



APPLE INC.
EMPLOYEE STOCK PURCHASE PLAN
(As Amended and Restated as of March 10, 2015)

On November 13, 2014 (the "Adoption Date"), the Board adopted this amended and restated Apple Inc. Employee Stock Purchase Plan (the "Plan"), which shall govern all grants of Options as to which Shares are to be delivered on or after the date of shareholder approval of the Plan (the "Effective Date"). For the terms and conditions of the Plan applicable to Options as to which Shares were delivered prior to the Effective Date, refer to the version of the Plan in effect as of the date such Options were granted.

- (1) Purpose of the Plan. The purpose of the Plan is to encourage and enable Eligible Employees of the Company and certain of its Subsidiaries to acquire proprietary interests in the Company through the ownership of Shares. It is the intention of the Company to have this Plan and the Options granted pursuant to this Plan satisfy the requirements for "employee stock purchase plans" that are set forth under Section 423 of the Code, although the Company makes no undertaking to, nor representation that it will, maintain the qualified status of this Plan or such Options. In addition, Options that do not satisfy the requirements for "employee stock purchase plans" that are set forth under Section 423 of the Code may be granted under this Plan pursuant to the rules, procedures, or sub-plans adopted by the Board for Eligible Employees.
- (2) Definitions. Unless otherwise provided in the Plan, capitalized terms, when used herein, shall have the following respective meanings:
 - (a) "*Account*" shall mean a bookkeeping account established and maintained to record the amount of funds accumulated pursuant to the Plan with respect to a Participant for the purpose of purchasing Shares under this Plan.
 - (b) "*Administrator*" shall mean the Board, the Compensation Committee of the Board, or any other committee appointed by the Board.
 - (c) "*Applicable Laws*" shall mean all applicable securities, tax and exchange control laws, rules, regulations, and requirements, including, but not limited to, U.S. state corporate laws, U.S. federal and state securities laws, the Code, the rules of any stock exchange or quotation system on which the Shares are listed or quoted and the applicable securities, tax and exchange control laws, rules, regulations, and requirements of any other country or jurisdiction where Options are granted under the Plan or where Eligible Employees reside or provide services, as such laws, rules, regulations, and requirements shall be in effect from time to time.
 - (d) "*Board*" shall mean the Company's Board of Directors.
 - (e) "*Code*" shall mean the U.S. Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.

- (f) *"Common Stock"* shall mean the Company's common stock, \$0.00001 par value per Share.
- (g) *"Company"* shall mean Apple Inc., a California corporation.
- (h) *"Designated Subsidiaries"* shall mean any Subsidiary designated by the Administrator from time to time, in its sole discretion, whose employees may participate in the Plan, if such employees otherwise qualify as Eligible Employees. The Administrator may provide that the non-U.S. Eligible Employees of any Designated Subsidiary shall only be eligible to participate in the Non-423(b) Offering.
- (i) *"Eligible Compensation"* shall mean and refer to the Participant's cash compensation paid through the Company's or a Designated Subsidiary's payroll system for personal services actually rendered in the course of employment. Eligible Compensation shall be limited to amounts received by the Participant during the period he or she is participating in the Plan and includes salary and other wages, amounts contributed by the Participant to any benefit plan maintained by the Company or any Designated Subsidiary (including any 401(k) plan, 125 plan, or any other deferred compensation plan), overtime pay, commissions, draws against commissions, shift premiums, sick pay, vacation pay, holiday pay, and shutdown pay, except to the extent that the exclusion of any such item (or a sub-set of any such item) is specifically directed by the Administrator for all Eligible Employees. Notwithstanding the preceding, Eligible Compensation does not include any incentive or other bonus payments (unless the inclusion of any incentive or other bonus payment is specifically directed by the Administrator for all Eligible Employees), remuneration paid in a form other than cash, fringe benefits (including car allowances and relocation payments), employee discounts, expense reimbursement or allowances, long-term disability payments, workmen's compensation payments, welfare benefits, and any contributions that the Company or any Designated Subsidiary makes to any benefit plan (including any 401(k) plan or any other welfare or retirement plan).
- (j) *"Eligible Employee"* shall mean any natural person, including an officer, who is regularly employed by the Company or any Designated Subsidiary.
- (k) *"Enrollment Agreement"* means the agreement(s) between the Company and an Eligible Employee, in such written, electronic, or other format and/or pursuant to such written, electronic, or other process as may be established by the Administrator from time to time, pursuant to which an Eligible Employee elects to participate in this Plan or elects to make changes with respect to such participation as permitted by this Plan.
- (l) *"Enrollment Period"* shall mean that period of time prescribed by the Administrator, which period shall conclude prior to the Offering Date, during which Eligible Employees may elect to participate in an Offering Period. The duration and timing of Enrollment Periods may be changed or modified by the Administrator from time to time.

- (m) *"Fair Market Value"* shall mean, unless otherwise determined or provided by the Administrator in the circumstances, the closing price (in regular trading) for a Share of Common Stock on the NASDAQ Stock Market (the "Market") for the date in question or, if no sales of Common Stock were reported on the Market on that date, the last price (in regular trading) for a Share of Common Stock on the Market for the next preceding day on which sales of Common Stock were reported on the Market. The Administrator may, however, provide with respect to one or more Options that the Fair Market Value shall equal the last price for a share of Common Stock on the Market on the last trading day preceding the date in question or the average of the high and low trading prices of a Share of Common Stock on the Market for the date in question or the most recent trading day. If the Common Stock is no longer listed or is no longer actively traded on the Market as of the applicable date, the Fair Market Value of the Common Stock shall be the value as reasonably determined by the Administrator for purposes of the Plan in the circumstances. The Administrator also may adopt a different methodology for determining Fair Market Value with respect to one or more Options if a different methodology is necessary or advisable to secure any intended favorable tax, legal, or other treatment for the particular Option(s) (for example, and without limitation, the Administrator may provide that Fair Market Value for purposes of one or more Options will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).
- (n) *"Non-423(b) Offering"* shall mean the rules, procedures, or sub-plans, if any, adopted by the Administrator as a part of this Plan, pursuant to which Options that do not satisfy the requirements for "employee stock purchase plans" that are set forth under Section 423 of the Code may be granted to Eligible Employees as a separate offering under the Plan.
- (o) *"Offering Date"* shall mean the first business day of each Offering Period as designated by the Administrator.
- (p) *"Offering Period"* shall mean the period established in advance by the Administrator, which period shall not exceed twenty-seven (27) months, during which payroll deductions shall be collected to purchase Shares pursuant to an offering made under this Plan. Unless otherwise established by the Administrator prior to the start of an Offering Period, there shall be two (2) Offering Periods that commence each year, and each shall be of approximately six (6) months' duration, with the first such Offering Period beginning on the first business day of February and ending on the last business day of the immediately following July, and the second such Offering Period beginning on the first business day of August and ending on the last business day of the immediately following January; provided, however, that as of the Effective Date and subject to shareholder approval as of such date, this Plan shall apply to the Offering Period beginning on the first business day of February, 2015.
- (q) *"Option"* shall mean the right granted to Participants to purchase Shares pursuant to an offering made under this Plan.

- (r) *"Outstanding Election"* shall mean a Participant's then-current election to purchase Shares in an Offering Period, or that part of such an election which has not been cancelled (including any voluntary cancellation under Section (9) and deemed cancellation under Section (14)) prior to the close of business on the last Trading Day of the Offering Period or such other date as determined by the Administrator.
- (s) *"Participant"* shall mean an Eligible Employee who has elected to participate in the Plan pursuant to Section (6).
- (t) *"Plan"* shall mean this Apple Inc. Employee Stock Purchase Plan, as it may be amended from time to time.
- (u) *"Prior Plan"* shall mean the Apple Inc. Employee Stock Purchase Plan, as amended and restated effective as of March 8, 2010.
- (v) *"Purchase Price Per Share"* shall mean the price determined or provided by the Administrator in the circumstances but shall not be less than the lesser of (i) eighty-five percent (85%) of the Fair Market Value on the Offering Date or (ii) eighty-five percent (85%) of the Fair Market Value on the last Trading Day of the Offering Period.
- (w) *"Share"* shall mean one (1) share of Common Stock.
- (x) *"Subsidiary"* shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the Effective Date shall be considered a Subsidiary commencing as of such date.
- (y) *"Termination of Service"* means, with respect to an employee, a cessation of the employee-employer relationship between the employee and the Company or a Designated Subsidiary for any reason, (i) including but not by way of limitation, (A) a termination by resignation, discharge, death, disability, retirement, or the disaffiliation of a Subsidiary, (B) unless otherwise determined or provided by the Administrator, a transfer of employment to a Subsidiary that is not a Designated Subsidiary as of the first day immediately following the three (3)-month period following such transfer, and (C) a termination of employment where the individual continues to provide certain services to the Company or a Subsidiary in a non-employee role, but (ii) excluding (A) such termination where there is a simultaneous reemployment by the Company or a Designated Subsidiary and (B) any bona fide and Company-approved leave of absence, such as family leave, medical leave, personal leave, and military leave; provided, however, where the period of leave exceeds three (3) months and the employee's right to reemployment is not guaranteed either by statute or by contract, the employee-employer relationship will be deemed to have

terminated on the first day immediately following such three (3)-month period.

(z) *"Trading Day"* shall mean a day on which the NASDAQ is open for trading.

- (3) Shares Reserved for the Plan. Subject to adjustment pursuant to Section (17), the maximum number of Shares that may be delivered pursuant to Options granted under this Plan (including any Non-423(b) Offering established hereunder) shall equal the sum of (i) 50,000,000 Shares and (ii) the number of Shares previously reserved for issuance under the Prior Plan but not delivered pursuant to Options as of the Effective Date; provided that in no event shall the maximum number of Shares reserved for issuance under the Plan exceed 57,591,146 Shares (which is the sum of (x) the 50,000,000 Shares set forth above, plus (y) the number of Shares available for issuance under the Prior Plan on the Adoption Date). The Shares reserved for issuance pursuant to this Plan may be authorized but unissued Shares, treasury Shares, or Shares purchased on the open market. If any Option granted under the Plan shall for any reason terminate without having been exercised, the Shares not purchased under such Option shall again become available for issuance under the Plan.

If the number of Shares to be purchased by Participants on the last day of an Offering Period exceeds the total number of Shares then available under the Plan, then the Administrator shall make a pro-rata allocation of any Shares that may be issued pursuant to the Plan in as uniform and equitable a manner as is reasonably practicable, as determined in the Administrator's sole discretion. In such event, the Company shall provide written notice to each affected Participant of the reduction of the number of Shares to be purchased under the Participant's Option.

If the Administrator determines that some or all of the Shares to be purchased by Participants on the last day of an Offering Period would not be issued in accordance with Applicable Laws or any approval by any regulatory body as may be required, or the Shares would not be issued pursuant to an effective Form S-8 registration statement or that the issuance of some or all of such Shares pursuant to a Form S-8 registration statement is not advisable due to the risk that such issuance will violate Applicable Laws, the Administrator may, without Participant consent, terminate any outstanding Offering Period and the Options granted pursuant thereto and refund in cash all affected Participants' entire Account balances for such Offering Period as soon as practicable thereafter.

- (4) Administration of the Plan. The Administrator shall have the authority and responsibility for the day-to-day administration of the Plan, which, to the extent permitted by the laws of the State of California and applicable U.S. Federal laws, it may delegate to a sub-committee. Subject to the provisions of the Plan, the Administrator shall have full authority, in its sole discretion, to take any actions it deems necessary or advisable for the administration of the Plan, including, but not limited to:
- (a) Interpreting the Plan and prescribing, adopting, and rescinding rules and regulations it deems appropriate to implement the Plan, including amending any outstanding Option, as it may deem advisable or necessary to comply with Applicable Laws, and making all other decisions relating to the operation of the Plan;

- (b) Establishing the timing and length of Offering Periods;
- (c) Establishing minimum and maximum contribution rates;
- (d) Establishing new or changing existing limits on the number of Shares an Eligible Employee may elect to purchase with respect to any Offering Period, if such limits are announced prior to the first Offering Period to be affected;
- (e) Adopting such rules or sub-plans as may be deemed necessary or appropriate to comply with the laws of other countries, allow for tax-preferred treatment of the Options or otherwise provide for the participation by Eligible Employees who reside outside of the United States, including determining which Eligible Employees are eligible to participate in the Non-423(b) Offering or other sub-plans established by the Administrator; and
- (f) Establishing the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars and permitting payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the processing of properly completed Enrollment Agreements.

The Administrator's determinations under the Plan shall be final, conclusive, and binding on all persons. Neither the Board, the Compensation Committee of the Board, any other committee appointed by the Board, nor any of their agents or designees shall be liable for any act, failure to act, or determination made in good faith with respect to the Plan.

(5) Grant of Option; Limitations.

- (a) Grant of Option. On each Offering Date, each Participant shall automatically be granted an Option to purchase as many whole Shares as the Participant will be able to purchase with the payroll deductions credited to the Participant's Account during the applicable Offering Period.
- (b) Limit on Number of Shares Purchased. Notwithstanding the above, in no event may a Participant purchase more than one million (1,000,000) Shares in any one Offering Period, unless otherwise expressly provided by the Administrator in advance of that Offering Period.
- (c) Limit on Value of Shares Purchased. Notwithstanding any provisions of the Plan to the contrary, excluding Options granted pursuant to any Non-423(b) Offering, no Participant shall be granted an Option to purchase Shares under this Plan which permits the Participant's rights to purchase Shares under all "employee stock purchase plans" (described in Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate which exceeds twenty-five thousand dollars (\$25,000) of the Fair Market Value of such Shares (determined at the time such Options are granted) for each calendar year in which such Options are outstanding at any time.

- (d) 5% Owner Limit. Notwithstanding any provisions of the Plan to the contrary, no Participant shall be granted an Option to purchase Shares under this Plan if such Participant (or any other person whose stock would be attributed to such Participant pursuant to Section 424(d) of the Code), immediately after such Option is granted, would own or hold options to purchase Shares possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Subsidiaries.
 - (e) Other Limitation. The Administrator may determine, as to any Offering Period, that the offering will not be extended to “highly compensated employees” within the meaning of Section 414(q) of the Code.
- (6) Participation in the Plan. An Eligible Employee may become a Participant for an Offering Period by completing the prescribed Enrollment Agreement and submitting such Enrollment Agreement to the Company (or the Company’s designee), in the format and pursuant to the process as prescribed by the Administrator, during the Enrollment Period prior to the commencement of the Offering Period to which it relates. Such Enrollment Agreement shall contain the payroll deduction authorization described in Section (8). A payroll deduction authorization will be effective for the first Offering Period following the submission of the Enrollment Agreement and all subsequent Offering Periods as provided by Section (7) until (i) it is terminated in accordance with Sections (9) or (14), (ii) it is modified by filing another Enrollment Agreement in accordance with this Section (6), (iii) an election is made to decrease payroll deductions in accordance with Section (8), (iv) the Participant’s Termination of Service, or (v) the Participant is otherwise ineligible to participate in the Plan.
- (7) Automatic Re-Enrollment. Following the end of each Offering Period, each Participant shall be automatically re-enrolled in the next Offering Period at the applicable rate of payroll deductions in effect on the last Trading Day of the prior Offering Period or otherwise as provided under Section (8), unless (i) the Participant has elected to withdraw from the Plan in accordance with Section (9), (ii) the Participant’s Termination of Service, or (iii) the Participant is otherwise ineligible to participate in the next Offering Period. Notwithstanding the foregoing, the Administrator may require current Participants to complete and submit a new Enrollment Agreement at any time it deems necessary or desirable to facilitate Plan administration or for any other reason.
- (8) Payroll Deductions. Each Participant’s Enrollment Agreement shall contain a payroll deduction authorization pursuant to which he or she shall elect to have a designated whole percentage of Eligible Compensation between one percent (1%) and ten percent (10%) deducted on each payday during the Offering Period and credited to the Participant’s Account for the purchase of Shares pursuant to the offering. Payroll deductions shall commence on the Offering Date of the first Offering Period to which the Enrollment Agreement relates (or as soon as administratively practicable thereafter) and shall continue through subsequent Offering Periods pursuant to Section (7). Participants shall not be permitted to make any separate cash payments into their Account for the purchase of Shares pursuant to an offering. Notwithstanding the foregoing, if local law prohibits payroll deductions, a Participant may elect to participate in an Offering Period through contributions to his or her Account in a format and pursuant to a process acceptable to the Administrator. In such event, any such

Participant shall be deemed to participate in a separate offering under the Plan, unless the Administrator otherwise expressly provides.

If in any payroll period a Participant has no pay or his or her pay is insufficient (after other authorized deductions) to permit deduction of the full amount of his or her payroll deduction election, then (i) the payroll deduction election for such payroll period shall be reduced to the amount of pay remaining, if any, after all other authorized deductions, and (ii) the percentage or dollar amount of Eligible Compensation shall be deemed to have been reduced by the amount of the reduction in the payroll deduction election for such payroll period. Deductions of the full amount originally elected by the Participant will recommence as soon as his or her pay is sufficient to permit such payroll deductions; provided, however, no additional amounts will be deducted to satisfy the Outstanding Election.

A Participant may elect to decrease, but not increase, the rate of his or her payroll deductions during an Offering Period by submitting the prescribed Enrollment Agreement to the Company (or the Company's designee) at any time prior to the first day of the last calendar month of such Offering Period. Any such payroll deduction change will be effective as soon as administratively practicable thereafter and will remain in effect for successive Offering Periods as provided in Section (7) unless (i) the Participant submits a new Enrollment Agreement for a later Offering Period, (ii) the Participant elects to decrease his or her payroll deductions, (iii) the Participant elects to withdraw from the Plan in accordance with Section (9), (iv) the Participant is withdrawn from the Plan in accordance with Section (14), or (v) the Participant is otherwise ineligible to participate in the Plan. A Participant may only increase his or her rate of payroll deductions to be effective for the next Offering Period by completing and filing with the Company a new Enrollment Agreement authorizing the payroll deductions.

Notwithstanding the foregoing, the Company may adjust a Participant's payroll deductions at any time during an Offering Period to the extent necessary to comply with Section 423(b)(8) of the Code and the limitations of Section (5). Payroll deductions will recommence and be made in accordance with the Outstanding Election in place prior to such Company adjustment starting with the first Offering Period that begins in the next calendar year (or such other time as is determined by the Administrator) unless (i) the Participant withdraws in accordance with Section (9), (ii) the Participant is withdrawn from the Plan in accordance with Section (14), or (iii) the Participant is otherwise ineligible to participate in the Plan.

- (9) **Withdrawal from Offering Period After Offering Date.** An Eligible Employee may withdraw from any Offering Period after the applicable Offering Date, in whole but not in part, at any time prior to the date specified by the Administrator or, if no such date is specified by the Administrator, the last Trading Day of such Offering Period, by submitting the prescribed withdrawal notice to the Company (or the Company's designee), in the format and pursuant to the process as prescribed by the Administrator. If a Participant withdraws from an Offering Period, the Participant's Option for such Offering Period will automatically be terminated, and the Company will refund in cash the Participant's entire Account balance for such Offering Period as soon as practicable thereafter. A Participant's withdrawal from a particular Offering Period shall be irrevocable. If a Participant wishes to participate in a subsequent Offering Period, he or

she must re-enroll in the Plan by timely submitting a new Enrollment Agreement in accordance with Section (6).

- (10) Purchase of Stock. On the last Trading Day of each Offering Period, the Administrator shall cause the amount credited to each Participant's Account to be applied to purchase as many Shares pursuant to the Participant's Option as possible at the Purchase Price Per Share, subject to limitations of Sections (3) and (5). In no event may Shares be purchased pursuant to an Option more than twenty-seven (27) months after the Offering Date of such Option. The amount applied to purchase Shares pursuant to the Option shall be deducted from the Participant's Account. Any amounts remaining credited to the Participant's Account on the last Trading Day of the Offering Period shall be retained in the Participant's Account and rolled forward to the next Offering Period.
- (11) Interest on Payments. No interest shall be paid on sums withheld from a Participant's pay for the purchase of Shares under this Plan unless otherwise determined necessary by the Administrator.
- (12) Rights as Shareholder. A Participant will not be a shareholder or have any rights as a shareholder with respect to Shares subject to the Participant's Options issued under the Plan until the Shares are purchased pursuant to the Options and such Shares are transferred into the Participant's name on the Company's books and records.
- (13) Options Not Transferable. A Participant's Options under this Plan may not be sold, pledged, assigned, or transferred in any manner. If a Participant sells, pledges, assigns, or transfers his or her Options in violation of this Section (13), such Options shall immediately terminate, and the Participant shall immediately receive a refund of the amount then credited to the Participant's Account.
- (14) Deemed Cancellations.
 - (a) Termination of Service. In the event of a Participant's Termination of Service, (i) any outstanding Option held by the Participant shall immediately terminate; (ii) the Participant shall be withdrawn from the Plan; and (iii) the Participant shall receive a refund of the amount then credited to the Participant's Account.
 - (b) Death of a Participant. If a Participant dies, (i) any outstanding Option held by the Participant shall immediately terminate, and (ii) the Participant shall be withdrawn from the Plan. As soon as administratively practicable after the Participant's death, the amount then credited to the Participant's Account shall be remitted to the executor, administrator, or other legal representative of the Participant's estate or, if the Administrator permits a beneficiary designation, to the beneficiary or beneficiaries designated by the Participant if such designation has been filed with the Company or the Company's designee before such Participant's death. If such executor, administrator, or other legal representative of the Participant's estate has not been appointed (to the knowledge of the Company) or if the beneficiary or beneficiaries are no longer living at the time of the Participant's death, the Company, in its discretion, may deliver the outstanding Account balance to the spouse or to any one or more

dependents or relatives of the Participant or to such other person as the Company may designate.

- (15) Application of Funds. All funds received by the Company in payment for Shares purchased under this Plan and held by the Company at any time may be used for any valid corporate purpose.
- (16) No Employment/Service Rights. Neither the action of the Company in establishing the Plan, nor any action taken under the Plan by the Board or the Administrator, nor any provision of the Plan itself, shall be construed so as to grant any person the right to remain in the employ of the Company or any Subsidiary for any period of specific duration, and such person's employment may be terminated at any time, with or without cause.
- (17) Adjustments. Subject to Section (18), upon (or, as may be necessary to effect the adjustment, immediately prior to) any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split; any merger, combination, consolidation, or other reorganization; any spin-off, split-up, or similar extraordinary dividend distribution in respect of the Common Stock; or any exchange of Common Stock or other securities of the Company or any similar, unusual, or extraordinary corporate transaction in respect of the Common Stock, in each case, then the Administrator shall equitably and proportionately adjust (1) the number, amount, and type of Shares of Common Stock (or other securities) that thereafter may be made the subject of Options (including the specific Share limits, maximums, and numbers of Shares set forth elsewhere in the Plan), (2) the number, amount, and type of Shares of Common Stock (or other securities or property) subject to any outstanding Options, (3) the Purchase Price Per Share of any outstanding Options, and/or (4) the securities, cash, or other property deliverable upon exercise or payment of any outstanding Options, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by the Plan and the then-outstanding Options.

It is intended that, if possible, any adjustments contemplated by the preceding paragraph be made in a manner that satisfies applicable legal, tax (including, without limitation and as applicable in the circumstances, Section 424 of the Code and Section 409A of the Code), and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

Without limiting the generality of Section (4), any good faith determination by the Administrator as to whether an adjustment is required in the circumstances pursuant to this Section (17), and the extent and nature of any such adjustment, shall be final, conclusive, and binding on all persons.

- (18) Merger or Liquidation of Company. In the event the Company or its shareholders enter into an agreement to dispose of all or substantially all of the assets or outstanding capital stock of the Company by means of a sale, merger, or reorganization in which the Company will not be the surviving corporation (other than a reorganization effected primarily to change the State in which the Company is incorporated, a merger or consolidation with a wholly-owned Subsidiary, or any other transaction in which there is no substantial change in the shareholders of the Company or their relative stock holdings, regardless of whether the Company is the surviving corporation) or in the

event the Company is liquidated, then all outstanding Options under the Plan shall automatically be exercised immediately prior to the consummation of such sale, merger, reorganization, or liquidation (deemed the end of the Offering Period in such case) by causing all amounts credited to each Participant's Account to be applied to purchase as many Shares pursuant to the Participant's Option as possible at the Purchase Price Per Share, subject to the limitations of Sections (3) and (5).

- (19) Acquisitions and Dispositions. The Administrator may, in its sole and absolute discretion and in accordance with principles under Section 423 of the Code, create special Offering Periods for individuals who become Eligible Employees solely in connection with the acquisition of another company or business by merger, reorganization, or purchase of assets, and notwithstanding Section (14), may provide for special purchase dates for Participants who will cease to be Eligible Employees solely in connection with the disposition of all or a portion of any Designated Subsidiary or a portion of the Company, which Offering Periods and purchase rights granted pursuant thereto shall, notwithstanding anything stated herein, be subject to such terms and conditions as the Administrator considers appropriate in the circumstances.
- (20) Government Approvals or Consents. This Plan and any offering and sales of Shares or delivery of Shares under this Plan to Eligible Employees hereunder are subject to any governmental or regulatory approvals or consents that may be or become applicable in connection therewith.
- (21) Plan Amendment, Suspension, and Termination. The Board may, from time to time, amend, suspend, or terminate the Plan in any manner it deems necessary or advisable; provided, however, that no such action shall adversely affect any then outstanding and vested Options under the Plan unless such action is required to comply with Applicable Laws; and provided, further, that no such action of the Board shall be effective without the approval of the Company's shareholders if such approval is required by Applicable Laws. Upon the termination of the Plan, any balance in a Participant's Account shall be refunded to him or her as soon as practicable thereafter.
- (22) Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of California (except its choice-of-law provisions) and applicable U.S. Federal laws.