Plan and our three-year average burn rate as described above, we expect that the requested share reserve will cover awards for approximately 4 years.

Expected dilution. As of March 22, 2019, our existing voting power dilution under the 2010 Plan was 7.8%. We define existing voting power dilution as the sum of (i) the total number of shares available for future grants under the 2010 Plan and (ii) the total number of shares of our Common Stock subject to outstanding awards under the 2010 Plan, divided by the fully diluted number of common shares outstanding. Our projected voting power dilution as of that same date would be 7.3%, based on including the 2,675,000 share reserve under the 2019 Plan in the formula, and eliminating the shares available for future grants under the 2010 Plan, since unused shares under the 2010 Plan will not be carried over to the 2019 Plan. In light of the expected duration of 2019 Plan's share reserve, we believe that the expected dilution that will result from the 2019 Plan is reasonable for a company of our size in our industry.

Expectations regarding future share usage under the 2019 Plan are based on a number of assumptions regarding factors such as future growth in the population of eligible participants, the rate of future compensation increases, the rate at which shares are returned to the 2019 Plan reserve through

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forfeitures, cancellations and the like, the level at which performance-based awards pay out, and our future stock price performance. While the Committee believes that the assumptions utilized are reasonable, future share usage will differ to the extent that actual events differ from our assumptions.

Key Compensation Practices

The content of the 2019 Plan includes number of features that we believe are consistent with the interests of our stockholders and sound corporate governance practices, including the following:

Restrictions on dividends and dividend equivalents. The 2019 Plan prohibits the payment of dividends or dividend equivalents on stock options and stock appreciation rights ("SARs"), and provides that any dividends or dividend equivalents payable with respect to shares or share equivalents subject to the unvested portion of a full value award will be subject to the same restrictions and risk of forfeiture as the shares or share equivalents to which such dividends or dividend equivalents relate.

Increased flexibility of design. The 2019 Plan increases flexibility for the design of performance-based awards following the repeal of the performance-based compensation deductibility provisions of Section 162(m) of the Code, including the repeal of maximum individual award limitations for executive participants previously required for ensuring compliance with Section 162(m)'s performance-based compensation deductibility provisions.

No repricing of underwater options or SARs without stockholder approval. The 2019 Plan prohibits, without stockholder approval, actions to reprice, replace, or repurchase options or SARs when the exercise price per share of an option or SAR exceeds the fair market value of a share of our Common Stock.

No liberal share recycling. We may not add back to the 2019 Plan's share reserve any shares that are delivered or withheld to pay the exercise price of an option award or to satisfy a tax withholding obligation in connection with any awards, shares that we repurchase using option exercise proceeds and shares subject to a SAR award that are not issued in connection with the stock settlement of that award upon its exercise.

Net best cutbacks. Like the 2010 Plan, the 2019 Plan does not provide any parachute payment gross-ups to its participants. The 2019 Plan also provides that if any benefits provided to a participant under the 2019 Plan or other Company compensation arrangements in connection with a change in control would constitute "parachute payments" within the meaning of Code Section 280G and result in the imposition of an excise tax on the participant under Code Section 4999, then the amount of such payments and benefits will either (i) be reduced to the extent necessary to avoid characterization as parachute payments and the imposition of the excise tax, or (ii) be paid in full and remain subject to the imposition of the excise tax, whichever results in the participant's receipt on an after-tax basis of the greatest amount of payments and benefits.

The 2019 Plan continues to include a number of features similar to our 2010 Plan that we continue to believe are consistent with the interests of our stockholders, including:

No liberal definition of "change in control." No change in control would be triggered by stockholder approval of a business combination transaction, the announcement or commencement of a tender offer, or any board assessment that a change in control may be imminent.

No parachute payment gross-ups. Like the 2010 Plan, the 2019 Plan does not provide any parachute payment gross-ups to its participants.

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No discounted option or SAR grants. The 2019 Plan requires that the exercise price of options or SARs be at least equal to the fair market value of our Common Stock on the date of grant (except in the limited case of "substitute awards" as described below).

Description of the 2019 Equity Incentive Plan

The major features of the 2019 Plan are summarized below. The summary is qualified in its entirety by reference to the full text of the 2019 Plan, which is attached to this Proxy Statement as Appendix A.

Eligible Participants. Employees, consultants, and advisors of the Company or its affiliates, as well as non-employee directors of the Company, will be eligible to receive awards under the 2019 Plan. As of December 31, 2018, there were approximately 5,664 employees of the Company and its affiliates and nine non-employee directors of the Company who would be eligible to receive awards under the 2019 Plan.

Administration. The 2019 Plan will be administered by the Committee. To the extent not inconsistent with applicable law or stock exchange rules, the Committee may delegate its authority under the 2019 Plan to any one or more of its members, or, with respect to awards to participants who are not themselves our directors or executive officers, to one or more of our directors or executive officers or to a committee of the Board of Directors comprised of one or more directors. The Committee may also delegate non-discretionary administrative duties to other persons as it deems advisable. The full Board of Directors will perform the duties and have the responsibilities of the Committee with respect to awards under the 2019 Plan that are made to our non-employee directors.

The Committee has the authority to determine the persons to whom awards will be granted, the timing of awards, the type and number of shares covered by each award, the terms, conditions, performance criteria, and restrictions of the awards as well as the manner in which awards are paid and settled. The Committee may also establish, rescind, and modify rules to administer the 2019 Plan, adopt subplans or special provisions applicable to certain awards, interpret the 2019 Plan, any award and any related award agreement, reconcile any inconsistency, correct any defect or supply an omission in the 2019 Plan and any related award agreement, cancel or suspend an award, determine in what circumstances an award shall be forfeited, accelerate the vesting or extend the exercise period of an award (whether by amendment or other action), grant substitute awards in accordance with the 2019 Plan, and require or permit the deferral of the settlement of an award.

Except in connection with equity restructurings and other situations in which share adjustments are specifically authorized, the 2019 Plan prohibits the Committee from repricing any outstanding option or SAR awards without the prior approval of our stockholders. For these purposes, a "repricing" includes amending the terms of an option or SAR award to lower the exercise price, canceling an option or SAR award in conjunction with granting a replacement option or SAR award with a lower exercise price, canceling an option or SAR award in exchange for cash, other property or grant of a new full value award at a time when the per share exercise price of the option or SAR award is greater than the fair market value of a share of our Common Stock, or otherwise making an option or SAR award subject to any action that would be treated under accounting rules as a "repricing."

Subject to certain limitations set forth in the 2019 Plan, the Committee may also modify the terms of awards under the 2019 Plan with respect to participants who reside outside of the United States or who are employed by a non-United States subsidiary of the Company in order to comply with local legal or regulatory requirements.

Available Shares and Limitations on Awards. A maximum of 2,675,000 shares of our Common Stock may be the subject of awards and issued under the 2019 Plan. The shares of Common Stock issuable under the 2019 Plan may come from authorized and unissued shares or treasury shares. Full

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value awards, options, and SARs granted under the 2019 Plan will count as one share against the 2019 Plan's authorized share reserve.

Any shares of our Common Stock subject to any award under the 2019 Plan, or to an award under the 2010 Plan that is outstanding on the date our stockholders approve the 2019 Plan, that expires, is forfeited or cancelled, or is settled for cash will, to the extent of such expiration, forfeiture, cancellation or cash settlement, become available again for future awards under the 2019 Plan. Each share that again becomes available for awards in such manner shall increase the share reserve, with shares subject to full value awards, options, and SARs increasing the share reserve by 1 share. However, shares tendered or withheld in payment of the purchase price of a stock option, shares tendered or withheld to satisfy a tax withholding obligation, shares repurchased with proceeds received by the Company from exercise of a stock option and shares subject to a stock appreciation right that are not issued in connection with the stock settlement of the stock appreciation right may not be used again under the 2019 Plan. Awards granted under the plan in substitution for awards previously granted in connection with a merger, consolidation or acquisition are not charged against the number of shares available for grant as awards under the 2019 Plan.

Any shares of Common Stock issuable during the term of the 2019 Plan as a result of the reinvestment of dividends or the deemed reinvestment of dividend equivalents in connection with an award under the 2019 Plan or our 2010 Plan that are forfeited also will automatically replenish the 2019 Plan share reserve to the extent of such forfeiture.

Awards granted or shares of our Common Stock issued under the 2019 Plan upon the assumption of, or in substitution or exchange for, outstanding equity awards previously granted by an entity acquired by us or any of our affiliates or with which we or any of our affiliates combines (referred to as "substitute awards") will not reduce the share reserve under the 2019 Plan and will not reduce the shares authorized for grant to a participant in any calendar year.

Additionally, if a company acquired by us or any of our subsidiaries or with which we or any of our subsidiaries combines has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of that pre-existing plan may be used for awards under the 2019 Plan and shall supplement the share reserve under the 2019 Plan, but only if the awards are made to individuals who were not employed by, or serving as a non-employee director of, us or any of our subsidiaries prior to such acquisition or combination.

Share Adjustment Provisions. If certain equity transactions occur that cause the per share value of our Common Stock to change, such as stock dividends, stock splits, spin-offs, rights offerings, or certain recapitalizations (referred to as "equity restructurings"), the Committee will make adjustments as it deems equitable and appropriate to: (i) the aggregate number and kind of shares or other securities issued or reserved for issuance under the 2019 Plan, (ii) the number and kind of shares or other securities subject to outstanding awards, (iii) the exercise price of outstanding options and SAR awards, and (iv) award limitations prescribed by the 2019 Plan. Other types of transactions may also affect our Common Stock, such as a reorganization, merger, consolidation or partial or complete liquidation of our Company. If there is such a transaction and the Committee determines that adjustments of the type previously described in connection with equity restructurings would be appropriate to prevent any dilution or enlargement of benefits under the 2019 Plan, the Committee may make such adjustments as it deems equitable.

Types of Awards. The 2019 Plan permits us to award stock options, SARs, restricted stock awards, stock unit awards, and other stock-based awards to eligible recipients. These types of awards are described in more detail below.

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Stock Options. Employees of the Company or any subsidiary may be granted options to purchase Common Stock that qualify as "incentive stock options" within the meaning of Section 422 of the Code, and any eligible recipient may be granted options to purchase Common Stock that do not qualify as incentive stock options, referred to as "nonqualified stock options." The per share exercise price to be paid by a participant at the time an option is exercised may not be less than 100% of the fair market value of one share of our Common Stock on the date of grant, unless the option is granted as a substitute award as described above. "Fair market value" under the 2019 Plan as of any date generally means the average of the high and low trading price of a share of our Common Stock on the NYSE on that date. As of April 15, 2019, the closing sale price of a share of our Common Stock on the NYSE was \$54.36.

The total purchase price of the shares to be purchased upon exercise of an option will be paid by the participant in cash unless the Committee permits exercise payments to be made, in whole or in part, (i) by means of a broker-assisted sale and remittance program, (ii) by delivery to us (or attestation as to ownership) of shares of Common Stock already owned by the participant, or (iii) by a "net exercise" of the option in which a portion of the shares otherwise issuable upon exercise of the option are withheld by us. Any shares delivered or withheld in payment of an exercise price will be valued at their fair market value on the exercise date and have an aggregate value equal to the purchase price of the shares being purchased.

An option will vest and become exercisable at such time, in such installments and subject to such conditions as may be determined by the Committee, and no option may have a term greater than ten years from its date of grant. No dividends or dividend equivalents may be paid or credited with respect to shares subject to an option award.

The aggregate fair market value of shares of our Common Stock with respect to which incentive stock options granted to any participant may first become exercisable during any calendar year may not exceed \$100,000. Any incentive stock options that become exercisable in excess of this amount will be treated as nonqualified stock options. The maximum number of shares that may be issued upon the exercise of incentive stock option awards under the 2019 Plan is 2,675,000.

Stock Appreciation Rights. A SAR award provides the right to receive, in cash and/or shares of our common stock (as determined by the Committee), an amount equal to the difference between (i) the fair market value as of the date of exercise of the number of shares of our Common Stock as to which the SAR is being exercised, and (ii) the aggregate exercise price of that number of shares. The exercise price per share of a SAR award will be determined by the Committee, but may not be less than 100% of the fair market value of one share of our Common Stock on the date of grant, unless the SAR is granted as a substitute award as described above. No dividends or dividend equivalents may be paid or credited with respect to shares subject to a SAR award. A SAR award may not have a term greater than ten years from its date of grant, and will be subject to such other terms and conditions, consistent with the terms of the 2019 Plan, as may be determined by the Committee.

Restricted Stock Awards. A restricted stock award is an award of our Common Stock that vests at such times and in such installments as may be determined by the Committee. Until it vests, the shares subject to the award are subject to restrictions on transferability and the possibility of forfeiture. The Committee may impose such restrictions or conditions to the vesting of restricted stock awards as it deems appropriate, including that we, or any of our subsidiaries or business units, satisfy specified performance goals. Dividends or distributions payable with respect to shares that are subject to the unvested portion of a restricted stock award will be subject to the same restrictions and risk of forfeiture as the shares to which such dividends or distributions relate. Unless otherwise provided in an award agreement, participants are entitled to vote restricted shares prior to the time they vest.

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Stock Unit Awards. A stock unit award is a right to receive the fair market value of a specified number of shares of our Common Stock, payable in cash, shares, or a combination of both, that vests at such times, in such installments and subject to such conditions as may be determined by the Committee, including the satisfaction of specified performance goals. Until it vests, a stock unit award is subject to restrictions and the possibility of forfeiture. Following the vesting of a stock unit award, settlement of the award and payment to the participant will be made at such time as determined by the Committee. Stock unit awards will be subject to such other terms and conditions, consistent with the other provisions of the 2019 Plan, as may be determined by the Committee. The Committee may provide for the payment of dividend equivalents on stock unit awards and other stock-based awards and any such dividend equivalents will be subject to the same restrictions and risk of forfeiture as the underlying units or other awards to which such dividend equivalents relate.

Other Stock-Based Awards. The Committee may grant awards of Common Stock and other awards that are valued by reference to and/or payable in shares of our Common Stock under the 2019 Plan. The Committee has discretion in determining the terms and conditions of such awards, consistent with the terms and purposes of the 2019 Plan.

Transferability of Awards. In general, no right or interest in any award under the 2019 Plan may be sold, assigned, transferred, exchanged or encumbered by a participant, voluntarily or involuntarily, except by will or the laws of descent and distribution. However, the Committee may provide that an award (other than an incentive stock option) may be transferable by gift to a participant's family member or pursuant to a domestic relations order. Any award held by such permitted transferee will remain subject to the same terms and conditions that were applicable to the award before the transfer thereof.

Performance-Based Compensation. The Committee may grant awards under the 2019 Plan as a performance-based award if the Committee establishes one or more measures of corporate, business unit or individual performance which must be attained, and the performance period over which the specified performance is to be attained, as a condition to the grant, vesting, exercisability, lapse of restrictions and/or settlement in cash or shares of Common Stock. In connection with any such award, the Committee shall determine the extent to which performance measures have been attained and other applicable terms and conditions have been satisfied, and the degree to which the grant, vesting, exercisability, lapse of restrictions and/or settlement of such Award has been earned. The Committee shall also have the authority to provide, in an Agreement or otherwise, for the modification of a performance period and/or adjustments to or waivers of the achievement of performance goals under specified circumstances such as (i) the occurrence of events that are unusual in nature or infrequently occurring, such as a Change in Control, an equity restructuring, acquisitions, divestitures, restructuring activities, recapitalizations, or asset write-downs, (ii) a change in applicable tax laws or accounting principles, or (iii) the termination of service due to his or her death or disability. The Committee may, in its discretion and based on such considerations as it deems appropriate, adjust any amount otherwise determined by the application of the performance goals to be otherwise payable in connection with an award.

Change in Control. If a change in control of the Company that involves a business combination occurs, then the consequences will be as described below unless the Committee provides otherwise in a Company policy applicable to the participant, or an applicable award or other agreement with a participant. If outstanding awards are continued, assumed or replaced by the surviving or successor entity in connection with a business combination, and if within twelve months after the business combination a participant's employment or other service is involuntarily terminated without cause, or, if so provided in a Company policy applicable to the participant or, in the discretion of the Committee, in an award agreement, the participant terminates his or her employment or other service for good reason, (i) each of the participant's outstanding options and SARs will become fully vested and

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exercisable and will remain exercisable for one year, and (ii) each of the participant's unvested full value awards will fully vest. For these purposes, a performance-based award will be considered fully vested at the target level of performance and the vested portion of the Award at that level of performance is proportionate to the portion of the performance period that has elapsed prior to the participant's termination of employment or other service.

If any outstanding award is not continued, assumed or replaced in connection with a change in control involving a business combination, then (i) all outstanding options and SARs will become fully vested and exercisable for a period of time prior to the effective time of the business combination and will then terminate at the effective time of the business combination, and (ii) all full value awards will fully vest immediately prior to the effective time of the business combination. For these purposes, a performance-based award will be considered fully vested at the target level of performance and the vested portion of the Award at that level of performance is proportionate to the portion of the performance period that has elapsed prior to the business combination. Alternatively, if outstanding awards are not continued, assumed or replaced, the Committee may elect to cancel such awards at or immediately prior to the effective time of the business combination in exchange for a payment with respect to each award in an amount equal to the excess, if any, between the fair market value of the consideration that would otherwise be received in the business combination for the same number of shares over the aggregate exercise price (if any) for the shares subject to such award (or, if there is no excess, such award may be terminated without payment).

In the event of a change in control of the Company that does not involve a business combination, unless otherwise provided in a Company policy applicable to the participant, or an applicable award or other agreement with a participant, all Awards will continue in accordance with their terms; provided, however, if within twelve months after the change in control a participant's employment or other service is involuntarily terminated without cause, or, if so provided in a Company policy applicable to the participant or, in the discretion of the Committee, in an award agreement, the participant terminates his or her employment or other service for good reason, (i) each of the participant's outstanding options and SARs will become fully vested and exercisable and will remain exercisable for one year, and (ii) each of the participant's unvested full value awards will fully vest. For these purposes, a performance-based award will be considered fully vested at the target level of performance and the vested portion of the Award at that level of performance is proportionate to the portion of the performance period that has elapsed prior to the participant's termination of employment or other service.

The 2019 Plan also provides that if any payments or benefits provided to a participant under the 2019 Plan or any other Company compensation programs or arrangements in connection with a change in control would constitute "parachute payments" within the meaning of Code Section 280G, and would otherwise result in the imposition of an excise tax under Code Section 4999, then the amount of such payments and benefits will either (i) be reduced to the extent necessary to avoid characterization as parachute payments and the imposition of the excise tax, or (ii) be paid in full and remain subject to the imposition of the excise tax, whichever results in the participant's receipt on an after-tax basis of the greatest amount of payments and benefits.

For purposes of the 2019 Plan, the following terms have the meanings indicated:

A "change in control" generally refers to:

- (i) the acquisition by a person or group of beneficial ownership of 50% or more of the combined voting power of our Common Stock or voting securities,
- (ii) our incumbent board members as of the effective date of the 2019 Plan (the "Incumbent Board") cease to constitute at least a majority of our Board of Directors,

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- (iii) the consummation of a business combination as defined below (unless immediately following such business combination (x) all or substantially all of our previous holders of voting securities beneficially own more than 50% of the combined common stock and voting power of the resulting entity in substantially the same proportions and (y) at least a majority of the members of the resulting entity's board of directors were members of the Incumbent Board); or
- (iv) the approval by the Company's stockholders of a complete liquidation or dissolution of the Company.

A "business combination" generally means a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company.

Effect of Termination of Employment or Other Service. Unless otherwise set forth in an applicable award agreement, if a participant ceases to be employed by or provide other services to us and our affiliates, awards under the 2019 Plan will be treated as set forth in the 2019 Plan. Upon termination for cause or upon conduct that would constitute cause during any post-termination exercise period, all unexercised option and SAR awards and all unvested portions of any other outstanding awards will be immediately forfeited without consideration. Upon termination for any other reason, all unvested and unexercisable portions of any outstanding awards will be immediately forfeited without consideration.

Under the 2019 Plan, "cause" is generally defined as a participant's (i) willful, continued and uncured failure to perform substantially his or her duties owed to the Company or an affiliate after a written demand for substantial performance is delivered to the Participant; (ii) conviction of, or a plead of guilty or no contest to a felony or any crime involving moral turpitude; (iii) engaging in conduct that constitutes gross negligence or willful misconduct in the performance of his or her employment duties or is deemed a material violation of a Company policy; (iv) committing fraud, embezzlement, misappropriation of funds, breach of fiduciary duty, or a material act of dishonesty against the Company; (v) drug addiction, habitual intoxication, or violation of the Company's code of ethics and business conduct that adversely affects participant's job performance and duties, or the reputation or best interests of the Company; or (vi) breach of any representation, warranty or covenant under the Company's Executive Change in Control Policy, an award agreement, an employment agreement or other agreement or arrangement with the Company, provided that if a participant has another then-effective written agreement with the Company that defines "cause", that definition shall control.

Effective Date and Term of the 2019 Plan. The 2019 Plan will become effective on the date it is approved by the Company's stockholders. No awards will be made under the 2019 Plan prior to its effective date. Unless terminated earlier, the 2019 Plan will terminate on the tenth anniversary of the effective date. Awards outstanding under the 2019 Plan at the time it is terminated will continue in accordance with their terms and the terms of the 2019 Plan unless otherwise provided in the applicable agreements.

Amendment of the Plan. Our Board of Directors may amend the 2019 Plan from time to time, but no amendments to the 2019 Plan will be effective without stockholder approval if such approval is required under applicable laws, regulations or stock exchange rules. Our Board of Directors also may suspend or terminate the 2019 Plan at any time. No termination, suspension or amendment of the 2019 Plan may materially impair the rights of any participant under a previously granted award without the consent of the affected participant, unless such action is necessary to comply with applicable laws or stock exchange rules.

Amendment of Awards. The Committee may amend the terms of any award subject to certain limitations, however, no such amendment may materially impair the rights of any participant under a previously granted award without the consent of the affected participant, except for amendments

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necessary to comply with applicable laws, stock exchange rules or any compensation recovery policy as provided in the 2019 Plan.

Forfeiture and Clawback. The Committee may specify in an award agreement that a participant's rights, payments, and benefits under the award will be subject to reduction, cancellation, forfeiture or recovery by the Company upon the occurrence of certain other specified events, which may include termination of service for cause; violation of any material Company policy; breach of noncompetition, non-solicitation or confidentiality provisions that apply to the participant; a determination that the payment of the Award was based on an incorrect determination that financial or other criteria were met or other conduct by the participant that is detrimental to the business or reputation of the Company or its affiliates, including, but not limited to, a violation of any federal or state securities laws, rules or regulations or of any rule or other requirement of any securities exchanges on which the Company's Common Stock may, at the time, be listed. Awards also may be made subject to forfeiture or recovery by the Company pursuant to any compensation recovery policy adopted by the Board of Directors or the Committee at any time, including in response to the requirements of Section 10D of the Exchange Act or as otherwise required by law.

United States Federal Income Tax Consequences

The following is a summary of the principal United States federal income tax consequences to the Company and to participants subject to United States taxation with respect to awards granted under the 2019 Plan, based on statutes, regulations and interpretations in effect as of the date of this Proxy Statement.

Non-qualified Stock Options. If a participant is granted a non-qualified stock option under the 2019 Plan, the participant will not recognize taxable income upon the grant of the option. Generally, the participant will recognize ordinary income at the time of exercise in an amount equal to the difference between the fair market value of the shares acquired at the time of exercise and the exercise price paid. The participant's basis in the Common Stock for purposes of determining gain or loss on a subsequent sale or disposition of such shares generally will be the fair market value of our Common Stock on the date the option was exercised. Any subsequent gain or loss will be taxable as a capital gain or loss. The Company will generally be entitled to a federal income tax deduction at the time and for the same amount as the participant recognizes as ordinary income.

Incentive Stock Options. If a participant is granted an incentive stock option under the 2019 Plan, the participant will not recognize taxable income upon grant of the option. Generally, the participant will not recognize taxable income at the time of exercise. However, the excess of the fair market value of the shares acquired at the time of exercise over the aggregate exercise price is an item of tax preference income potentially subject to the alternative minimum tax. If shares acquired upon exercise of an incentive stock option satisfy applicable holding period requirements (a minimum of two years from the date of grant and one year from the date of exercise), the gain or loss (in an amount equal to the difference between the fair market value on the date of sale and the exercise price) upon disposition of the shares will be treated as a long-term capital gain or loss, and the Company will not be entitled to any deduction. Except in the event of death, if the holding period requirements are not met, the incentive stock option will be treated as one that does not meet the requirements of the Code for incentive stock options and the tax consequences described for nonqualified stock options will generally apply.

Other Awards. The current federal income tax consequences of other awards authorized under the 2019 Plan generally follow certain basic patterns. An award of restricted stock results in income recognition by a participant in an amount equal to the fair market value of the shares received at the time the restrictions lapse and the shares vest, unless the participant elects under Code Section 83(b) to accelerate income recognition and the taxability of the award to the date of grant. Stock unit awards

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generally result in income recognition by a participant at the time payment of such an award is made in an amount equal to the amount paid in cash or the then-current fair market value of the shares received, as applicable. SAR awards result in income recognition by a participant at the time such an award is exercised in an amount equal to the amount of cash or the then-current fair market value of the shares received by the participant, as applicable. In each of the foregoing cases, the Company will generally have a corresponding deduction at the time the participant recognizes ordinary income, subject to Code Section 162(m) with respect to covered employees.

Section 162(m) of the Code. Section 162(m) of the Internal Revenue Code prevents the Company from taking a federal income tax deduction for compensation paid in excess of \$1 million to our "covered employees" (which as of 2018 includes the CEO, CFO and the three other most highly compensated executive officers of the Company as of the end of the applicable calendar year, and any other person who was considered a covered employee in a previous taxable year (but not earlier than 2017). Prior to 2018, this deduction limitation did not apply to qualified "performance-based" compensation and a company's CFO was not considered to be a "covered officer". Any awards the Company grants pursuant to the 2019 Plan to covered employees, whether performance-based or otherwise, will be subject to the \$1 million annual deduction limitation.

Section 409A of the Code. The foregoing discussion of tax consequences of awards under the 2019 Plan assumes that the award discussed is either not considered a "deferred compensation arrangement" subject to Section 409A of the Code, or has been structured to comply with its requirements. If an award is considered a deferred compensation arrangement subject to Section 409A but fails to comply, in operation or form, with the requirements of Section 409A, the affected participant would generally be required to include in income when the award vests the amount deemed "deferred," would be required to pay an additional 20 percent income tax on such amount, and would be required to pay interest on the tax that would have been paid but for the deferral.

Awards Under the 2019 Plan

Because the 2019 Plan will not become effective until it is approved by our stockholders, the Committee has not yet approved any awards under, or subject to, the 2019 Plan. Since all awards under the 2019 Plan are made in the discretion of the Committee, neither the number nor types of future 2019 Plan awards to be received by or allocated to particular participants or groups of participants is presently determinable. Information regarding awards granted under the 2010 Plan during 2018 to our Named Executive Officers is provided under the caption "Grants of Plan-Based Awards Table" on page 37 of this Proxy Statement and to our nonemployee directors under the caption "2018 Director Compensation" on page 44 of this Proxy Statement.

The Board of Directors recommends that you vote FOR adoption of the Generac Holdings Inc. 2019 Equity Incentive Plan.

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REPORT OF THE AUDIT COMMITTEE

The Audit Committee represents and assists the Board in fulfilling its oversight responsibility relating to (i) the integrity of the Company's financial statements and financial reporting process and the Company's systems of internal accounting and financial controls; (ii) the performance of the internal audit services function; (iii) the annual independent audits of the Company's financial statements and management's report regarding the effectiveness of the Company's system of internal control over financial reporting, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (iv) the compliance by the Company with legal and regulatory requirements, including the Company's disclosure controls and procedures; (v) the evaluation of enterprise risk issues; and (vi) the fulfillment of the other responsibilities set out in the committee's charter. The Audit Committee has the responsibility for the engagement and retention of the Company's independent registered public accounting firm and the approval of all audit and other engagement fees.

In discharging its responsibilities, the Audit Committee is not itself responsible for the planning or conducting of audits or for any determination that the Company's financial statements are complete and accurate or in accordance with generally accepted accounting principles. The Company's management is primarily responsible for its financial statements and the quality and integrity of the reporting process. The independent registered public accounting firm Deloitte & Touche, LLP ("Deloitte & Touche") is responsible for auditing those financial statements with accounting principles generally accepted in the United States of America.

In fulfilling its oversight responsibilities, the Audit Committee has reviewed and discussed the audited consolidated financial statements for the year ended December 31, 2018, management's report of the effectiveness of the Company's system of internal control over financial reporting, and Deloitte & Touche's report of the effectiveness of the Company's system of internal control over financial reporting with the Company's management and representatives of the independent registered public accounting firm. The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board, as well as by SEC regulations. In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm its independence.

Deloitte & Touche audited the financial records of the Company and its subsidiaries for the year ended December 31, 2018 and has served as the Company's independent registered public accounting firm since 2016. Representatives of Deloitte & Touche are expected to be present at the Annual Meeting of Stockholders and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

In reliance on its review of the audited consolidated financial statements, the review of the report of management on the effectiveness of the Company's internal control over financial reporting and Deloitte & Touche's report thereon, the discussions referred to above and the receipt of the written disclosures referred to above, the Audit Committee has recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the SEC.

Respectfully submitted by the Audit Committee of the Board of Directors on April 15, 2019.

Andrew Lampereur, Chair
David Ramon
Robert Dixon
Dominick Zarcone

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OTHER BUSINESS

The Board of Directors has no knowledge of any other matter to be submitted at the Annual Meeting of Stockholders. If any other matter shall properly come before the annual meeting, the persons named in this proxy statement will have discretionary authority to vote the shares thereby represented in accordance with their best judgment.

PROPOSALS BY STOCKHOLDERS

Proposals that stockholders wish to submit for inclusion in our proxy statement and related form of proxy for our 2020 annual meeting of stockholders pursuant to Rule 14a-8 under the Securities Exchange Act must be received by us at S45 W29290 Hwy. 59, Waukesha, WI 53189, attention of Raj Kanuru, Executive Vice President, General Counsel, and Secretary, no later than January 2, 2020, unless the date of our 2020 annual meeting is more than 30 days before or after June 13, 2020, in which case the deadline will be a reasonable time before we begin to print and mail our proxy materials. Any stockholder proposal submitted for inclusion must be eligible for inclusion in our proxy statement in accordance with the rules and regulations promulgated by the SEC.

With respect to proposals submitted by a stockholder other than for inclusion in our proxy statement and related form of proxy for our 2020 annual meeting of stockholders, timely notice of any stockholder proposal must be received by us in accordance with our Bylaws no later than the close of business on March 15, 2020 nor earlier than the close of business on February 14, 2020, unless the date of our 2020 annual meeting is more than 30 days before or 60 days after June 13, 2020, in which case notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. The notice must contain the information required by our Bylaws. Any proxies solicited by the Board of Directors for the 2020 annual meeting may confer discretionary authority to vote on any proposals for which notice is not timely received.

It is important that your proxy be returned promptly, whether by mail, by the internet or by telephone. The proxy may be revoked at any time by you before it is exercised. If you attend the meeting in person, you may withdraw any proxy (including an internet or telephonic proxy) and vote your own shares.

By Order of the Board of Directors,

Raj Kanuru

Executive Vice President, General Counsel, and Secretary

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APPENDIX A

Generac Holdings Inc. 2019 Equity Incentive Plan

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**GENERAC HOLDINGS INC.
2019 EQUITY INCENTIVE PLAN**

1. Purpose. The purpose of the Generac Holdings Inc. 2019 Equity Incentive Plan (the "Plan") is to attract and retain the best available personnel for positions of responsibility with the Company, to provide additional incentives to them and align their interests with those of the Company's stockholders, and to thereby promote the Company's long-term business success.

2. Definitions. In this Plan, the following definitions will apply.

(a) "Affiliate" means any entity that is a Subsidiary of the Company, or any other entity in which the Company owns, directly or indirectly, at least 51% of combined voting power of the entity's Voting Securities and which is designated by the Committee as covered by the Plan.

(b) "Agreement" means the written or electronic agreement, notice or other document containing the terms and conditions applicable to each Award granted under the Plan, including all amendments thereto. An Agreement is subject to the terms and conditions of the Plan.

(c) "Award" means a grant made under the Plan in the form of Options, Stock Appreciation Rights, Restricted Stock, Stock Units or an Other Stock-Based Award.

(d) "Board" means the Board of Directors of the Company.

(e) "Business Combination" means a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company.

(f) "Cause" means, unless otherwise defined in a then-effective written agreement (including an Agreement) between a Participant and the Company or any Affiliate, a Participant's (i) willful and continued failure to perform substantially his or her duties owed to the Company or an Affiliate (other than such failure resulting from a Disability) after a written demand for substantial performance is delivered to the Participant specifically identifying the nature of such unacceptable performance and is not cured by the Participant within a reasonable period, not to exceed 30 days; (ii) conviction of (or plead of guilty or no contest to) a felony or any crime involving moral turpitude; (iii) engagement in conduct that constitutes gross negligence or willful misconduct in the performance of his or her employment duties and/or deemed a material violation of a Company policy; (iv) commitment of fraud, embezzlement, misappropriation of funds, breach of fiduciary duty, or a material act of dishonesty against the Company; (v) drug addiction, habitual intoxication, or violation of the Company's Code of Ethics and Business Conduct and/or Supplemental Code of Ethics and Business Conduct that adversely affects Participant's job performance and duties, or the reputation or best interests of the Company and its Affiliates; or (vi) breach of any representation, warranty or covenant under the Company's Executive Change in Control Policy, an award agreement, an employment agreement or other agreement or arrangement with the Company or any of its Affiliates. An act or omission by a Participant shall not be "willful" if conducted in good faith and with the Participant's reasonable belief that such conduct is in the best interests of the Company and its Affiliates.

(g) "Change in Control" means, unless otherwise defined in a then-effective written agreement (including an Agreement) between a Participant and the Company or any Affiliate, one of the following:

(1) The acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of either (i) the then-outstanding shares of Stock of the Company (the "Outstanding Company Stock") or (ii) the combined voting power of the then-outstanding Voting Securities of the Company (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (1), the following acquisitions shall not constitute a Change in Control: (a) any

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acquisition directly from the Company, (b) any acquisition by the Company, (c) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (d) any acquisition by any corporation pursuant to a transaction which complies with clauses (a) and (b) of subsection (3) of this definition;

(2) The cessation for any reason of individuals who, as of the effective date of this Plan, constitute the Board (the "Incumbent Board") to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, 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 were 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;

(3) The consummation of a Business Combination, in each case, unless, following such Business Combination, (a) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which 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 Stock and Outstanding Company Voting Securities, as the case may be, and (b) at least a majority of the members of the board of directors of the corporation 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

(4) The approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, to the extent that any Award constitutes a deferral of compensation subject to Code Section 409A, and if that Award provides for a change in the time or form of payment upon a Change in Control, then no Change in Control shall be deemed to have occurred upon an event described in this Section 2(g) unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, the Company under Code Section 409A.

(h) "Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time. For purposes of the Plan, references to sections of the Code shall be deemed to include any applicable regulations thereunder and any successor or similar statutory provisions.

(i) "Committee" means two or more Non-Employee Directors designated by the Board to administer the Plan under Section 3, each member of which shall be (i) an independent director within the meaning of applicable stock exchange rules and regulations and (ii) a non-employee director within the meaning of Exchange Act Rule 16b-3.

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- (j) "Company" means Generac Holdings Inc., a Delaware corporation, and any successor thereto.
- (k) "Disability" means (A) any permanent and total disability under any long-term disability plan or policy of the Company or its Affiliates that covers the Participant, or (B) if there is no such long-term disability plan or policy, "total and permanent disability" within the meaning of Code Section 22(e)(3).
- (l) "Employee" means an employee of the Company or an Affiliate.
- (m) "Exchange Act" means the Securities Exchange Act of 1934, as amended and in effect from time to time.
- (n) "Fair Market Value" means, as of any date, the per Share value determined as follows:
- (1) If the Shares are readily tradable on an established securities market (as determined under Code Section 409A), then the Fair Market Value will be the average of the high and low trading price on the principal securities market (or any established over-the-counter trading system) on which it traded on the date it is being determined, or if no trades were made on any such day, the immediately preceding day on which a sale of Shares occurred, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or
- (2) If the Shares are not then readily tradable on an established securities market (as determined under Code Section 409A), then Fair Market Value will be determined by the Committee as the result of a reasonable application of a reasonable valuation method that satisfies the requirements of Code Section 409A.
- (o) "Full Value Award" means an Award other than an Option Award or Stock Appreciation Right Award.
- (p) "Grant Date" means the date on which the Committee approves the grant of an Award under the Plan, or such later date as may be specified by the Committee on the date the Committee approves the Award.
- (q) "Non-Employee Director" means a member of the Board who is not an Employee.
- (r) "Option" means a right granted under the Plan to purchase a specified number of Shares at a specified price. An "Incentive Stock Option" or "ISO" means any Option designated as such and granted in accordance with the requirements of Code Section 422. A "Non-Qualified Stock Option" or "NQSO" means an Option other than an Incentive Stock Option.
- (s) "Other Stock-Based Award" means an Award described in Section 11 of this Plan.
- (t) "Parent" means a "parent corporation," as defined in Code Section 424(e).
- (u) "Participant" means a Service Provider to whom a then-outstanding Award has been granted under the Plan.
- (v) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).
- (w) "Plan" means this Generac Holdings Inc. 2019 Equity Incentive Plan, as amended and in effect from time to time.
- (x) "Prior Plan" means the Generac Holding Inc. Amended and Restated 2010 Equity Incentive Plan.

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(y) "Restricted Stock" means Shares issued to a Participant that are subject to such restrictions on transfer, vesting conditions and other restrictions or limitations as may be set forth in this Plan and the applicable Agreement.

(z) "Retirement" shall have the meaning provided in any individual Award Agreement.

(aa) "Service" means the provision of services by a Participant to the Company or any Affiliate in any Service Provider capacity. A Service Provider's Service shall be deemed to have terminated either upon an actual cessation of providing services to the Company or any Affiliate or upon the entity to which the Service Provider provides services ceasing to be an Affiliate. Except as otherwise provided in this Plan or any Agreement, Service shall not be deemed terminated in the case of (i) any approved leave of absence; (ii) transfers among the Company and any Affiliates in any Service Provider capacity; or (iii) any change in status so long as the individual remains in the service of the Company or any Affiliate in any Service Provider capacity.

(bb) "Service Provider" means an Employee, a Non-Employee Director, or any natural person who is a consultant or advisor, or is employed by a consultant or advisor retained by the Company or any Affiliate, and who provides services (other than in connection with (i) a capital-raising transaction or (ii) promoting or maintaining a market in Company securities) to the Company or any Affiliate.

(cc) "Share" means a share of Stock.

(dd) "Stock" means the common stock, \$0.01 par value per Share, of the Company.

(ee) "Stock Appreciation Right" or "SAR" means the right to receive, in cash and/or Shares as determined by the Committee, an amount equal to the appreciation in value of a specified number of Shares between the Grant Date of the SAR and its exercise date.

(ff) "Stock Unit" means a right to receive, in cash and/or Shares as determined by the Committee, the Fair Market Value of a Share, subject to such restrictions on transfer, vesting conditions and other restrictions or limitations as may be set forth in this Plan and the applicable Agreement.

(gg) "Subsidiary" means a "subsidiary corporation," as defined in Code Section 424(f), of the Company.

(hh) "Substitute Award" means an Award granted upon the assumption of, or in substitution or exchange for, outstanding awards granted by a company or other entity acquired by the Company or any Affiliate or with which the Company or any Affiliate combines. The terms and conditions of a Substitute Award may vary from the terms and conditions set forth in the Plan to the extent that the Committee at the time of the grant may deem appropriate to conform, in whole or in part, to the provisions of the award in substitution for which it has been granted.

(ii) "Voting Securities" of an entity means the outstanding equity securities (or comparable equity interests) entitled to vote generally in the election of directors of such entity.

3. Administration of the Plan.

(a) *Administration.* The authority to control and manage the operations and administration of the Plan shall be vested in the Committee in accordance with this Section 3.

(b) *Scope of Authority.* Subject to the terms of the Plan, the Committee shall have the authority, in its discretion, to take such actions as it deems necessary or advisable to administer the Plan, including:

(1) determining the Service Providers to whom Awards will be granted, the timing of each such Award, the type of and the number of Shares covered by each Award, the terms,

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conditions, performance criteria, restrictions and other provisions of Awards, and the manner in which Awards are paid or settled;

(2) cancelling or suspending an Award, accelerating the vesting or extending the exercise period of an Award, or otherwise amending the terms and conditions of any outstanding Award, subject to the requirements of Sections 15(d) and 15(e);

(3) adopting sub-plans or special provisions applicable to Awards, establishing, amending or rescinding rules to administer the Plan, interpreting the Plan and any Award or Agreement, reconciling any inconsistency, correcting any defect or supplying an omission in the Plan or any Agreement, and making all other determinations necessary or desirable for the administration of the Plan;

(4) granting Substitute Awards under the Plan; and

(5) taking such actions as are provided in Section 3(c) with respect to Awards to foreign Service Providers; and

(6) requiring or permitting the deferral of the settlement of an Award, and establishing the terms and conditions of any such deferral.

For the avoidance of doubt, the Committee shall perform the foregoing duties and have the foregoing responsibilities with respect to Awards made to Non-Employee Directors as well as other Service Providers.

(c) *Awards to Foreign Service Providers.* The Committee may grant Awards to Service Providers who are foreign nationals, who are located outside of the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause the Company to be subject to) legal or regulatory requirements of countries outside of the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to comply with applicable foreign laws and regulatory requirements and to promote achievement of the purposes of the Plan. In connection therewith, the Committee may establish such subplans and modify exercise procedures and other Plan rules and procedures to the extent such actions are deemed necessary or desirable, and may take any other action that it deems advisable to obtain local regulatory approvals or to comply with any necessary local governmental regulatory exemptions.

(d) *Acts of the Committee; Delegation.* A majority of the members of the Committee shall constitute a quorum for any meeting of the Committee, and any act of a majority of the members present at any meeting at which a quorum is present or any act unanimously approved in writing by all members of the Committee shall be the act of the Committee. Any such action of the Committee shall be valid and effective even if one or more members of the Committee at the time of such action are later determined not to have satisfied all of the criteria for membership in clauses (i) and (ii) of Section 2(h). To the extent not inconsistent with applicable law or stock exchange rules, the Committee may delegate all or any portion of its authority under the Plan to any one or more of its members or, as to Awards to Participants who are not subject to Section 16 of the Exchange Act, to one or more directors or executive officers of the Company or to a committee of the Board comprised of one or more directors of the Company. The Committee may also delegate non-discretionary administrative responsibilities in connection with the Plan to such other persons as it deems advisable.

(e) *Finality of Decisions.* The Committee's interpretation of the Plan and of any Award or Agreement made under the Plan and all related decisions or resolutions of the Board or Committee shall be final and binding on all parties with an interest therein.

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(f) *Indemnification.* Each person who is or has been a member of the Committee or of the Board, and any other person to whom the Committee delegates authority under the Plan, shall be indemnified by the Company, to the maximum extent permitted by law, against liabilities and expenses imposed upon or reasonably incurred by such person in connection with or resulting from any claims against such person by reason of the performance of the individual's duties under the Plan. This right to indemnification is conditioned upon such person providing the Company an opportunity, at the Company's expense, to handle and defend the claims before such person undertakes to handle and defend them on such person's own behalf. The Company will not be required to indemnify any person for any amount paid in settlement of a claim unless the Company has first consented in writing to the settlement. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such person or persons may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise.

4. Shares Available Under the Plan.

(a) *Maximum Shares Available.* Subject to Section 4(b) and to adjustment as provided in Section 12(a), the number of Shares that may be the subject of Awards and issued under the Plan shall be 2,675,000. No further awards may be made under the Prior Plan after the effective date of this Plan. Shares issued under the Plan may come from authorized and unissued shares or treasury shares. In determining the number of Shares to be counted against this share reserve in connection with any Award, the following rules shall apply:

- (1) Shares that are subject to Full Value Awards or Awards of Options or Stock Appreciation Rights shall be counted against the share reserve as one Share for every one Share granted.
- (2) Where the number of Shares subject to an Award is variable on the Grant Date, the number of Shares to be counted against the share reserve shall be the maximum number of Shares that could be received under that particular Award, until such time as it can be determined that only a lesser number of shares could be received.
- (3) Where two or more types of Awards are granted to a Participant in tandem with each other, such that the exercise of one type of Award with respect to a number of Shares cancels at least an equal number of Shares of the other, the number of Shares to be counted against the share reserve shall be the largest number of Shares that would be counted against the share reserve under either of the Awards.
- (4) Shares subject to Substitute Awards shall not be counted against the share reserve, nor shall they reduce the Shares authorized for grant to a Participant in any calendar year.
- (5) Awards that may be settled solely in cash shall not be counted against the share reserve, nor shall they reduce the Shares authorized for grant to a Participant in any calendar year.

(b) *Effect of Forfeitures and Other Actions.* Any Shares subject to an Award, or to an award granted under the Prior Plan that is outstanding on the effective date of this Plan (a "Prior Plan Award"), that expires, is cancelled or forfeited or is settled for cash shall, to the extent of such cancellation, forfeiture, expiration or cash settlement, again become available for Awards under this Plan, and the share reserve under Section 4(a) shall be correspondingly replenished. The following Shares shall not, however, again become available for Awards or replenish the share reserve under Section 4(a): (i) Shares tendered (either actually or by attestation) by the Participant or withheld by the Company in payment of the exercise price of a stock option issued under this Plan or the Prior Plan, (ii) Shares tendered (either actually or by attestation) by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an award under

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this Plan or the Prior Plan, (iii) Shares repurchased by the Company with proceeds received from the exercise of a stock option issued under this Plan or the Prior Plan, and (iv) Shares subject to a stock appreciation right award issued under this Plan or the Prior Plan that are not issued in connection with the stock settlement of that award upon its exercise.

(c) *Effect of Plans Operated by Acquired Companies.* If a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall supplement the Share reserve under Section 4(a). Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or combination, and shall only be made to individuals who were not Employees or Non-Employee Directors prior to such acquisition or combination.

(d) *No Fractional Shares.* Unless otherwise determined by the Committee, the number of Shares subject to an Award shall always be a whole number. No fractional Shares may be issued under the Plan, but the Committee may, in its discretion, adopt any rounding convention it deems suitable or pay cash in lieu of any fractional Share in settlement of an Award.

5. Eligibility. Participation in the Plan is limited to Service Providers. Incentive Stock Options may only be granted to Employees.

6. General Terms of Awards.

(a) *Award Agreement.* Each Award shall be evidenced by an Agreement setting forth the amount of the Award together with such other terms and conditions applicable to the Award (and not inconsistent with the Plan) as determined by the Committee. If an Agreement calls for acceptance by the Participant, the Award evidenced by the Agreement will not become effective unless acceptance of the Agreement in a manner permitted by the Committee is received by the Company within 30 days of the date the Agreement is delivered to the Participant. An Award to a Participant may be made singly or in combination with any form of Award. Two types of Awards may be made in tandem with each other such that the exercise of one type of Award with respect to a number of Shares reduces the number of Shares subject to the related Award by at least an equal amount.

(b) *Vesting and Term.* Each Agreement shall set forth the period until the applicable Award is scheduled to vest and, if applicable, expire (which shall not be more than ten years from the Grant Date), and, consistent with the requirements of this Section 6(b), the applicable vesting conditions and any applicable performance period. The Committee may provide in an Agreement for such vesting conditions and timing as it may determine. Unless the Committee provides otherwise, the vesting of Awards granted hereunder will be suspended during any unpaid leave of absence.

(c) *Transferability.* Except as provided in this Section 6(c), (i) during the lifetime of a Participant, only the Participant or the Participant's guardian or legal representative may exercise an Option or SAR, or receive payment with respect to any other Award; and (ii) no Award may be sold, assigned, transferred, exchanged or encumbered, voluntarily or involuntarily, other than by will or the laws of descent and distribution. Any attempted transfer in violation of this Section 6(c) shall be of no effect. The Committee may, however, provide in an Agreement or otherwise that an Award (other than an Incentive Stock Option) may be transferred pursuant to a domestic relations

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order or may be transferable by gift to any "family member" (as defined in General Instruction A.1(a)(5) to Form S-8 under the Securities Act of 1933) of the Participant. Any Award held by a transferee shall continue to be subject to the same terms and conditions that were applicable to that Award immediately before the transfer thereof. For purposes of any provision of the Plan relating to notice to a Participant or to acceleration or termination of an Award upon the death or termination of Service of a Participant, the references to "Participant" shall mean the original grantee of an Award and not any transferee.

(d) *Termination of Service.* Unless otherwise provided in an applicable Agreement or another then-effective written agreement between a Participant and the Company, and subject to Section 12 of this Plan, if a Participant's Service with the Company and all of its Affiliates terminates, the following provisions shall apply (in all cases subject to the scheduled expiration of an Option or SAR Award, as applicable):

(1) Upon termination of Service for Cause, or upon conduct during a post-termination exercise period that would constitute Cause, all unexercised Option and SAR Awards and all unvested portions of any other outstanding Awards shall be immediately forfeited without consideration.

(2) Upon termination of Service for any other reason, all unvested and unexercisable portions of any outstanding Awards shall be immediately forfeited without consideration.

(3) Upon termination of Service for any reason other than Cause, death or Disability or Retirement, the currently vested and exercisable portions of Option and SAR Awards may be exercised for a period of 90 days after the date of such termination. However, if a Participant thereafter dies during such 90 day period, the vested and exercisable portions of the Option and SAR Awards may be exercised for a period of one year after the date of such termination.

(4) Upon termination of Service due to death or Disability or Retirement, the currently vested and exercisable portions of Option and SAR Awards may be exercised for a period of one year after the date of such termination.

(e) *Rights as Stockholder.* No Participant shall have any rights as a stockholder with respect to any Shares covered by an Award unless and until the date the Participant becomes the holder of record of the Shares, if any, to which the Award relates.

(f) *Performance-Based Awards.* Any Award may be granted as a performance-based Award if the Committee establishes one or more measures of corporate, business unit or individual performance which must be attained, and the performance period over which the specified performance is to be attained, as a condition to the grant, vesting, exercisability, lapse of restrictions and/or settlement in cash or Shares of such Award. In connection with any such Award, the Committee shall determine the extent to which performance measures have been attained and other applicable terms and conditions have been satisfied, and the degree to which the grant, vesting, exercisability, lapse of restrictions and/or settlement of such Award has been earned. The Committee shall also have the authority to provide, in an Agreement or otherwise, for the modification of a performance period and/or adjustments to or waivers of the achievement of performance goals under specified circumstances such as (i) the occurrence of events that are unusual in nature or infrequently occurring, such as a Change in Control, an equity restructuring (as described in Section 12(a)), acquisitions, divestitures, restructuring activities, recapitalizations, or asset write-downs, (ii) a change in applicable tax laws or accounting principles, or (iii) the Participant's death or Disability.

(g) *Dividends and Dividend Equivalents.* No dividends, dividend equivalents or distributions will be paid with respect to Shares subject to an Option or SAR Award. Any dividends or

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distributions payable with respect to Shares that are subject to the unvested portion of a Restricted Stock Award will be subject to the same restrictions and risk of forfeiture as the Shares to which such dividends or distributions relate. In its discretion, the Committee may provide in an Award Agreement for a Stock Unit Award or an Other Stock-Based Award that the Participant will be entitled to receive dividend equivalents, based on dividends actually declared and paid on outstanding Shares, on the units or other Share equivalents subject to the Stock Unit Award or Other Stock-Based Award, and such dividend equivalents will be subject to the same restrictions and risk of forfeiture as the units or other Share equivalents to which such dividend equivalents relate. The additional terms of any such dividend equivalents will be as set forth in the applicable Agreement, including the time and form of payment and whether such dividend equivalents will be credited with interest or deemed to be reinvested in additional units or Share equivalents. Any Shares issued or issuable during the term of this Plan as the result of the reinvestment of dividends or the deemed reinvestment of dividend equivalents in connection with an Award or a Prior Plan Award shall be counted against, and replenish upon any subsequent forfeiture, the Plan's share reserve as provided in Section 4.

(h) *Deferrals of Full Value Awards.* The Committee may, in its discretion, permit or require the deferral by a Participant of the issuance of Shares or payment of cash in settlement of any Full Value Award, subject to such terms, conditions, rules and procedures as it may establish or prescribe for such purpose and with the intention of complying with the applicable requirements of Code Section 409A. The terms, conditions, rules and procedures for any such deferral shall be set forth in writing in the relevant Agreement or in such other agreement, plan or document as the Committee may determine, or some combination of such documents. The terms, conditions, rules and procedures for any such deferral shall address, to the extent relevant, matters such as: (i) the amount of compensation that may or must be deferred (or the method for calculating the amount); (ii) the permissible time(s) and form(s) of payment of deferred amounts; (iii) the terms and conditions of any deferral elections by a Participant or of any deferral required by the Company; and (iv) the crediting of interest or dividend equivalents on deferred amounts.

7. Stock Option Awards.

(a) *Type and Exercise Price.* The Agreement pursuant to which an Option Award is granted shall specify whether the Option is an Incentive Stock Option or a Non-Qualified Stock Option. The exercise price at which each Share subject to an Option Award may be purchased shall be determined by the Committee and set forth in the Agreement, and shall not be less than the Fair Market Value of a Share on the Grant Date, except in the case of Substitute Awards (to the extent consistent with Code Section 409A and, in the case of Incentive Stock Options, Code Section 424).

(b) *Payment of Exercise Price.* The purchase price of the Shares with respect to which an Option Award is exercised shall be payable in full at the time of exercise. The purchase price may be paid in cash or in such other manner as the Committee may permit, including by payment under a broker-assisted sale and remittance program, by withholding Shares otherwise issuable to the Participant upon exercise of the Option or by delivery to the Company of Shares (by actual delivery or attestation) already owned by the Participant (in either case, such Shares having a Fair Market Value as of the date the Option is exercised equal to the purchase price of the Shares being purchased).

(c) *Exercisability and Expiration.* Each Option Award shall be exercisable in whole or in part on the terms provided in the Agreement. No Option Award shall be exercisable at any time after its scheduled expiration. When an Option Award is no longer exercisable, it shall be deemed to have terminated.

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(d) *Incentive Stock Options.*

(1) An Option Award will constitute an Incentive Stock Option Award only if the Participant receiving the Option Award is an Employee, and only to the extent that (i) it is so designated in the applicable Agreement and (ii) the aggregate Fair Market Value (determined as of the Option Award's Grant Date) of the Shares with respect to which Incentive Stock Option Awards held by the Participant first become exercisable in any calendar year (under the Plan and all other plans of the Company and its Affiliates) does not exceed \$100,000 or such other amount specified by the Code. To the extent an Option Award granted to a Participant exceeds this limit, the Option Award shall be treated as a Non-Qualified Stock Option Award. The maximum number of Shares that may be issued upon the exercise of Incentive Stock Option Awards under the Plan shall be 2,675,000, subject to adjustment as provided in Section 12(a).

(2) No Participant may receive an Incentive Stock Option Award under the Plan if, immediately after the grant of such Award, the Participant would own (after application of the rules contained in Code Section 424(d)) Shares possessing more than 10% of the total combined Voting Power of all classes of stock of the Company or an Affiliate, unless (i) the per Share exercise price for such Award is at least 110% of the Fair Market Value of a Share on the Grant Date and (ii) such Award will expire no later than five years after its Grant Date.

(3) For purposes of continued Service by a Participant who has been granted an Incentive Stock Option Award, no approved leave of absence may exceed three months unless reemployment upon expiration of such leave is provided by statute or contract. If reemployment is not so provided, then on the date six months following the first day of such leave, any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Non-Qualified Stock Option.

(4) If an Incentive Stock Option Award is exercised after the expiration of the exercise periods that apply for purposes of Code Section 422, such Option shall thereafter be treated as a Non-Qualified Stock Option.

(5) The Agreement covering an Incentive Stock Option Award shall contain such other terms and provisions that the Committee determines necessary to qualify the Option Award as an Incentive Stock Option Award.

(e) *Extension if Exercise Prevented by Law.* Notwithstanding the foregoing, if the exercise of an Option Award during the applicable post-termination of Service exercise period as set forth in Section 6(d) or in the applicable Agreement is prevented by Section 16(c), the Option shall remain exercisable until the later of (i) 30 days after the date the exercise of the Option would no longer be prevented by such provision, or (ii) the end of the applicable post-termination exercise period, but in no event later than the scheduled expiration date of the Option as set forth in the applicable Agreement.

8. *Stock Appreciation Right Awards.*

(a) *Nature of Award.* An Award of Stock Appreciation Rights shall be subject to such terms and conditions as are determined by the Committee, and shall provide a Participant the right to receive upon exercise of the SAR Award all or a portion of the excess of (i) the Fair Market Value as of the date of exercise of the SAR Award of the number of Shares as to which the SAR Award is being exercised, over (ii) the aggregate exercise price for such number of Shares. The per Share exercise price for any SAR Award shall be determined by the Committee and set forth in the applicable Agreement, and shall not be less than the Fair Market Value of a Share on the Grant Date, except in the case of Substitute Awards (to the extent consistent with Code Section 409A).

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(b) *Exercise of SAR.* Each SAR Award may be exercisable in whole or in part at the times, on the terms and in the manner provided in the Agreement. No SAR Award shall be exercisable at any time after its scheduled expiration. When a SAR Award is no longer exercisable, it shall be deemed to have terminated. Upon exercise of a SAR Award, payment to the Participant shall be made at such time or times as shall be provided in the Agreement in the form of cash, Shares or a combination of cash and Shares as determined by the Committee. The Agreement may provide for a limitation upon the amount or percentage of the total appreciation on which payment (whether in cash and/or Shares) may be made in the event of the exercise of a SAR Award.

9. Restricted Stock Awards.

(a) *Vesting and Consideration.* Shares subject to a Restricted Stock Award shall be subject to vesting and the lapse of applicable restrictions based on such conditions or factors and occurring over such period of time as the Committee may determine in its discretion. The Committee may provide whether any consideration other than Services must be received by the Company or any Affiliate as a condition precedent to the grant of a Restricted Stock Award, and may correspondingly provide for Company reacquisition or repurchase rights if such additional consideration has been required and some or all of a Restricted Stock Award does not vest.

(b) *Shares Subject to Restricted Stock Awards.* Unvested Shares subject to a Restricted Stock Award shall be evidenced by a book-entry in the name of the Participant with the Company's transfer agent or by one or more Stock certificates issued in the name of the Participant. Any such Stock certificate shall be deposited with the Company or its designee, together with an assignment separate from the certificate, in blank, signed by the Participant, and bear an appropriate legend referring to the restricted nature of the Restricted Stock evidenced thereby. Any book-entry shall be subject to comparable restrictions and corresponding stop transfer instructions. Upon the vesting of Shares of Restricted Stock, and the Company's determination that any necessary conditions precedent to the release of vested Shares (such as satisfaction of tax withholding obligations and compliance with applicable legal requirements) have been satisfied, such vested Shares shall be made available to the Participant in such manner as may be prescribed or permitted by the Committee.

10. Stock Unit Awards.

(a) *Vesting and Consideration.* A Stock Unit Award shall be subject to vesting and the lapse of applicable restrictions based on such conditions or factors and occurring over such period of time as the Committee may determine in its discretion. If vesting of a Stock Unit Award is conditioned on the achievement of specified performance goals, the extent to which they are achieved over the specified performance period shall determine the number of Stock Units that will be earned and eligible to vest, which may be greater or less than the target number of Stock Units stated in the Agreement. The Committee may provide whether any consideration other than Services must be received by the Company or any Affiliate as a condition precedent to the settlement of a Stock Unit Award.

(b) *Settlement of Award.* Following the vesting of a Stock Unit Award, and the Company's determination that any necessary conditions precedent to the settlement of the Award (such as satisfaction of tax withholding obligations and compliance with applicable legal requirements) have been satisfied, settlement of the Award and payment to the Participant shall be made at such time or times in the form of cash, Shares (which may themselves be considered Restricted Stock under the Plan) or a combination of cash and Shares as determined by the Committee.

11. Other Stock-Based Awards. The Committee may from time to time grant Shares and other Awards that are valued by reference to and/or payable in whole or in part in Shares under the Plan. The Committee shall determine the terms and conditions of such Awards, which shall be consistent

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with the terms and purposes of the Plan. The Committee may direct the Company to issue Shares subject to restrictive legends and/or stop transfer instructions that are consistent with the terms and conditions of the Award to which the Shares relate.

12. Changes in Capitalization, Business Combinations, Change in Control.

(a) *Adjustments for Changes in Capitalization.* In the event of any equity restructuring (within the meaning of FASB ASC Topic 718) that causes the per share value of Shares to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the Committee shall make such adjustments as it deems equitable and appropriate to (i) the aggregate number and kind of Shares or other securities issued or reserved for issuance under the Plan, (ii) the number and kind of Shares or other securities subject to outstanding Awards, (iii) the exercise price of outstanding Options and SARs, and (iv) any maximum limitations prescribed by the Plan with respect to certain types of Awards. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of Participants. In either case, any such adjustment shall be conclusive and binding for all purposes of the Plan. No adjustment shall be made pursuant to this Section 12(a) in connection with the conversion of any convertible securities of the Company, or in a manner that would cause Incentive Stock Options to violate Section 422(b) of the Code or cause an Award to be subject to adverse tax consequences under Section 409A of the Code.

(b) *Business Combination.* Unless otherwise provided in an applicable Agreement or another written agreement between a Participant and the Company or a Company policy applicable to Participant (including but not limited to the Company's Executive Change in Control Policy), the following provisions shall apply to outstanding Awards in the event of a Change in Control that involves a Business Combination.

(1) *Continuation, Assumption or Replacement of Awards.* In the event of a Business Combination, the surviving or successor entity (or its Parent) may continue, assume or replace Awards outstanding as of the date of the Business Combination (with such adjustments as may be required or permitted by Section 12(a)), and such Awards or replacements therefor shall remain outstanding and be governed by their respective terms, subject to Section 12(b)(4) below. A surviving or successor entity may elect to continue, assume or replace only some Awards or portions of Awards. For purposes of this Section 12(b)(1), an Award shall be considered assumed or replaced if, in connection with the Business Combination and in a manner consistent with Code Section 409A (and Code Section 424 if the Award is an ISO), either (i) the contractual obligations represented by the Award are expressly assumed by the surviving or successor entity (or its Parent) with appropriate adjustments to the number and type of securities subject to the Award and the exercise price thereof that preserves the intrinsic value of the Award existing at the time of the Business Combination, or (ii) the Participant has received a comparable equity-based award that preserves the intrinsic value of the Award existing at the time of the Business Combination and contains terms and conditions that are substantially similar to those of the Award.

(2) *Acceleration.* If and to the extent that outstanding Awards under the Plan are not continued, assumed or replaced in connection with a Business Combination, then (i) all outstanding Option and SAR Awards shall become fully vested and exercisable for such period of time prior to the effective time of the Business Combination as is deemed fair and equitable by the Committee, and shall terminate at the effective time of the Business Combination, and (ii) all outstanding Full Value Awards shall fully vest immediately prior to

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the effective time of the Business Combination, and (iii) to the extent vesting of any Award is subject to satisfaction of specified performance goals, such Award shall be deemed "fully vested" for purposes of this Section 12(b)(2) if the performance goals are deemed to have been satisfied at the target level of performance and the vested portion of the Award at that level of performance is proportionate to the portion of the performance period that has elapsed as of the effective time of the Business Combination. The Committee shall provide written notice of the period of accelerated exercisability of Option and SAR Awards to all affected Participants. The exercise of any Option or SAR Award whose exercisability is accelerated as provided in this Section 12(b)(2) shall be conditioned upon the consummation of the Business Combination and shall be effective only immediately before such consummation.

(3) *Payment for Awards.* If and to the extent that outstanding Awards under the Plan are not continued, assumed or replaced in connection with a Business Combination, then the Committee may provide that some or all of such outstanding Awards shall be canceled at or immediately prior to the effective time of the Business Combination in exchange for payments to the holders as provided in this Section 12(b)(3). The Committee will not be required to treat all Awards similarly for purposes of this Section 12(b)(3). The payment for any Award canceled shall be in an amount equal to the difference, if any, between (i) the fair market value (as determined in good faith by the Committee) of the consideration that would otherwise be received in the Business Combination for the number of Shares subject to the Award, and (ii) the aggregate exercise price (if any) for the Shares subject to such Award. If the amount determined pursuant to the preceding sentence is not a positive number with respect to any Award, such Award may be canceled pursuant to this Section 12(b)(3) without payment of any kind to the affected Participant. With respect to an Award whose vesting is subject to the satisfaction of specified performance goals, the number of Shares subject to such an Award for purposes of this Section 12(b)(3) shall be the number of Shares as to which the Award would have been deemed "fully vested" for purposes of Section 12(b)(2). Payment of any amount under this Section 12(b)(3) shall be made in such form, on such terms and subject to such conditions as the Committee determines in its discretion, which may or may not be the same as the form, terms and conditions applicable to payments to the Company's stockholders in connection with the Business Combination, and may, in the Committee's discretion, include subjecting such payments to vesting conditions comparable to those of the Award canceled, subjecting such payments to escrow or holdback terms comparable to those imposed upon the Company's stockholders under the Business Combination, or calculating and paying the present value of payments that would otherwise be subject to escrow or holdback terms.

(4) *Termination After a Business Combination.* If and to the extent that Awards are continued, assumed or replaced under the circumstances described in Section 12(b)(1), and if within twelve months after the Business Combination a Participant experiences an involuntary termination of Service for reasons other than Cause, or, if provided in an Agreement, voluntarily terminates his or her Service for Good Reason (as defined in such Agreement), then (i) outstanding Option and SAR Awards issued to the Participant that are not yet fully exercisable shall immediately become exercisable in full and shall remain exercisable for one year following the Participant's termination of employment, and (ii) any Full Value Awards that are not yet fully vested shall immediately vest in full (with vesting in full for a performance-based award determined as provided in Section 12(b)(2), except that the proportionate vesting amount will be determined with respect to the portion of the performance period during which the Participant was a Service Provider).

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(c) *Other Change in Control.* Unless otherwise provided in an applicable Agreement or another written agreement between a Participant and the Company or a Company policy applicable to Participant (including but not limited to the Company's Executive Change in Control Policy), in the event of a Change in Control that does not involve a Business Combination, all Awards will continue in accordance with their terms; provided, however, if within twelve months after the Change in Control a Participant experiences an involuntary termination of Service for reasons other than Cause or, if provided in an Agreement, voluntarily terminates his or her Service for Good Reason (as defined in such Agreement), then (i) outstanding Option and SAR Awards issued to the Participant that are not yet fully exercisable shall immediately become exercisable in full and shall remain exercisable for one year following the Participant's termination of employment, (ii) subject to clause (iii) below, any Full Value Awards that are not yet fully vested shall immediately vest in full, and (iii) to the extent vesting of any Award is subject to satisfaction of specified performance goals, such Award shall be deemed "fully vested" for purposes of this Section 12(c) if the performance goals are deemed to have been satisfied at the target level of performance and the vested portion of the Award at that level of performance is proportionate to the portion of the performance period that has occurred up to the date of such Participant's termination of Service.

(d) *Parachute Payment Limitation.*

(1) Notwithstanding any other provision of this Plan or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its Affiliates to a Participant or for the Participant's benefit pursuant to the terms of this Plan or otherwise ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Section 280G of the Code, and would, but for this Section 12(d) be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law and any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then the Covered Payments shall be payable either (i) in full or (ii) reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax, whichever of the foregoing clauses (i) or (ii) results in the Participant's receipt on an after-tax basis of the greatest amount of payments and benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax).

(2) Any such reduction shall be made in accordance with Section 409A of the Code and the following: (i) the Covered Payments which do not constitute deferred compensation subject to Section 409A of the Code shall be reduced first, and (ii) Covered Payments that are cash payments shall be reduced before non-cash payments, and Covered Payments to be made on a later payment date shall be reduced before payments to be made on an earlier payment date.

(3) If, notwithstanding the initial application of this Section 12(d), the Internal Revenue Service determines that any Covered Payment constitutes an "excess parachute payment" (as defined by Section 280G(b) of the Code), this Section 12(d) will be reapplied based on the Internal Revenue Service's determination, and the Participant will be required to promptly repay the portion of the Covered Payments required to avoid imposition of the Excise Tax together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date of the Participant's receipt of the excess payments until the date of repayment).

(4) Any determination required under this Section 12(d) shall be made in writing in good faith by the accounting firm which was the Company's independent auditor immediately

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before the Change in Control (the "Accountants"), which shall provide detailed supporting calculations to the Company and the Participant as requested by the Company or the Participant. The Company and the Participant shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 12(d). The Company shall be responsible for all fees and expenses of the Accountants.

13. *Plan Participation and Service Provider Status.* Status as a Service Provider shall not be construed as a commitment that any Award will be made under the Plan to that Service Provider or to eligible Service Providers generally. Nothing in the Plan or in any Agreement or related documents shall confer upon any Service Provider or Participant any right to continued Service with the Company or any Affiliate, nor shall it interfere with or limit in any way any right of the Company or any Affiliate to terminate the person's Service at any time with or without Cause or change such person's compensation, other benefits, job responsibilities or title.

14. *Tax Withholding.* The Company or any Affiliate, as applicable, shall have the right to (i) withhold from any cash payment under the Plan or any other compensation owed to a Participant an amount sufficient to cover any required withholding taxes related to the grant, vesting, exercise or settlement of an Award, and (ii) require a Participant or other person receiving Shares under the Plan to pay a cash amount sufficient to cover any required withholding taxes before actual receipt of those Shares. In lieu of all or any part of a cash payment from a person receiving Shares under the Plan, the Committee may permit the Participant to satisfy all or any part of the required tax withholding obligations (but not to exceed the maximum individual statutory tax rate in each applicable jurisdiction) by authorizing the Company to withhold a number of the Shares that would otherwise be delivered to the Participant pursuant to the Award, or by transferring to the Company Shares already owned by the Participant, with the Shares so withheld or delivered having a Fair Market Value on the date the taxes are required to be withheld equal to the amount of taxes to be withheld.

15. *Effective Date, Duration, Amendment and Termination of the Plan.*

(a) *Effective Date.* The Plan shall become effective on the date it is approved by the Company's stockholders, which shall be considered the date of its adoption for purposes of Treasury Regulation §1.422-2(b)(2)(i). No Awards shall be made under the Plan prior to its effective date. If the Company's stockholders fail to approve the Plan by September 1, 2019, the Plan will be of no further force or effect.

(b) *Duration of the Plan.* The Plan shall remain in effect until all Shares subject to it are distributed, all Awards have expired or terminated, the Plan is terminated pursuant to Section 15(c), or the tenth anniversary of the effective date of the Plan, whichever occurs first (the "Termination Date"). Awards made before the Termination Date shall continue to be outstanding in accordance with their terms and the terms of the Plan unless otherwise provided in the applicable Agreements.

(c) *Amendment and Termination of the Plan.* The Board may at any time terminate, suspend or amend the Plan. The Company shall submit any amendment of the Plan to its stockholders for approval only to the extent required by applicable laws or regulations or the rules of any securities exchange on which the Shares may then be listed. No termination, suspension, or amendment of the Plan may materially impair the rights of any Participant under a previously granted Award without the Participant's consent, unless such action is necessary to comply with applicable law or stock exchange rules.

(d) *Amendment of Awards.* Subject to Section 15(e), the Committee may unilaterally amend the terms of any Agreement evidencing an Award previously granted, except that no such amendment may materially impair the rights of any Participant under the applicable Award

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without the Participant's consent, unless such amendment is necessary to comply with applicable law or stock exchange rules or any compensation recovery policy as provided in Section 16(i).

(e) *No Option or SAR Repricing.* Except as provided in Section 12(a), no Option or Stock Appreciation Right Award granted under the Plan may be (i) amended to decrease the exercise price thereof, (ii) cancelled in conjunction with the grant of any new Option or Stock Appreciation Right Award with a lower exercise price, (iii) cancelled in exchange for cash, other property or the grant of any Full Value Award at a time when the per share exercise price of the Option or Stock Appreciation Right Award is greater than the current Fair Market Value of a Share, or (iv) otherwise subject to any action that would be treated under accounting rules as a "repricing" of such Option or Stock Appreciation Right Award, unless such action is first approved by the Company's stockholders.

16. Other Provisions.

(a) *Unfunded Plan.* The Plan shall be unfunded and the Company shall not be required to segregate any assets that may at any time be represented by Awards under the Plan. Neither the Company, its Affiliates, the Committee, nor the Board shall be deemed to be a trustee of any amounts to be paid under the Plan nor shall anything contained in the Plan or any action taken pursuant to its provisions create or be construed to create a fiduciary relationship between the Company and/or its Affiliates, and a Participant. To the extent any person has or acquires a right to receive a payment in connection with an Award under the Plan, this right shall be no greater than the right of an unsecured general creditor of the Company.

(b) *Limits of Liability.* Except as may be required by law, neither the Company nor any member of the Board or of the Committee, nor any other person participating (including participation pursuant to a delegation of authority under Section 3(c) of the Plan) in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall have any liability to any party for any action taken, or not taken, in good faith under the Plan.

(c) *Compliance with Applicable Legal Requirements and Company Policies.* No Shares distributable pursuant to the Plan shall be issued and delivered unless and until the issuance of the Shares complies with all applicable legal requirements, including compliance with the provisions of applicable state and federal securities laws, and the requirements of any securities exchanges on which the Company's Shares may, at the time, be listed. During any period in which the offering and issuance of Shares under the Plan is not registered under federal or state securities laws, Participants shall acknowledge that they are acquiring Shares under the Plan for investment purposes and not for resale, and that Shares may not be transferred except pursuant to an effective registration statement under, or an exemption from the registration requirements of, such securities laws. Any stock certificate or book-entry evidencing Shares issued under the Plan that are subject to securities law restrictions shall bear or be accompanied by an appropriate restrictive legend or stop transfer instruction. Notwithstanding any other provision of this Plan, the acquisition, holding or disposition of Shares acquired pursuant to the Plan shall in all events be subject to compliance with applicable Company policies, including those relating to insider trading, pledging or hedging transactions, minimum post-vesting holding periods and stock ownership guidelines, and to forfeiture or recovery of compensation as provided in Section 16(i).

(d) *Other Benefit and Compensation Programs.* Payments and other benefits received by a Participant under an Award made pursuant to the Plan shall not be deemed a part of a Participant's regular, recurring compensation for purposes of the termination, indemnity or severance pay laws of any country and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company or an Affiliate unless expressly so provided by such other plan, contract

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or arrangement, or unless the Committee expressly determines that an Award or portion of an Award should be included to accurately reflect competitive compensation practices or to recognize that an Award has been made in lieu of a portion of competitive cash compensation.

(e) *Governing Law.* To the extent that federal laws do not otherwise control, the Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Delaware without regard to its conflicts-of-law principles and shall be construed accordingly.

(f) *Severability.* If any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

(g) *Code Section 409A.* It is intended that (i) all Awards of Options, SARs and Restricted Stock under the Plan will not provide for the deferral of compensation within the meaning of Code Section 409A and thereby be exempt from Code Section 409A, and (ii) all other Awards under the Plan will either not provide for the deferral of compensation within the meaning of Code Section 409A, or will comply with the requirements of Code Section 409A, and Awards shall be structured and the Plan administered and interpreted in accordance with this intent. The Plan and any Agreement may be unilaterally amended by the Company in any manner deemed necessary or advisable by the Committee or Board in order to maintain such exemption from or compliance with Code Section 409A, and any such amendment shall conclusively be presumed to be necessary to comply with applicable law. Notwithstanding anything to the contrary in the Plan or any Agreement, with respect to any Award that constitutes a deferral of compensation subject to Code Section 409A:

(1) If any amount is payable under such Award upon a termination of Service, a termination of Service will be deemed to have occurred only at such time as the Participant has experienced a "separation from service" as such term is defined for purposes of Code Section 409A;

(2) If any amount shall be payable with respect to any such Award as a result of a Participant's "separation from service" at such time as the Participant is a "specified employee" within the meaning of Code Section 409A, then no payment shall be made, except as permitted under Code Section 409A, prior to the first business day after the earlier of (i) the date that is six months after the Participant's separation from service or (ii) the Participant's death. Unless the Committee has adopted a specified employee identification policy as contemplated by Code Section 409A, specified employees will be identified in accordance with the default provisions specified under Code Section 409A.

None of the Company, the Board, the Committee nor any other person involved with the administration of this Plan shall (i) in any way be responsible for ensuring the exemption of any Award from, or compliance by any Award with, the requirements of Code Section 409A, (ii) have any obligation to design or administer the Plan or Awards granted thereunder in a manner that minimizes a Participant's tax liabilities, including the avoidance of any additional tax liabilities under Code Section 409A, and (iii) shall have any liability to any Participant for any such tax liabilities.

(h) *Rule 16b-3.* It is intended that the Plan and all Awards granted pursuant to it shall be administered by the Committee so as to permit the Plan and Awards to comply with Exchange Act Rule 16b-3. If any provision of the Plan or of any Award would otherwise frustrate or conflict with the intent expressed in this Section 16(h), that provision to the extent possible shall be interpreted and deemed amended in the manner determined by the Committee so as to avoid the conflict. To the extent of any remaining irreconcilable conflict with this intent, the provision shall be deemed

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void as applied to Participants subject to Section 16 of the Exchange Act to the extent permitted by law and in the manner deemed advisable by the Committee.

(i) *Forfeiture and Compensation Recovery.*

(1) The Committee may specify in an Agreement that the Participant's rights, payments, and benefits with respect to an Award will be subject to reduction, cancellation, forfeiture or recovery by the Company upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include termination of Service for Cause; violation of any material Company or Affiliate policy; breach of noncompetition, non-solicitation or confidentiality provisions that apply to the Participant; a determination that the payment of the Award was based on an incorrect determination that financial or other criteria were met or other conduct by the Participant that is detrimental to the business or reputation of the Company or its Affiliates.

(2) Awards and any compensation associated therewith may be made subject to forfeiture, recovery by the Company or other action pursuant to any compensation recovery policy adopted by the Board or the Committee at any time, including in response to the requirements of Section 10D of the Exchange Act and any implementing rules and regulations thereunder, or as otherwise required by law. Any Agreement may be unilaterally amended by the Committee to comply with any such compensation recovery policy.

