

April 15, 2024

To: Stockholders of CNB Bank Shares, Inc.

Re: Notice of 2024 Annual Meeting

Dear Fellow Stockholders:

You are cordially invited to attend the 2024 annual meeting of stockholders of CNB Bank Shares, Inc. to be held on Tuesday, May 14, 2024, at 1:30 p.m., local time, on the lower level of the main office of CNB Bank & Trust, N.A., located at 450 West Side Square, Carlinville, Illinois.

At the meeting, we will report to you on the progress of our company and respond to your comments or questions. Moreover, several members of the Bank's management team will be available to talk individually with you about our financial results and plans for the future.

Your board of directors has nominated seven persons to serve on the board for the coming year. Their names appear on the enclosed proxy form. We recommend that you vote your shares for the nominees. Additionally, the board recommends stockholder approval of the proposed CNB Bank Shares, Inc. 2024 Equity Incentive Plan, which is included in the proxy materials. We will also be prepared to transact such other business as may properly be brought before the annual meeting or any adjournments or postponements of the meeting.

**Because it is important that your shares be represented at the meeting, please sign and return the enclosed proxy, whether or not you plan to attend the meeting in person. If you do attend the meeting, you may vote your stock in person if you wish, as you may revoke the proxy at any time prior to its exercise.**

We look forward with pleasure to visiting with you at the meeting.

Sincerely,



James T. Ashworth  
President



Richard C. Walden  
Chairman

enclosures

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 14, 2024**

**TO THE HOLDERS OF COMMON STOCK:**

The annual meeting of stockholders of CNB Bank Shares, Inc. (the “Company”), will be held on Tuesday, May 14, 2024, at 1:30 p.m., local time, on the lower level of the main office of CNB Bank & Trust, N.A., Carlinville, Il, for the purpose of considering and voting upon the following matters:

1. to elect seven (7) members of our board of directors;
2. to approve the CNB Bank Shares, Inc. 2024 Equity Incentive Plan; and
3. to transact such other business as may properly be brought before the annual meeting or any adjournments or postponements of the meeting.

Only those stockholders of record at the close of business on April 5, 2024, are entitled to notice of, and to vote at the meeting. If there are not enough shares represented at the meeting for a quorum or to approve or ratify any of the foregoing proposals at the time of the annual meeting, the meeting may be adjourned or postponed to permit our further solicitation of proxies.

By Order of the Board of Directors



James T. Ashworth  
President

Carlinville, Illinois  
April 15, 2024

**PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE AS PROMPTLY AS POSSIBLE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON. IF YOU DO ATTEND THE MEETING, YOU MAY VOTE YOUR STOCK IN PERSON IF YOU WISH. THE PROXY MAY BE REVOKED AT ANY TIME PRIOR TO ITS EXERCISE.**

**PROXY FOR COMMON SHARES SOLICITED ON BEHALF OF  
THE BOARD OF DIRECTORS FOR THE ANNUAL MEETING OF  
THE STOCKHOLDERS OF CNB BANK SHARES, INC.  
TO BE HELD ON MAY 14, 2024**

The undersigned hereby appoints Nancy L. Ruyle, with power of substitution, attorney and proxy, for and in the name and place of the undersigned, to vote the number of shares of common stock that the undersigned would be entitled to vote if then personally present at the annual meeting of stockholders of CNB Bank Shares, Inc., to be held on Tuesday, May 14, 2024, at 1:30 p.m., local time, on the lower level of the main office of CNB Bank & Trust, N.A., 450 West Side Square, Carlinville, Illinois, or any adjournments or postponements of the meeting, upon the matters set forth in the notice of annual meeting and proxy statement, receipt of which is hereby acknowledged, as follows:

1. Election of directors:

**FOR** all nominees listed below (except as marked to the contrary below)

**WITHHOLD AUTHORITY**  
to vote for all nominees listed below

James T. Ashworth, Judith E. Baker, Spencer T. Cohn, Shawn L. Davis, Nancy L. Ruyle, Andrew E. Tinberg and Richard C. Walden

**(INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, WRITE THAT NOMINEE'S NAME IN THE SPACE PROVIDED BELOW.)**

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2. To approve the CNB Bank Shares, Inc. 2024 Equity Incentive Plan.

 For Against Abstain

3. In accordance with their discretion, upon all other matters that may properly come before the meeting and any adjournments or postponements of the meeting.

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE NOMINEES LISTED UNDER PROPOSAL 1 AND FOR PROPOSAL 2.**

Dated: \_\_\_\_\_, 2024

Signature(s): \_\_\_\_\_

\_\_\_\_\_

**NOTE: PLEASE DATE PROXY AND SIGN IT EXACTLY AS NAME OR NAMES APPEAR ABOVE. ALL JOINT OWNERS OF SHARES SHOULD SIGN. STATE FULL TITLE WHEN SIGNING AS EXECUTOR, ADMINISTRATOR, TRUSTEE, GUARDIAN, ETC. PLEASE RETURN SIGNED PROXY IN THE ENCLOSED ENVELOPE.**

# CNB BANK SHARES, INC.

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## PROXY STATEMENT

### ANNUAL MEETING OF STOCKHOLDERS

MAY 14, 2024

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This proxy statement is furnished in connection with the solicitation by the board of directors of CNB Bank Shares, Inc. (the “*Company*”) of proxies to be voted at the annual meeting of stockholders to be held on Tuesday, May 14, 2024, at 1:30 p.m., local time, on the lower level of the main office of CNB Bank & Trust, N.A. (the “*Bank*”), located at 450 West Side Square, Carlinville, Illinois, and at any adjournments or postponements of the meeting.

The Company is an Illinois corporation that owns all of the issued and outstanding capital stock of the Bank, a national banking association with its main office located in Carlinville, Illinois, and branch offices in [Alton, Brighton, Carrollton, Chapin, Glen Carbon, Hillsboro, Jacksonville, Jerseyville, Litchfield, Oak Forest, Palos Heights, Pittsfield, Taylorville, Tinley Park and Virden Illinois, and Clayton, Missouri.

The following is information regarding the meeting and the voting process, presented in a question and answer format.

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**Q. Why am I receiving this proxy statement and proxy form?**

- A. You are receiving a proxy statement and proxy form from us because on April 5, 2024, you owned shares of the Company’s common stock. This proxy statement describes the matters that will be presented for consideration by the stockholders at the annual meeting. It also gives you information concerning the matters to assist you in making an informed decision.

When you sign the enclosed proxy form, you appoint the proxy holder as your representative at the meeting. The proxy holder will vote your shares as you have instructed in the proxy form, which ensures that your shares will be voted whether or not you attend the meeting. Even if you plan to attend the meeting, you should complete, sign and return your proxy form in advance of the meeting just in case your plans change.

If you have signed and returned the proxy form and an issue comes up for a vote at the meeting

that is not identified on the form, the proxy holder will vote your shares, pursuant to your proxy, in accordance with his or her judgment.

**Q. What matters will be voted on at the meeting?**

- A. You are being asked to vote on: (i) the election of seven directors of the Company for a term expiring in 2025; and (ii) a proposal to adopt the CNB Bank Shares, Inc. 2024 Incentive Plan to replace the Company’s current 2017 Equity Incentive Plan.

**Q. How do I vote?**

- A. You may vote either by mail or in person at the meeting. To vote by mail, complete and sign the enclosed proxy form and mail it in the enclosed pre-addressed envelope. No postage is required if mailed in the United States. If you mark your proxy form to indicate how you want your shares voted, your shares will be voted as you instruct.

If you sign and return your proxy form but do not mark the form to provide voting instructions, the

shares represented by your proxy form will be voted “for” all seven nominees named in this proxy statement and “for” approval of the CNB Bank Shares, Inc. 2024 Equity Incentive Plan.

If you want to vote in person, please come to the meeting. We will distribute written ballots to anyone who wants to vote at the meeting. Please note, however, that if your shares are held in the name of your broker or other fiduciary (or in what is usually referred to as “street name”), you will need to arrange to obtain a proxy from your broker or other fiduciary to vote in person at the meeting. Even if you plan to attend the meeting, you should complete, sign and return your proxy form in advance of the meeting just in case your plans change.

**Q. If I hold shares in the name of a broker or other fiduciary, who votes my shares?**

- A. If your shares are held in the name of your broker or other fiduciary, your broker or other fiduciary should have given you instructions for directing how they should vote your shares. It will then be their responsibility to vote your shares for you in the manner you direct. If you want to vote in person at the meeting, you will need to arrange to obtain a “legal proxy” from your broker or other fiduciary to vote in person at the meeting.

We encourage you to provide directions to your broker or other fiduciary as to how you want your shares voted on the matters to be brought before the meeting. You should do this by carefully following the instructions your broker or other fiduciary gives you concerning its procedures. This ensures that your shares will be voted at the meeting.

**Q. What if I change my mind after I return my proxy?**

- A. If you hold your shares in your own name, you may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by:
- signing another proxy with a later date and returning that proxy to Nancy L. Ruyle, c/o CNB Bank & Trust, N.A., 450 West Side Square, Carlinville, Illinois 62626;
  - sending notice to us at this same address that you are revoking your proxy; or

- voting in person at the meeting.

If you hold your shares in the name of your broker or other fiduciary and desire to revoke your proxy, you will need to contact your broker or other fiduciary to revoke your proxy.

**Q. How many votes do we need to hold the annual meeting?**

- A. A majority of the shares that are outstanding and entitled to vote as of the record date must be present in person or by proxy at the meeting to hold the meeting and conduct business.

Shares are counted as present at the meeting if the stockholder either:

- is present in person at the meeting; or
- has properly submitted a signed proxy form or other proxy.

On April 5, 2024, the record date, there were 5,389,917 shares of our common stock issued and outstanding and entitled to vote.

**Q. What happens if a nominee is unable to stand for election?**

- A. The board of directors may, by resolution, designate a substitute nominee. If the board designates a substitute nominee, shares represented by proxies may be voted for a substitute nominee. You cannot vote for more than seven nominees. The board of directors has no reason to believe any nominee will be unable to stand for election.

**Q. How many votes may I cast?**

- A. You are entitled to cast one vote for each share of stock you owned on the record date. The proxy form included with this proxy statement indicates the number of shares owned by an account attributable to you.

**Q. How many votes are needed for each proposal?**

- A. Election as a director of the Company requires that a nominee receive the affirmative vote of a majority of the shares represented at the annual meeting, in person or by proxy, and entitled to vote. Accordingly, instructions to withhold authority will have the same effect as a vote

against such nominee.

The approval of the CNB Bank Shares, Inc. 2024 Equity Incentive Plan must receive the affirmative vote of a majority of the shares present in person or by proxy at the meeting and entitled to vote. Because the proposal requires the approval of a majority of the shares present in person or by proxy at the meeting and entitled to vote, a vote to “abstain” will have the same effect as a vote “against” the proposal.

Broker non-votes will not be counted as entitled to vote, but will count for purposes of determining whether or not a quorum is present on the matter. We will announce voting results at the meeting.

**Q. Who bears the cost of soliciting proxies?**

- A. We will bear the cost of soliciting proxies. In addition to solicitations by mail, officers, directors or employees of the Company or its subsidiaries may solicit proxies in person or by telephone. These persons will not receive any special or additional compensation for soliciting proxies. We may reimburse fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders.

**Q. Is the Company subject to corporate governance reforms applicable to publicly traded companies?**

- A. Regulators and the investment public have placed an increased emphasis on corporate governance and the manner in which boards of directors oversee companies. Because our common stock is not traded on a national securities exchange, we are not required to comply with many of the rules and regulations that are imposed on larger, publicly traded companies.

Moreover, banking regulators focus on the issue of corporate governance and have either implemented rules or issued guidance that affect many financial institutions. The banking industry has always been subject to a greater degree of scrutiny than non-public companies in unregulated industries.

We have long believed that many of the governing principles that are imposed on public companies through rules and regulations are important. For this reason, we have voluntarily incorporated many of them into the practices and policies of our

board and executive management. For many years a significant portion of our board has been comprised of independent, outside directors. These independent directors help to oversee the different functions of our organization and we adopted policies to guard against conflicts of interest with our directors. We believe that strong corporate governance directly benefits stockholders and customers because they can have more confidence that our company is being managed appropriately.

## **PROPOSAL 1**

### **ELECTION OF DIRECTORS**

The Company has one class of directors. At the annual meeting, seven directors will be elected to serve until the next annual meeting or until their respective successors are elected and have qualified. We have no knowledge that any nominee will refuse or be unable to serve, but if any of the nominees is unavailable for election, the holders of the proxies reserve the right to substitute another person of their choice as a nominee when voting at the meeting.

A majority of the directors on our board are considered to be “independent” directors. Independent directors generally are non-insiders whom the full board has determined do not have other relationships with our company that would prevent them from making objective, independent decisions. Generally, the board oversees our business and risk management and monitors the performance of our management and does not involve itself in our day-to-day operations, which are monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the board, which are held on a monthly basis, and through committee membership.

Our board has established a fully independent audit committee that oversees the relationship with our accountants. The full board, upon the recommendation of our corporate governance and nominating committee, considers nominees for directors to be presented to stockholders and determines the compensation levels for our executive officers, with our chief executive officer not participating in the consideration of his own compensation. Our independent directors meet in “executive session” without any inside directors or management at least twice a year.

The corporate governance and nominating committee evaluates all potential nominees for election, including incumbent directors, board nominees and any stockholder nominees included in the proxy statement, in the same manner. Generally, the committee believes that, at a minimum, directors should possess certain qualities, including the highest personal and professional ethics and integrity, a sufficient educational and professional background, demonstrated leadership skills, sound judgment, and a strong sense of service to the communities which we serve.

The proxy provides instructions for voting for the director nominees or for withholding authority to vote for the director nominees. Unless instructed to the contrary, the persons acting under the proxy solicited hereby will vote for the nominees listed below. If, however, any nominee is unable to serve, which is not now contemplated, the proxy holders reserve the right to vote at the annual meeting for a substitute nominee.

The following table contains certain information with respect to the nominees, including the year each nominee became a director of the Company or the Bank, his or her position with the Company or the Bank, and his or her principal occupation.

The following persons, if elected at the annual meeting, will serve as directors for terms of one year until the regular annual meeting of stockholders held in 2025 or until their successors are elected and qualified. **The board of directors recommends that you vote your shares FOR all seven nominees.**



## NOMINEES

<u>Name</u>	<u>Director Since</u>	<u>Position with the Company or CNB Bank &amp; Trust and Principal Occupation</u>
James T. Ashworth	1985	Director, Vice Chairman and President of the Company; Director of the Bank
Judith E. Baker	1995	Director of the Company and the Bank; retired accountant, Carlinville Area Hospital
Spencer T. Cohn	2022	Director of the Company; Director of Castle Creek Capital LLC
Shawn L. Davis	1994	Director of the Company; Director, retired President and Chief Executive Officer of the Bank
Nancy L. Ruyle	1990	Director and Corporate Secretary of the Company; Director of the Bank; Partner, Ruyle & Sims
Andrew E. Tinberg	2020	Director of the Company; Director, President and Chief Executive Officer of the Bank
Richard C. Walden	1987	Chairman of the Board of the Company and the Bank; Owner, Richard C. Walden, CPA

**PROPOSAL 2**  
**PROPOSED APPROVAL OF**  
**CNB BANK SHARES, INC. 2024 EQUITY INCENTIVE PLAN**

On March 19, 2024, our board of directors approved the CNB Bank Shares, Inc. 2024 Equity Incentive Plan for the Company and its subsidiaries, subject to stockholder approval. Our board of directors recommends this plan to our stockholders for their approval. A summary of the material provisions of the 2024 Equity Incentive Plan is set forth below, and a copy of the 2024 Equity Incentive Plan is attached to this proxy statement as Appendix A.

Our board of directors believes that the 2024 Equity Incentive Plan is in the best interests of the Company and its stockholders. Unless instructed to the contrary, all shares represented by proxy forms signed and returned to us will be voted in favor of the approval of the 2024 Equity Incentive Plan.

**Purpose and Administration**

The 2024 Equity Incentive Plan was established by our board of directors to promote the long-term financial success of the Company and its subsidiaries, attract, retain and reward persons who can and do contribute to such success, and further align the participants' interests with those of the Company's stockholders. The 2024 Equity Incentive Plan will be administered by the compensation committee of our board of directors, or such other committee as our board of directors may designate, which such committee will have the authority to, among other things, (i) select award recipients from the eligible participants; (ii) determine the types of awards to be granted and determine the applicable terms, conditions, performance criteria, restrictions and other provisions of such awards, including any vesting or accelerated vesting requirements or conditions applicable to an award or awards; (iii) modify or amend each award (subject to the restrictions of the 2024 Equity Incentive Plan); (iv) implement any exchange program with respect to awards granted under the Company's 2017 Equity Incentive Plan (the "Predecessor Plan") or the 2024 Equity Incentive Plan, subject to applicable law; and (v) to interpret the provisions of the 2024 Equity Incentive Plan and outstanding awards. Such committee may also delegate its authority in accordance with the terms of the 2024 Equity Incentive Plan.

**General**

The 2024 Equity Incentive Plan incorporates a broad variety of cash-based and equity-based incentive compensation elements to provide our board of directors with significant flexibility to appropriately address the requirements and limitations of applicable legal, regulatory and financial accounting standards in a manner mutually consistent with the purposes of the 2024 Equity Incentive Plan and stockholder interests.

Subject to permitted adjustments for certain corporate transactions, the maximum number of shares that may be delivered to participants, or their beneficiaries, under the 2024 Equity Incentive Plan is 1,266,552 shares, plus any shares that are subsequently available for reuse as described below.

To the extent that any shares of stock covered by an award under the 2024 Equity Incentive Plan or the Predecessor Plan are not delivered to a participant for any reason, including, without limitation, because the award is forfeited, canceled, settled in cash, or the award is surrendered, canceled or exchanged pursuant to an exchange program, or shares are withheld to satisfy tax withholding requirements, such shares will not be deemed to have been delivered for purposes of determining the maximum number of shares of stock available for delivery under the 2024 Equity Incentive Plan. With respect to stock appreciation rights ("SARs") that are settled in stock, only the net number of shares delivered shall be counted for purposes of these limitations.

The 2024 Equity Incentive Plan's effective date will be March 19, 2024, subject to approval by stockholders. If approved, the 2024 Equity Incentive Plan will continue in effect until terminated by our

board of directors; *provided, however*, that no awards may be granted under the 2024 Equity Incentive Plan after the ten-year anniversary of the effective date. Any awards that are outstanding after the tenth anniversary of the effective date will remain subject to the terms of the 2024 Equity Incentive Plan. Upon the date the 2024 Equity Incentive Plan is approved by stockholders, no new awards shall be granted under the Predecessor Plan.

Our board of directors may use shares of stock available under the 2024 Equity Incentive Plan as the form of payment for, grants or rights earned or due under any compensation plans or arrangements of the Company or a subsidiary, including the plans and arrangements of the Company or a subsidiary assumed in business combinations or other equity incentive plan of the Company or any subsidiary.

In the event of a corporate transaction involving the stock of the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the foregoing share limitations and all outstanding awards will automatically be adjusted proportionally and uniformly to reflect such event; *provided, however*, that our board of directors may adjust awards, or prevent the automatic adjustment of awards, to preserve the benefits or potential benefits of the awards.

Except as provided by our compensation committee and permitted by the 2024 Equity Incentive Plan, awards granted under the 2024 Equity Incentive Plan generally will not be transferable except as designated by the participant by will or by the laws of descent and distribution or pursuant to a domestic relations order. Our compensation committee has the discretion to permit the transfer of awards under the 2024 Equity Incentive Plan; *provided* that such transfers shall be limited to immediate family members of participants, trusts and partnerships established for the primary benefit of such family members, and provided that such transfers are not made for consideration to the participant.

## **Eligibility**

Selected employees and directors of, and service providers to, the Company or its subsidiaries are eligible to become participants in the 2024 Equity Incentive Plan, except that non-employees may not be granted incentive stock options. As of the date of this proxy statement, the Company had a workforce of approximately 263 people. Our board of directors will determine the specific individuals who will be granted awards under the 2024 Equity Incentive Plan and the type and amount of any such awards.

## **Options**

Our board of directors may grant an incentive stock option or non-qualified stock option to purchase stock at a specified exercise price. Each award must be pursuant to an award agreement setting forth the terms and conditions of the individual award. Awards of stock options expire no later than ten years from the date of grant (and no later than five years from the date of grant in the case of a 10% stockholder with respect to an incentive stock option).

The exercise price for an option cannot be less than the fair market value of the Company's common stock on the date the option is granted or, if greater, the par value of a share of stock; *provided, however*, that in the case of an award of an incentive stock option to a person that beneficially owns 10% or more of the Company's common stock at the time of grant, the exercise price of such incentive stock option shall not be less than 110% of the fair market value of the stock on the date the option is granted or, if greater, the par value of a share of stock. The exercise price of an option may, however, be higher or lower than the fair market value for an option granted in replacement of an existing award held by an employee, director or service provider of a third party that is acquired by the Company or one of its subsidiaries, subject to applicable law. The exercise price of an option may not be decreased after the date of grant, except as adjusted for corporate transactions described above, or otherwise allowed by the terms of the 2024 Equity Incentive Plan and applicable law.

Options awarded under the 2024 Equity Incentive Plan will be exercisable in accordance with the terms established by our board of directors. Any incentive stock option granted under the 2024 Equity Incentive Plan that fails to continue to qualify as an incentive stock option will be deemed to be a non-qualified stock option and our board of directors may unilaterally modify any incentive stock option to disqualify it as an incentive stock option. The full purchase price of each share of stock purchased upon the exercise of any option must be paid at the time of exercise of an option. Except as otherwise determined by our board of directors, the purchase price of an option may be paid in cash, by personal, certified or cashiers' check, in shares of the Company's common stock (valued at fair market value as of the day of exercise) either via attestation or actual delivery, by net exercise pursuant to which the person exercising the non-qualified stock option does not pay the exercise price but instead receives the net number of shares remaining after subtracting the exercise price and any withholding obligation, or by other property deemed acceptable by our board of directors or by irrevocably authorizing a third party to sell shares of the Company's common stock and remit a sufficient portion of the proceeds to the Company to satisfy the exercise price, or in any combination of the foregoing methods deemed acceptable by the board.

### **Stock Appreciation Rights**

SARs entitle the participant to receive cash or stock equal in value to, or based on the value of, the amount by which the fair market value of a specified number of shares on the exercise date exceeds an exercise price established by our board of directors. Except as described below, the exercise price for an SAR may not be less than the fair market value of the stock on the date the SAR is granted, *provided, however*, that the exercise price may be higher or lower than fair market value for an SAR granted in replacement of an existing award held by an employee, director or service provider of a third party that is acquired by the Company or one of its subsidiaries, or for SARs granted under a predecessor plan. SARs will be exercisable in accordance with the terms established by our board of directors.

### **Stock Awards**

A stock award is a grant of shares of the Company's common stock or a right to receive shares of the Company's common stock, an equivalent amount of cash or a combination thereof in the future. These awards may include, but are not to be limited to, bonus shares, stock units, performance shares, performance units, restricted stock or restricted stock units, deferred stock units or any other equity-based award as determined by our board of directors. The specific performance measures, performance objectives or period of service requirements are set by our board of directors in its discretion. All such awards may be subject to acceleration of vesting, to the extent permitted by our board of directors, including, but not limited to, the event of the participant's death, disability, retirement or involuntary termination or due to a change in control.

### **Cash Incentive Awards**

A cash incentive award is the grant of a right to receive a payment of cash, determined on an individual basis or as an allocation of an incentive pool (or the Company's common stock having a value equivalent to the cash otherwise payable) that is contingent on the achievement of performance objectives established by our board of directors. Our board of directors may grant cash incentive awards (including the right to receive payment of cash or the Company's common stock having the value equivalent to the cash otherwise payable) that may be contingent on achievement of a participant's performance objectives over a specified period established by our board of directors. The grant of cash incentive awards may also be subject to such other conditions, restrictions and contingencies, as determined by our board of directors.

### **Dividends and Dividend Equivalents**

Any award (other than stock options or SARs intending to constitute exempt stock rights under Section 409A of the Internal Revenue Code of 1986 ("Code")) may provide a participant with the right to

receive dividend payments or dividend equivalent payments with respect to shares subject to the award. The terms of such dividends or dividend equivalent payments shall be determined by the board of directors.

### **Forfeiture**

Unless specifically provided to the contrary in the applicable award agreement, if a participant's service is terminated for cause, any outstanding award held by such participant will be forfeited immediately and such participant will have no further rights under the award.

Further, if a participant breaches a confidentiality, non-competition, non-solicitation, non-disclosure, non-disparagement or other restrictive covenant, whether contained in an award agreement, an employment agreement or elsewhere, the participant shall forfeit or pay to the Company:

(1) any and all outstanding awards granted to the participant, including awards that have become vested or exercisable;

(2) any shares held by the participant in connection with the 2024 Equity Incentive Plan that were acquired by the participant after the participant's termination of service and within the 12-month period immediately preceding the participant's termination of service;

(3) the profit realized by the participant from the exercise of any stock options and SARs that the participant exercised after the participant's termination of service and within the 12-month period immediately preceding the participant's termination of service, which profit is the difference between the exercise price of the stock option or SAR and the fair market value of any shares or cash acquired by the participant upon exercise of such stock option or SAR; and

(4) the profit realized by the participant from the sale, or other disposition for consideration, of any shares received by the participant in connection with the 2024 Equity Incentive Plan after the participant's termination of service and within the 12-month period immediately preceding the participant's termination of service and where such sale or disposition occurs in such similar time period.

### **Deferred Compensation**

The 2024 Equity Incentive Plan is, and all awards granted thereunder are, intended to be exempt from (or, in the alternative, to comply with) Code Section 409A. The Company does not guarantee that any benefits that may be provided under the 2024 Equity Incentive Plan will satisfy all applicable provisions of Code Section 409A. If any award would be considered "deferred compensation" under Code Section 409A, the Company has reserved the right to unilaterally amend the 2024 Equity Incentive Plan or the applicable award agreement, without the consent of the participant, to avoid the application of, or to maintain compliance with, Code Section 409A.

### **Change In Control**

Unless otherwise provided in an award agreement, upon the occurrence of a change in control, all stock options and SARs under the 2024 Equity Incentive Plan then held by a participant will become fully exercisable immediately if, and all stock awards and cash incentive awards will become fully earned and vested immediately if: (i) the 2024 Equity Incentive Plan and respective award agreements are not the obligations of the successor entity following a change in control; or (ii) the 2024 Equity Incentive Plan and respective award agreements are the obligations of the successor entity following a change in control and the participant incurs a termination of service without cause or for good reason within 24 months following the change in control. Notwithstanding the immediately preceding sentence, if the vesting of an award is conditioned upon the achievement of performance measures, then such vesting will be subject to the following--if, at the time of the change in control: (i) the performance measures are less than 50% attained (pro rata based upon the time of the period through the change in control), the award will become vested

and exercisable on a fractional basis with the numerator being equal to the percentage of attainment and the denominator being 50%; and (ii) the performance measures are at least 50% attained (pro rata based upon the time of the period through the change in control), the award will become fully earned and vested immediately upon the change in control.

For purposes of the 2024 Equity Incentive Plan, a “change in control” generally will be deemed to occur when: (i) any person acquires the beneficial ownership of more than 50% of the combined voting power of the then outstanding voting securities of the Company; (ii) during any 12-month period, a majority of the board members serving as of the 2024 Equity Incentive Plan’s effective date, or whose election was approved by a vote of a majority of the directors then in office, no longer serves as directors; (iii) the Company combines or merges with another company and, immediately after the combination, the stockholders of the Company immediately prior to the combination hold, directly or indirectly, 50% or less of the voting stock of the resulting Company; or (iv) the consummation of a complete liquidation or dissolution of, or an agreement for the disposition of all or substantially all of the assets of, the Company occurs.

If an award under the 2024 Equity Incentive Plan constitutes “deferred compensation” for purposes of Code Section 409A, and the settlement or distribution of the award is triggered by a change in control, then such settlement or distribution will be subject to the event constituting the change in control also constituting a “change in control event” for purposes of Code Section 409A.

### **Amendment and Termination**

Our board of directors, as permitted by law, may at any time amend or terminate the 2024 Equity Incentive Plan or any award granted under the 2024 Equity Incentive Plan, provided that no amendment or termination may impair the rights of any participant without the participant’s written consent. Notwithstanding the foregoing, our board of directors may amend the 2024 Equity Incentive Plan at any time, retroactively or otherwise, to ensure that the 2024 Equity Incentive Plan complies with current or future law without stockholder approval, and our board of directors may unilaterally amend the 2024 Equity Incentive Plan and any outstanding award, without participant consent, to avoid the application of, or to comply with, Code Section 409A and its applicable regulations and guidance.

### **Purchase and Sales Rights**

Except as permitted by the 2024 Equity Incentive Plan or with prior written consent of the Company, participants may not sell transfer, pledge, assign, or otherwise alienate shares acquired under the 2024 Equity Incentive Plan. If a participant attempts to do so, the Company will not be required to transfer the shares on its stock register or treat the transferee as owner of the shares.

If a participant has a termination of service for any reason, the Company has the right to purchase any or all of the shares acquired under the 2024 Equity Incentive Plan by delivering a notice to the participant within 90 days of the participant’s termination. The purchase price of the shares will be equal to the fair market value of the shares on the date the notice is delivered, unless the participant’s termination of service is for cause, in which case the purchase price may be the lesser of the fair market value or the price paid for the shares (which may be \$0).

The Company has a right of first refusal to purchase any and all shares acquired under the 2024 Equity Incentive Plan for which the participant has received from a third party an offer to sell, pledge or otherwise transfer. If the Company fails to exercise its right within 30 days after it has received notice of the proposed transfer, the participant may conclude the transfer of the shares, provided the transferee acknowledges in writing that the transferee remains bound by the right of first refusal with respect to any subsequent transfer of the shares.

## **Clawback Policy**

All awards, amounts and benefits received under the 2024 Equity Incentive Plan will be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any applicable Company clawback policy or any applicable law even if adopted after the 2024 Equity Incentive Plan becomes effective.

## **U.S. Federal Income Tax Considerations**

The following is a summary of the current U.S. federal income tax consequences that may arise in conjunction with participation in the 2024 Equity Incentive Plan.

### *Non-Qualified Stock Options*

The grant of a non-qualified stock option generally will not result in taxable income to the participant. Except as described below, the participant generally will realize ordinary income at the time of exercise in an amount equal to the excess of the fair market value of the shares acquired over the exercise price for those shares and the Company generally will be entitled to a corresponding deduction. Gains or losses realized by the participant upon disposition of such shares generally will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of exercise.

### *Incentive Stock Options*

The grant of an incentive stock option generally will not result in taxable income to the participant. The exercise of an incentive stock option generally will not result in taxable income to the participant provided that the participant was, without a break in service, an employee of the Company or a subsidiary during the period beginning on the date of the grant of the option and ending on the date three months prior to the date of exercise (one year prior to the date of exercise if the participant is disabled, as that term is defined in the Code).

The excess of the fair market value of the shares at the time of the exercise of an incentive stock option over the exercise price generally will be an adjustment that is included in the calculation of the participant's alternative minimum taxable income for the tax year in which the incentive stock option is exercised. For purposes of determining the participant's alternative minimum tax liability for the year of disposition of the shares acquired pursuant to the incentive stock option exercise, the participant generally will have a basis in those shares equal to the fair market value of the shares at the time of exercise.

If the participant does not sell or otherwise dispose of the shares within two years from the date of the grant of the incentive stock option or within one year after the transfer of such stock to the participant, then, upon disposition of such shares, any amount realized in excess of the exercise price generally will be taxed to the participant as capital gain. A capital loss generally will be recognized to the extent that the amount realized is less than the exercise price.

If the foregoing holding period requirements are not met, the participant generally will realize ordinary income at the time of the disposition of the shares, in an amount equal to the lesser of: (i) the excess of the fair market value of the shares on the date of exercise over the exercise price; or (ii) the excess, if any, of the amount realized upon disposition of the shares over the exercise price and the Company generally will be entitled to a corresponding deduction. If the amount realized exceeds the value of the shares on the date of exercise, any additional amount generally will be capital gain. If the amount realized is less than the exercise price, the participant generally will recognize no income, and a capital loss will be recognized equal to the excess of the exercise price over the amount realized upon the disposition of the shares.

### *Stock Appreciation Rights*

The grant of an SAR generally will not result in taxable income to the participant. Upon exercise of an SAR, the fair market value of shares received generally will be taxable to the participant as ordinary income and the Company will be entitled to a corresponding deduction. Gains and losses realized by the participant upon disposition of any such shares generally will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of exercise.

### *Stock Awards*

A participant who has been granted a stock award generally will not realize taxable income at the time of grant, provided that the stock subject to the award is not delivered at the time of grant, or if the stock is delivered, it is subject to restrictions that constitute a “substantial risk of forfeiture” for U.S. income tax purposes. Upon the later of delivery or vesting of shares subject to an award, the holder generally will realize ordinary income in an amount equal to the then fair market value of those shares and the Company will be entitled to a corresponding deduction. Gains or losses realized by the participant upon disposition of such shares generally will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of delivery or vesting. Dividends paid to the holder during the restriction period, if so provided, generally will also be compensation income to the participant and the Company will be entitled to a corresponding deduction.

### *Cash Incentive Awards*

A participant who has been granted a cash incentive award generally will not realize taxable income at the time of grant, provided that no cash is actually paid at the time of grant. Upon the payment of any cash in satisfaction of the cash incentive award, the participant generally will realize ordinary income in an amount equal to the cash award received and the Company will be entitled to a corresponding deduction.

### *Withholding of Taxes*

The Company may withhold amounts from participants to satisfy withholding tax requirements. If permitted by our board of directors, participants may have shares withheld from awards or may tender previously owned shares to the Company to satisfy tax withholding requirements. The shares withheld from awards may be used to satisfy the Company’s maximum statutory withholding obligation, or such lesser amount as determined by the Company.

### *Change in Control*

Any acceleration of the vesting or payment of awards under the 2024 Equity Incentive Plan in the event of a change in control in the Company may cause part or all of the consideration involved to be treated as an “excess parachute payment” under Section 280G of the Code, which may subject the participant to a 20% excise tax and preclude deduction by the Company.

### *Section 409A*

Section 409A of the Code (“Section 409A”) provides certain requirements for non-qualified deferred compensation arrangements with respect to an individual’s deferral and distribution elections and permissible distribution events. Awards granted under the 2024 Equity Incentive Plan with a deferral feature will be subject to the requirements of Section 409A, if not otherwise exempt. If an award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with Section 409A’s provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as a potential premium interest tax on such deferred



compensation. Certain states have enacted laws similar to Section 409A which impose additional taxes, interest and penalties on non-qualified deferred compensation arrangements. The Company will also have withholding and reporting requirements with respect to such amounts.

### **Tax Advice**

The preceding discussion is based on U.S. federal tax laws and regulations presently in effect, which are subject to change, and the discussion does not purport to be a complete description of the U.S. federal income tax aspects of the 2024 Equity Incentive Plan. A participant may also be subject to state and local taxes in connection with the grant of awards under the 2024 Equity Incentive Plan. The Company strongly encourages participants to consult with their own individual tax advisors to determine the applicability of the tax rules to the awards granted to them in their personal circumstances.

\* \* \* \* \*

### **Stockholder Vote Necessary for Approval of the 2024 Equity Incentive Plan**

To be approved by our stockholders, the 2024 Equity Incentive Plan must receive the affirmative vote of a majority of the shares of the Company's common stock represented, in person or by proxy, and entitled to vote on the matter at the annual meeting. **Our board of directors believes that the adoption of the 2024 Equity Incentive Plan is in the best interests of our stockholders and unanimously recommends that you vote your shares FOR approval of the 2024 Equity Incentive Plan.**

### **OTHER BUSINESS**

It is not anticipated that any action will be asked of our stockholders other than set forth above, but if other matters are properly brought before the annual meeting, the persons named in the proxy will vote in accordance with his or her best judgment.

**By Order of the Board of Directors**



James T. Ashworth  
President

Carlinville, Illinois  
April 15, 2024

**ALL STOCKHOLDERS ARE URGED TO SIGN AND MAIL THEIR PROXIES PROMPTLY**

**APPENDIX A**

**CNB BANK SHARES, INC. 2024 EQUITY INCENTIVE PLAN**

**CNB BANK SHARES, INC.**  
**2024 EQUITY INCENTIVE PLAN**

**Article 1**  
**INTRODUCTION**

**Section 1.1 Purpose, Effective Date and Term.** The purpose of this Plan is to: (a) promote the growth, profitability and long-term financial success of the Company, and its Subsidiaries; (b) incentivize employees, directors and service providers of the Company and its Subsidiaries to achieve long-term corporate objectives; (c) attract and retain employees, directors and service providers who can and do contribute to such financial success, and to further align their interests with those of the Shareholders; and (d) provide such individuals with an opportunity to acquire Shares. The “**Effective Date**” of the Plan is March 19, 2024, subject to approval of the Plan by the Shareholders. The Plan shall remain in effect as long as any Awards are outstanding; *provided, however*, that no Awards may be granted after the 10-year anniversary of the Effective Date.

**Section 1.2 Participation.** Each employee and director of, and service provider to, the Company and each Subsidiary who is granted, and currently holds, an Award in accordance with the provisions of the Plan shall be a “**Participant**” in the Plan. Award recipients shall be limited to employees and directors of, and service providers to, the Company and its Subsidiaries; *provided, however*, that an Award (other than an Award of an ISO) may be granted to an individual prior to the date on which he or she first performs services as an employee, director, or service provider, *provided* that such Award shall not become vested prior to the date such individual commences such services.

**Section 1.3 Definitions.** Capitalized terms in the Plan shall be defined as set forth in the Plan (including the definition provisions of **Article 9**).

**Article 2**  
**AWARDS**

**Section 2.1 General.** Any Award may be granted singularly, in combination with another Award (or Awards), or in tandem whereby the exercise or vesting of one Award held by a Participant cancels another Award held by the Participant. Each Award shall be subject to the provisions of the Plan and such additional provisions as the Committee may provide with respect to such Award and as may be evidenced in the Award Agreement or other documentation. Subject to the provisions of **Section 3.3** and Code Section 409A, an Award may be granted as an alternative to or replacement of an existing award under the Plan, any other plan of the Company or a Subsidiary, the Predecessor Plan, or as the form of payment for grants or rights earned or due under any other compensation plan or arrangement of the Company or a Subsidiary, including the plan of any entity acquired by the Company or a Subsidiary. The types of Awards that may be granted include the following:

(a) *Stock Options.* A stock option represents the right to purchase Shares at an exercise price established by the Committee. Any stock option may be either an ISO or a nonqualified stock option that is not intended to be an ISO. No ISOs may be (i) granted after the 10-year anniversary of the earlier of the Effective Date or Shareholder approval of the Plan or (ii) granted to a non-employee. To the extent the aggregate Fair Market Value (determined at the time of grant) of Shares with respect to which ISOs are exercisable for the first time by any Participant during any calendar year under all plans of the Company and its Subsidiaries exceeds \$100,000, the stock options or portions thereof that exceed such limit shall be treated as nonqualified stock options. Unless otherwise specifically provided by the Award Agreement, any stock option granted under the Plan shall be a nonqualified stock option. All or a portion of any ISO granted

under the Plan that does not qualify as an ISO for any reason shall be deemed to be a nonqualified stock option. In addition, any ISO granted under the Plan may be unilaterally modified by the Committee to disqualify such stock option from ISO treatment such that it shall become a nonqualified stock option.

(b) *Stock Appreciation Rights.* A stock appreciation right (an “SAR”) is a right to receive, in cash, Shares or a combination of both (as shall be reflected in the respective Award Agreement), an amount equal to or based upon the excess of (i) the Fair Market Value at the time of exercise of the SAR over (ii) an exercise price established by the Committee.

(c) *Stock Awards.* A stock award is a grant of Shares or a right to receive Shares (or their cash equivalent or a combination of both), as shall be reflected in the respective Award Agreement, in the future, excluding Awards designated as stock options, SARs or cash incentive awards by the Committee. Such Awards may include bonus shares, stock units, performance shares, performance units, restricted stock, restricted stock units, deferred stock units or any other equity-based award as determined by the Committee.

(d) *Cash Incentive Awards.* A cash incentive award is the grant of a right to receive a payment of cash (or Shares having a value equivalent to the cash otherwise payable, excluding Awards designated as stock options, SARs or stock awards by the Committee, all as shall be reflected in the respective Award Agreement) determined on an individual basis or as an allocation of an incentive pool that is contingent on the achievement of performance objectives established by the Committee.

**Section 2.2 Exercise of Stock Options and SARs.** A stock option or SAR shall be exercisable in accordance with such provisions as may be established by the Committee; *provided, however*, that a stock option or SAR shall expire no later than 10 years after its grant date (5 years in the case of an ISO granted to a 10% Shareholder). The exercise price of each stock option and SAR shall be not less than 100% of the Fair Market Value on the grant date (or, if greater, the par value of a Share); *provided, however*, that the exercise price of an ISO shall be not less than 110% of Fair Market Value on the grant date in the case of a 10% Shareholder; and, *provided further*, that, to the extent permitted under Code Section 409A, and subject to **Section 3.3**, the exercise price may be higher or lower in the case of stock options and SARs granted in replacement of existing awards held by an employee, director or service provider granted by an acquired entity or under any other plan of the Company or a Subsidiary, including the Predecessor Plan. The payment of the exercise price of a stock option shall be by cash or, subject to limitations imposed by applicable law, by any of the following means unless otherwise determined by the Committee from time to time: (a) by tendering, either actually or by attestation, Shares acceptable to the Committee, and valued at Fair Market Value as of the day of exercise; (b) by irrevocably authorizing a third party, acceptable to the Committee, to sell Shares acquired upon exercise of the stock option and to remit to the Company following exercise a sufficient portion of the sale proceeds to pay the entire exercise price and any tax withholding resulting from such exercise; (c) other than for ISOs (unless otherwise determined by the Committee), by payment through a net exercise such that, without the payment of any funds, the Participant may exercise the option and receive the net number of Shares equal in value to (i) the number of Shares as to which the option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value (on the date of exercise) less the exercise price, and the denominator of which is such Fair Market Value (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares); (d) by personal, certified or cashiers’ check; (e) by other property deemed acceptable by the Committee; or (f) by any combination thereof.

**Section 2.3 Dividends and Dividend Equivalents.** Any Award (other than ISOs, or stock options or SARs intending to constitute exempt stock rights under Code Section 409A) may provide the Participant with the right to receive dividend payments or dividend equivalent payments with respect to

Shares subject to the Award, which payments may be made currently or credited to an account for the Participant, may be settled in cash or Shares, and may be subject to terms and conditions similar to the underlying Award or such other terms and conditions as the Committee may deem appropriate.

**Section 2.4 Forfeiture of Awards.** Unless specifically provided to the contrary in an Award Agreement, upon notification of Termination of Service for Cause, any outstanding Award held by a Participant, whether vested or unvested, shall terminate immediately; such Award shall be forfeited and the Participant shall have no further rights thereunder.

**Section 2.5 Deferred Compensation.** The Plan is, and all Awards are, intended to be exempt from (or, in the alternative, to comply with) Code Section 409A, and each shall be construed, interpreted and administered accordingly. The Company does not guarantee that any benefits that may be provided under the Plan will satisfy all applicable provisions of Code Section 409A. If any Award would be considered “deferred compensation” under Code Section 409A (“**Deferred Compensation**”), the Committee reserves the absolute right (including the right to delegate such right) to unilaterally amend the Plan or the applicable Award Agreement, without the consent of the Participant, to avoid the application of, or to maintain compliance with, Code Section 409A. Any amendment by the Committee of the Plan or an Award Agreement pursuant to this **Section 2.5** shall maintain, to the extent practicable, the original intent of the applicable provision without violating Code Section 409A. A Participant’s acceptance of any Award shall be deemed to constitute the Participant’s acknowledgement of, and consent to, the rights of the Committee, under this **Section 2.5**, without further consideration or action. Any discretionary authority retained by the Committee pursuant to the terms of the Plan or pursuant to an Award Agreement shall not be applicable to an Award that is determined to constitute Deferred Compensation, if such discretionary authority would contravene Code Section 409A.

### **Article 3** **SHARES SUBJECT TO PLAN**

**Section 3.1 Available Shares.** The Shares with respect to which Awards may be granted shall be Shares currently authorized but unissued, currently held or, to the extent permitted by applicable law, subsequently acquired by the Company, including Shares purchased in the open market or in private transactions.

**Section 3.2 Share Limitations.**

(a) *Share Reserve.* Subject to the following provisions of this **Section 3.2**, the maximum number of Shares that may be delivered under the Plan shall be 1,266,552 Shares, plus any Shares that are subsequently available for reuse pursuant to **Section 3.2(b)(i)** below (all of which may be granted as ISOs and all of which may be granted as full value awards). The maximum number of Shares available for delivery under the Plan (including the number that may be granted as ISOs) and the number of Shares subject to outstanding Awards shall be subject to adjustment as provided in **Section 3.3**. For purposes of this **Section 3.2**, Awards payable solely in cash shall not be counted. As of the date the Plan is approved by Shareholders, no new awards shall be granted under the Predecessor Plan; *provided, however*, for the avoidance of doubt, all existing awards granted under such Predecessor Plan prior to such date shall remain in full force and effect and shall continue to be governed by the terms of the Predecessor Plan and the award agreements thereunder.

(b) *Reuse of Shares.*

(i) To the extent any Shares covered by an Award under the Plan or the Predecessor Plan are not delivered to a Participant or beneficiary for any reason, including, without limitation, because the Award is forfeited (including unvested stock awards), canceled or settled in cash, or the Award is surrendered, canceled or exchanged pursuant to an Exchange Program, such Shares shall not be deemed to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan and shall again become eligible for delivery under the Plan.

(ii) With respect to SARs that are settled in Shares, only Shares actually delivered shall be counted for purposes of determining the maximum number of Shares available for delivery under the Plan.

(iii) If the exercise price of any stock option granted under the Plan is satisfied by tendering Shares to the Company (whether by actual delivery or by attestation and whether or not such surrendered Shares were acquired pursuant to an Award or otherwise) or by the net exercise of the Award, only the number of Shares delivered net of the Shares tendered shall be deemed delivered for purposes of determining the maximum number of Shares available for delivery under the Plan.

(iv) If the withholding tax liabilities arising from an Award are satisfied by the tendering of Shares to the Company (whether by actual delivery or by attestation and whether or not such tendered Shares were acquired pursuant to an Award) or by the withholding of or reduction of Shares by the Company, such Shares shall not be deemed to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan and shall again become eligible for delivery under the Plan.

**Section 3.3 Corporate Transactions.** To the extent permitted under Code Section 409A, to the extent applicable, in the event of a corporate transaction involving the Company or the Shares (including any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares or other similar event which the Committee determines affects the Shares such that an adjustment pursuant to this **Section 3.3** is appropriate to prevent the enlargement or dilution of rights), all outstanding Awards and the number of Shares available for delivery under the Plan under **Section 3.2** shall be adjusted automatically to proportionately and uniformly reflect such transaction; *provided, however*, that, subject to Code Section 409A the Committee may otherwise adjust Awards (or prevent such automatic adjustment) as it deems necessary, in its sole discretion, to preserve the benefits or potential benefits of the Awards and the Plan. Action by the Committee under this **Section 3.3** may include: (i) adjustment of the number and kind of shares that may be delivered under the Plan; (ii) adjustment of the number and kind of shares subject to outstanding Awards; (iii) adjustment of the exercise price of outstanding stock options and SARs; and (iv) any other adjustments that the Committee determines to be equitable (which may include (A) replacement of an Award with another award that the Committee determines has comparable value and that is based on stock of a company resulting from a corporate transaction, and (B) cancellation of an Award in return for cash payment of the current value of the Award, determined as though the Award were fully vested at the time of payment, *provided* that in the case of a stock option or SAR, the amount of such payment shall be the excess of the value of the stock subject to the option or SAR at the time of the transaction over the exercise price, and *provided, further*, that no such payment shall be required in consideration for the cancellation of the Award if the exercise price is greater than the value of the stock at the time of such corporate transaction).

**Section 3.4**    **Delivery of Shares.** Delivery of Shares or other amounts under the Plan shall be subject to the following:

(a)    *Compliance with Applicable Laws.* Notwithstanding any provision of the Plan to the contrary, the Company shall have no obligation to deliver any Shares or make any other distribution of benefits under the Plan unless such delivery or distribution complies with all applicable laws and the applicable requirements of any securities exchange or similar entity.

(b)    *No Certificates Required.* To the extent that the Plan provides for the delivery of Shares, the delivery may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any securities exchange or similar entity.

(c)    *Participant's Representations.* In connection with the execution of any Award Agreement, or prior to, or in connection with, the settlement of any Award, the Company may require the Participant to (i) execute an investment representation statement, in a form provided by the Company, (ii) become a party to a Company shareholder agreement, as may be in effect from time to time, (iii) become a party to a voting agreement or voting trust agreement, as may be in effect from time to time; and/or (iv) become a party to any other agreement with the Company as determined by the Committee.

(d)    *Stop-Transfer Notices.* In order to ensure compliance with the restrictions referred to herein or under the applicable Award Agreement, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

#### **Article 4** **CHANGE IN CONTROL**

**Section 4.1**    **Consequence of a Change in Control.** Subject to the provisions of **Section 3.3** (relating to the adjustment of shares), and except as otherwise provided in the Plan or in any Award Agreement, at the time of a Change in Control:

(a)    Subject to any forfeiture and expiration provisions otherwise applicable to the respective Awards, all stock options and SARs under the Plan then held by the Participant shall become fully exercisable immediately if, and all stock awards and cash incentive awards under the Plan then held by the Participant shall become fully earned and vested immediately if, (i) the Plan and the respective Award Agreements are not the obligations of the entity, whether the Company, a successor thereto or an assignee thereof, that conducts following a Change in Control substantially all of the business conducted by the Company and its Subsidiaries immediately prior to such Change in Control or (ii) the Plan and the respective Award Agreements are the obligations of the entity, whether the Company, a successor thereto or an assignee thereof, that conducts following a Change in Control substantially all of the business conducted by the Company and its Subsidiaries immediately prior to such Change in Control and the Participant incurs a Termination of Service by the Company without Cause or by the Participant for Good Reason within 24 months following such Change in Control.

(b)    Notwithstanding the foregoing provisions of this **Section 4.1**, if the vesting of an outstanding Award is conditioned upon the achievement of performance measures, then such vesting shall be subject to the following:

(i)    If, at the time of the Change in Control, the established performance measures are less than 50% attained (as determined in the sole discretion of the Committee, but in any

event, based pro rata in accordance with time lapsed through the date of the Change in Control in the event of any period-based performance measures), then such Award shall become vested and exercisable on a fractional basis with the numerator being equal to the percentage of attainment and the denominator being 50% upon the Change in Control.

(ii) If, at the time of the Change in Control, the established performance measures are at least 50% attained (as determined in the sole discretion of the Committee, but in any event based pro rata in accordance with time lapsed through the date of the Change in Control in the event of any period-based performance measures), then such Award shall become fully earned and vested upon the Change in Control.

#### **Section 4.2 Definition of Change in Control.**

(a) For purposes of the Plan, “**Change in Control**” means the first to occur of the following dates:

(i) The consummation of the acquisition in one or more transactions by any “person” (as such term is defined in Section 13(d) or 14(d) of the Exchange Act) of “beneficial ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of the combined voting power of the then outstanding Voting Securities of the Company; *provided, however*, that for purposes of this definition, the Voting Securities of the Company acquired directly from the Company by any person shall be excluded from the determination of such person’s beneficial ownership of Voting Securities of the Company (but such Voting Securities shall be included in the calculation of the total number of Voting Securities of the Company then outstanding);

(ii) During any 12-month period, the individuals who are members of the Incumbent Board cease for any reason to constitute a majority of the Board, unless either the election of, or the nomination for election by, the Shareholders of any new director was approved by a vote of a majority of the Incumbent Board, in which case such new director shall, for purposes of the Plan, be considered as 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;

(iii) The consummation by the Company of (A) a merger, consolidation or other similar transaction if the Shareholders immediately before such merger, consolidation or other similar transaction do not, as a result of such merger, consolidation or other similar transaction, own, directly or indirectly immediately following such merger, consolidation or other similar transaction, more than 50% of the combined voting power of the then outstanding Voting Securities of the entity resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the Voting Securities of the Company outstanding immediately before such merger or consolidation or (B) a complete liquidation or dissolution of, or an agreement for the sale or other disposition of, all or substantially all of the assets of the Company.

(b) Notwithstanding any provision in the foregoing definition of Change in Control to the contrary, a Change in Control shall not be deemed to occur solely because 50% or more of the combined voting power of the then outstanding securities of the Company are acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained for employees of an entity or (ii) any entity that, immediately after such acquisition, is owned directly or indirectly by the Shareholders in the same proportion as their ownership of Stock immediately prior to such acquisition.



(c) Moreover, notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person (the “**Subject Person**”) acquires beneficial ownership of more than the permitted amount of the outstanding Voting Securities of the Company as a result of the acquisition of Voting Securities by the Company that, by reducing the number of such Voting Securities of the Company outstanding, increases the proportional number of shares beneficially owned by the Subject Person, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the beneficial owner of any additional Voting Securities of the Company that increases the percentage of the then outstanding Voting Securities of the Company beneficially owned by the Subject Person, then a Change in Control shall be deemed to have occurred.

(d) Notwithstanding anything in this Change in Control definition to the contrary, in the event that any Award constitutes Deferred Compensation, and the settlement of, or distribution of benefits under such Award is to be triggered by a Change in Control, then such settlement or distribution shall be subject to the event constituting the Change in Control also constituting a “change in control event” (as defined under Code Section 409A). In all events, the Board shall determine whether a Change in Control has occurred.

## **Article 5** **COMMITTEE**

**Section 5.1 Administration.** The authority to control and manage the operation and administration of the Plan shall be vested in the Committee in accordance with this **Article 5**. The Committee shall be selected by the Board. Subject to the applicable rules of any securities exchange or similar entity, if the Committee does not exist, or for any other reason determined by the Board, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee.

**Section 5.2 Powers of Committee.** The Committee’s administration of the Plan shall be subject to the other provisions of the Plan and the following:

(a) The Committee shall have the authority and discretion to select from among the Company’s and each Subsidiary’s employees, directors and service providers those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of Shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions and other provisions of such Awards, (subject to **Article 6**) to cancel or suspend Awards and to reduce or eliminate any restrictions or vesting requirements applicable to an Award at any time after the grant of the Award.

(b) The Committee shall have the authority and discretion to interpret the Plan and all Award Agreements, to establish, amend and rescind any rules and regulations relating to the Plan and to make all other determinations that may be necessary or advisable for the administration of the Plan.

(c) The Committee shall have the authority to define terms not otherwise defined in the Plan.

(d) Any interpretation of the Plan by the Committee and any decision made by it under the Plan shall be final and binding on all persons.

(e) In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to the articles and bylaws of the Company and to all applicable law.

(f) Subject to **Article 6** and as permitted under Code Section 409A, the Committee shall have the authority to amend any outstanding Award Agreement in any respect, including, without limitation, to: (i) accelerate the time or times at which the Award becomes vested or unrestricted (and, in connection with such acceleration, the Committee may provide that any Shares acquired pursuant to such Award will be restricted Shares, which are subject to vesting, transfer, forfeiture or repayment provisions similar to those in the Participant's underlying Award); (ii) accelerate the time or times at which Shares are delivered under the Award (and, without limitation on the Committee's rights, in connection with such acceleration, the Committee may provide that any Shares delivered pursuant to such Award will be restricted Shares, which are subject to vesting, transfer, forfeiture or repayment provisions similar to those in the Participant's underlying Award); (iii) waive or amend any goals, restrictions, vesting provisions or conditions set forth in such Award Agreement, or impose new goals, restrictions, vesting provisions and conditions; and (iv) reflect a change in the Participant's circumstances (e.g., a change to part-time employment status or a change in position, duties or responsibilities or changes between employee, director, or service provider status).

(g) The Committee shall have the authority to determine, at any time, whether, to what extent and under what circumstances and the method or methods: (i) Awards may be settled in cash, Shares, other securities, other Awards or other property (in which event, the Committee may specify what other effects such settlement will have on the Participant's Award, including the effect on any repayment provisions under the Plan or Award Agreement); (ii) Shares, other securities, other Awards or other property and other amounts payable with respect to an Award may be deferred either automatically or at the election of the Participant thereof or of the Committee; (iii) to the extent permitted under applicable law, loans (whether or not secured by Shares) may be extended by the Company with respect to any Awards; (iv) Awards may be settled by the Company, any of its Subsidiaries or affiliates or any of their designees; and (v) to the extent permitted under applicable law, any Exchange Program may be implemented.

**Section 5.3 Delegation by Committee.** Except to the extent prohibited by applicable law, the applicable rules of any securities exchange or similar entity, the Plan or the charter of the Committee, the Committee may allocate all or any portion of its responsibilities and powers under the Plan to any one or more of its members and may delegate all or any part of its responsibilities and powers under the Plan to any person or persons selected by it. The acts of such delegates shall be treated under the Plan as acts of the Committee and such delegates shall report regularly to the Committee regarding the delegated duties and responsibilities and any Awards granted. Any such allocation or delegation may be revoked by the Committee at any time.

**Section 5.4 Information to be Furnished to Committee.** As may be permitted by applicable law, the Company and each Subsidiary shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties under the Plan. The records of the Company and each Subsidiary as to an employee's or Participant's employment, termination of employment, leave of absence, reemployment and compensation shall be conclusive with respect to all persons unless determined by the Committee to be manifestly incorrect. Subject to applicable law, Participants and other persons entitled to benefits under the Plan shall furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

**Section 5.5 Expenses and Liabilities.** All expenses and liabilities incurred by the Committee in the administration and interpretation of the Plan or any Award Agreement shall be borne by the Company.

The Committee may employ attorneys, consultants, accountants or other persons in connection with the administration and interpretation of the Plan, and the Company, and its officers and directors, shall be entitled to rely upon the advice, opinions and valuations of any such persons.

**Article 6**  
**AMENDMENT AND TERMINATION**

**Section 6.1** **General.** The Board may, as permitted by law, at any time, amend or terminate the Plan, and may amend any Award Agreement; *provided, however*, that no amendment or termination may (except as provided in **Section 2.5**, **Section 3.3**, **Section 4.1** and **Section 6.2** or otherwise provided hereunder or in the applicable Award Agreement), in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), materially impair the rights of any Participant or beneficiary under any Award granted prior to the date such amendment or termination is adopted by the Board.

**Section 6.2** **Amendment to Conform to Law.** Notwithstanding any provision of the Plan or an Award Agreement to the contrary, the Committee may amend the Plan or any Award Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming the Plan or the Award Agreement to any applicable law. By accepting an Award, the Participant shall be deemed to have acknowledged and consented to any amendment to an Award made pursuant to this **Section 6.2**, **Section 2.5**, **Section 3.3** or **Section 4.1** or otherwise provided hereunder or in the applicable Award Agreement without further consideration or action.

**Article 7**  
**PURCHASE AND SALE RIGHTS**

**Section 7.1** **Additional Conditions of Transfer.** Except as permitted by the Plan or with the prior written consent of the Company, a Participant shall not sell, transfer, pledge, assign or otherwise alienate or hypothecate any Owned Shares. If a Participant sells, transfers, pledges, assigns or otherwise alienates or hypothecates any Owned Shares in breach of the Plan, the Company shall not be required to (a) transfer such Owned Shares on its books or (b) treat any transferee as owner of such Owned Shares, to accord the right to vote as such owner or to pay dividends to any such transferee. To the extent the Shares are listed on an established securities market the foregoing provisions of this Section 7.1 shall not be applicable, other than during the Call Right Period.

**Section 7.2** **Legend.** Each certificate evidencing Owned Shares and each certificate issued in exchange for or upon the transfer of any Owned Shares shall be stamped or otherwise imprinted with such legend as the Company may require.

**Section 7.3** **Company's Call Rights.** If the Participant incurs a Termination of Service for any reason, the Company shall have the right to purchase, and the Participant (or the Participant's estate or beneficiary, if applicable) shall be required to sell to the Company, any or all of the Owned Shares on the following terms (the "**Company Call Right**"):

(a) The purchase price per Owned Share shall be equal to the Fair Market Value thereof on the date on which the Call Notice is delivered; *provided, however*, that if the Participant's Termination of Service is for Cause, the purchase price per Owned Share shall be equal to the lesser of (i) the Fair Market Value of a Share on the date on which the Call Notice is delivered and (ii) the price paid for the Owned Share (which may be \$0).

(b) If the Company desires to exercise its right to purchase Owned Shares pursuant to this **Section 7.3**, the Company shall deliver written notice thereof (the “**Call Notice**”) to the Participant (or to the Participant’s estate or beneficiary, if applicable) of its intention to purchase Owned Shares within 90 days following the date of the Participant’s Termination of Service (the “**Call Right Period**”). The Call Notice shall state that the Company has elected to exercise the Company Call Right and shall specify the number and price of Owned Shares with respect to which the Company Call Right is being exercised.

(c) The closing of any purchase under this **Section 7.3** shall take place at the principal office of the Company on a date specified by the Company, which date shall be no later than the 30th day after the giving of the Call Notice.

#### **Section 7.4     Company’s Right of First Refusal.**

(a) In the event the Participant receives a bona fide offer to sell, pledge or otherwise transfer to a third party any Owned Shares, or any interest in Owned Shares, other than through an established securities market (to the extent the Shares are listed on an established securities market) the Company shall have a “**Right of First Refusal**” with respect to all such Owned Shares. If the Participant wishes to transfer Owned Shares, the Participant shall first provide written notice (the “**Transfer Notice**”) to the Company describing fully the proposed transfer, including the number of Owned Shares proposed to be transferred, the proposed transfer price and the name and address of the proposed transferee. The Transfer Notice shall be signed both by the Participant and by the proposed transferee and must constitute a binding commitment of both parties to the transfer of the Owned Shares, subject to the Company’s Right of First Refusal.

(b) In connection with its Right of First Refusal, the Company shall have the right to purchase all of the Owned Shares on the terms described in the Transfer Notice (subject to any change in such terms permitted in **Section 7.4(c)**) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date the Company receives the Transfer Notice. The Company’s rights with respect to the Right of First Refusal shall be freely assignable, in whole or in part.

(c) If the Company fails to exercise the Right of First Refusal within 30 days after the date that the Company receives the Transfer Notice, the Participant may, not later than 60 days following the date the Company receives the Transfer Notice, conclude a transfer of the Owned Shares subject to the Transfer Notice on the terms described in the Transfer Notice, *provided* that the transferee acknowledges in writing that such transferee remains bound by the Right of First Refusal with respect to any subsequent transfer of such Owned Shares.

(d) Any proposed transfer on terms different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Participant, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in this **Section 7.4**. If the Company exercises its Right of First Refusal, the Participant and the Company shall consummate the sale of the Owned Shares on the terms set forth in the Transfer Notice.

#### **Section 7.5     Delivery of Owned Shares to the Company.**

(a) On or before the close of business on the date specified for the purchase, the Participant shall deliver to the Company all certificates representing the Participant’s Owned Shares to be purchased in connection with the Company Call Right pursuant to **Section 7.3**, with appropriate executed stock transfers conveying, representing and warranting good title to the Company for the Participant’s

Owned Shares in compliance with the terms of the Plan and free and clear of all liens, encumbrances or claims of any third party.

(b) Within 10 days after the Company's exercise of its Right of First Refusal, the Participant shall deliver to the Company all certificates representing the Participant's Owned Shares to be purchased in connection with the Right of First Refusal pursuant to **Section 7.4**, with appropriate executed stock transfers conveying, representing and warranting good title to the Company for the Participant's Owned Shares in compliance with the terms of the Plan and free and clear of all liens, encumbrances or claims of any third party.

**Section 7.6** **Payment of Purchase Price to Participant.** Concurrently with the receipt of certificates by the Company in accordance with **Section 7.5**, the purchase price of the Participant's Owned Shares shall be payable, at the option of the Company, by check, with a subordinated note, by cancellation of all or a portion of any outstanding indebtedness owed by the Participant to the Company, or by a combination thereof, in each case subject to **Section 7.7**.

**Section 7.7** **Additional Conditions.** All purchases of Owned Shares by the Company pursuant to this **Article 7** shall be subject to any applicable restrictions under federal and state securities laws, and to the terms of the credit facilities of the Company and its Subsidiaries then in effect.

**Section 7.8** **Consequences of IPO.** Following an IPO, this **Article 7** shall no longer be effective, and thereafter the Company shall no longer have a Company Call Right or a Right of First Refusal.

## **Article 8** **GENERAL TERMS**

### **Section 8.1** **No Implied Rights.**

(a) *No Rights to Specific Assets.* No person shall by reason of participation in the Plan acquire any right in or title to any assets, funds or property of the Company or any Subsidiary, including any specific funds, assets, or other property that the Company or a Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Shares or amounts, if any, distributable in accordance with the provisions of the Plan, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the Plan or an Award Agreement shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to provide any benefits to any person.

(b) *No Contractual Right to Employment or Future Awards.* The Plan does not constitute a contract of employment, and selection as a Participant shall not give any person the right to be retained in the service of the Company or a Subsidiary or any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the Plan. No individual shall have the right to be selected to receive an Award, or, having been so selected, to receive a future Award.

(c) *No Rights as a Shareholder.* Except as otherwise provided in the Plan, no Award shall confer upon the holder thereof any rights as a Shareholder prior to the date on which the individual fulfills all conditions for receipt of such rights.

**Section 8.2** **Transferability.** Except as otherwise provided by the Committee, Awards are not transferable except as designated by the Participant by will or by the laws of descent and distribution or pursuant to a domestic relations order, and such Awards shall be exercisable during the lifetime of the

Participant only by the Participant or his or her guardian or legal representative. The Committee shall have the discretion to permit the transfer of Awards consistent with applicable law; *provided, however*, that such transfers shall be limited to immediate family members of Participants, trusts, partnerships, and limited liability companies established for the primary benefit of such family members; and *provided, further*, that such transfers shall not be made for value to the Participant and in no event shall any Award be sold, assigned or transferred to any third-party financial institution.

**Section 8.3 Designation of Beneficiaries.** A Participant hereunder may file with the Company a designation of a beneficiary or beneficiaries under the Plan and may from time to time revoke or amend any such designation. Any designation of beneficiary under the Plan shall be controlling over any other disposition, testamentary or otherwise; *provided, however*, that if the Committee is in doubt as to the entitlement of any such beneficiary to any Award, the Committee may determine to recognize only the legal representative of the Participant in which case the Company, the Committee and the members thereof shall not have any further liability to anyone.

**Section 8.4 Non-Exclusivity.** Neither the adoption of the Plan by the Board nor the submission of the Plan to the Shareholders for approval shall be construed as creating any limitations on the power of the Board or the Committee to adopt such other incentive arrangements as either may deem desirable, and such arrangements may be either generally applicable or applicable only in specific cases.

**Section 8.5 Award Agreement.** Each Award shall be evidenced by an Award Agreement. A copy of the Award Agreement, in any medium chosen by the Committee, shall be made available to the Participant, and the Committee may require that the Participant sign a copy of the Award Agreement.

**Section 8.6 Form and Time of Elections.** Unless otherwise specified in the Plan, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be filed with the Company at such times, in such form, and subject to such terms and conditions, not inconsistent with the provisions of the Plan, as the Committee may require.

**Section 8.7 Evidence.** Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information that the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

**Section 8.8 Tax Withholding.** All distributions under the Plan shall be subject to withholding of all applicable taxes and the Committee may condition the delivery of any Shares or other benefits under the Plan on satisfaction of the applicable withholding obligations. Except as otherwise provided by the Committee, such withholding obligations may be satisfied (a) through cash payment by the Participant; (b) through the surrender of Shares that the Participant already owns; (c) through the surrender of Shares to which the Participant is otherwise entitled under the Plan; or (d) by withholding from wages or other amounts otherwise payable to the Participant; *provided, however*, that except as otherwise specifically provided by the Committee, such Shares under clause (c) may not be used to satisfy more than the maximum individual statutory tax rate for each applicable tax jurisdiction or such lesser amount as may be established by the Company.

**Section 8.9 Successors.** All obligations of the Company under the Plan shall be binding upon and inure to the benefit of any successor to the Company.

**Section 8.10 Indemnification.** To the fullest extent permitted by law, each person who is or shall have been a member of the Committee or the Board, or an officer of the Company to whom authority

was delegated in accordance with **Section 5.3**, or an employee of the Company shall be indemnified and held harmless by the Company against and from any loss (including amounts paid in settlement), cost, liability or expense (including reasonable attorneys' fees) that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her (*provided* that he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf), unless such loss, cost, liability or expense is a result of his or her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's charter or bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

**Section 8.11 No Fractional Shares.** Unless otherwise permitted by the Committee, no fractional Shares shall be delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, Shares or other property shall be delivered or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

**Section 8.12 Governing Law.** The Plan, all Awards, and all actions taken in connection herewith and therewith shall be governed by and construed in accordance with the laws of the State of Illinois without reference to principles of conflict of laws, except as superseded by applicable federal law.

**Section 8.13 Benefits Under Other Plans.** Except as otherwise provided by the Committee, Awards granted to a Participant (including the grant and the receipt of benefits) shall be disregarded for purposes of determining the Participant's benefits under, or contributions to, any qualified retirement plan, nonqualified plan and any other benefit plan maintained by the Participant's employer.

**Section 8.14 Validity.** If any provision of the Plan is determined to be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if such illegal or invalid provision had never been included in the Plan.

**Section 8.15 Notice.** Unless provided otherwise in an Award Agreement or policy adopted from time to time by the Committee, all communications to the Company provided for in the Plan, or any Award Agreement, shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid (*provided* that international mail shall be sent via overnight or two-day delivery), or by prepaid overnight courier to the Company at the address set forth below:

CNB Bank Shares, Inc.  
450 West Side Square  
Carlinville, Illinois 62626  
Facsimile: (217) 854-3412

Such communications shall be deemed given:

(a) In the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery; and

(b) In the case of certified or registered U.S. mail, five days after deposit in the U.S. mail;

*provided, however*, that in no event shall any communication be deemed to be given later than the date it is actually received, *provided* it is actually received. In the event a communication is not received, it shall be deemed received only upon the showing of an original of the applicable receipt, registration or confirmation from the applicable delivery service provider. Communications that are to be delivered by, U.S. mail or by overnight service to the Company shall be directed to the attention of the Company's senior human resources officer and corporate secretary.

**Section 8.16 Clawback Policy.** Any Award, amount or benefit received under the Plan shall be subject to potential cancellation, recoupment, rescission, payback or other similar action in accordance with any applicable Company clawback policy (the "**Policy**") or any applicable law as may be in effect from time to time. A Participant's receipt of an Award shall be deemed to constitute the Participant's acknowledgment of and consent to the Company's application, implementation and enforcement of (i) the Policy and any similar policy established by the Company that may apply to the Participant, whether adopted prior to or following the making of any Award and (ii) any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, as well as the Participant's express agreement that the Company may take such actions as are necessary to effectuate the Policy, any similar policy and applicable law, without further consideration or action.

**Section 8.17 Breach of Restrictive Covenants.** Except as otherwise provided by the Committee, notwithstanding any provision of the Plan to the contrary, if the Participant breaches a confidentiality, non-competition, non-solicitation, non-disclosure, non-disparagement or other restrictive covenant set forth in an Award Agreement or any other agreement between the Participant and the Company or a Subsidiary, whether before or after the Participant's Termination of Service, in addition to and not in limitation of any other rights, remedies, damages, penalties or restrictions available to the Company under the Plan, an Award Agreement, any other agreement between the Participant and the Company or a Subsidiary, or otherwise at law or in equity, the Participant shall forfeit or pay to the Company:

(a) Any and all outstanding Awards granted to the Participant, including Awards that have become vested or exercisable;

(b) Any Shares held by the Participant in connection with the Plan that were acquired by the Participant after the Participant's Termination of Service and within the 12-month period immediately preceding the Participant's Termination of Service;

(c) The profit realized by the Participant from the exercise of any stock options and SARs that the Participant exercised after the Participant's Termination of Service and within the 12-month period immediately preceding the Participant's Termination of Service, which profit is the difference between the exercise price of the stock option or SAR and the Fair Market Value of any Shares or cash acquired by the Participant upon exercise of such stock option or SAR; and

(d) The profit realized by the Participant from the sale, or other disposition for consideration, of any Shares received by the Participant in connection with the Plan after the Participant's Termination of Service and within the 12-month period immediately preceding the Participant's Termination of Service where such sale or disposition occurs in such similar time period.

Unless the applicable Award Agreement expressly displaces or limits the Company's rights under this **Section 8.17** with a reference to the same, any forfeiture provision contained in an Award Agreement



shall be construed as an additional, non-exclusive remedy in the event of the Participant's breach of a restrictive covenant.

**Section 8.18 Electronic Delivery.** Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically to a Participant, or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). By accepting any Award, the Participant consents to receive documents by electronic delivery and to participate in the Plan through any on-line electronic system established and maintained by the Company or another third party selected by the Committee. The form of delivery of any Shares (e.g., a stock certificate or electronic entry evidencing such Shares) shall be determined by the Company.

## **Article 9**

### **DEFINED TERMS; CONSTRUCTION**

**Section 9.1 Definitions.** In addition to the other definitions contained in the Plan, unless otherwise specifically provided in an Award Agreement, the following definitions shall apply:

(a) **"10% Shareholder"** means an individual who, at the time of grant, owns Voting Securities of the Company possessing more than 10% of the total combined voting power of the Voting Securities of the Company.

(b) **"Award"** means an award under the Plan.

(c) **"Award Agreement"** means the document that evidences the terms and conditions of an Award. Such document shall be referred to as an agreement regardless of whether a Participant's signature is required. Each Award Agreement shall be subject to the terms and conditions of the Plan, and, if there is any conflict between the Award Agreement and the Plan, the Plan shall control.

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

(e) **"Call Notice"** has the meaning ascribed to it in **Section 7.3(b)**.

(f) **"Call Right Period"** has the meaning ascribed to it in **Section 7.3(b)**.

(g) **"Cause"** has the meaning set forth for such term (or a similar term) in the Participant's employment or change in control agreement (or other similar agreement) with the Company or a Subsidiary; or, if the Participant's agreement lacks such definition or the Participant has not entered into such an agreement, means: (i) any act by the Participant of (A) fraud or intentional misrepresentation or (B) embezzlement, misappropriation, or conversion of assets or opportunities of the Company or a Subsidiary; (ii) the Participant's willful violation of any law, rule, or regulation in connection with the performance of the Participant's duties to the Company or a Subsidiary (other than traffic violations or similar offenses); (iii) the willful or negligent failure of the Participant to perform the Participant's duties to the Company or a Subsidiary in any material respect; (iv) the Participant's commission of any act of moral turpitude; (v) the Participant's conviction of, or plea of *nolo contendere* to, a crime of embezzlement or fraud or any felony under the laws of the United States or any state thereof; (vi) the Participant's breach of fiduciary responsibility; (vii) an act of dishonesty by the Participant that is materially injurious to the Company or a Subsidiary; (viii) the Participant's engagement in one or more unsafe or unsound banking practices that have a material adverse effect on the Company or a Subsidiary; (ix) the Participant's removal or permanent suspension from banking pursuant to Section 8(e) of the Federal Deposit Insurance Act or

any other applicable state or federal law; (x) an act or omission by the Participant that leads to a material harm (financial or reputational) to the Company or a Subsidiary in the community; or (xi) a material breach by the Participant of Company policies as may be in effect from time to time.

Further, the Participant shall be deemed to have terminated for Cause if, after the Participant's Termination of Service, facts and circumstances arising during the course of the Participant's employment with the Company are discovered that would have constituted a termination for Cause.

Further, all rights a Participant has or may have under the Plan shall be suspended automatically during the pendency of any investigation by the Board or its designee or during any negotiations between the Board or its designee and the Participant regarding any actual or alleged act or omission by the Participant of the type described in the applicable definition of "Cause", and any such suspension shall not give rise to a claim for Good Reason by the Participant.

(h) **"Change in Control"** has the meaning ascribed to it in **Section 4.2**.

(i) **"Code"** means the Internal Revenue Code of 1986.

(j) **"Committee"** means the Committee acting under **Article 5**, and in the event a Committee is not currently appointed, the Board.

(k) **"Company"** means CNB Bank Shares, Inc., an Illinois corporation.

(l) **"Company Call Right"** has the meaning ascribed to it in **Section 7.3**.

(m) **"Deferred Compensation"** has the meaning ascribed to it in **Section 2.5**.

(n) **"Disability"** means, unless otherwise provided in the Award Agreement, the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident or health plan covering the Company's or a Subsidiary's employees.

(o) **"Effective Date"** has the meaning ascribed to it in **Section 1.1**.

(p) **"Exchange Act"** means the Securities Exchange Act of 1934.

(q) **"Exchange Program"** means a program pursuant to which (a) outstanding Awards, whether under the Plan or a Predecessor Plan are surrendered, cancelled, or exchanged for cash, the same type of Award, or a different Award (or combination thereof); or (b) the exercise price of an outstanding Award is increased or reduced.

(r) **"Fair Market Value"** means, as of any date, the officially-quoted closing selling price of the Shares on such date on the established securities market on which Shares are listed or admitted to trading or, if there have been no sales with respect to Shares on such date, or if the Shares are not so listed or admitted to trading, the Fair Market Value shall be the value established by the Committee in good faith and, to the extent required, in accordance with Code Sections 409A and 422.

(s) “**Good Reason**” has the meaning set forth for such term (or a similar term) in the Participant’s employment or change in control agreement (or other similar agreement) with the Company or a Subsidiary; or, if the Participant’s agreement lacks such definition or the Participant has not entered into such an agreement, means the occurrence of any one of the following events, unless the Participant agrees in writing that such event shall not constitute Good Reason:

(i) A material, adverse change in the nature, scope or status of the Participant’s position, authorities or duties from those in effect immediately prior to the applicable Change in Control;

(ii) A material reduction in the Participant’s aggregate compensation or benefits in effect immediately prior to the applicable Change in Control; or

(iii) A relocation of the Participant’s primary place of employment of more than 50 miles from the Participant’s primary place of employment immediately prior to the applicable Change in Control, or a requirement that the Participant engage in travel that is materially greater than prior to the applicable Change in Control.

Notwithstanding any provision of this definition to the contrary, prior to the Participant’s Termination of Service for Good Reason, the Participant must give the Company written notice of the existence of any condition set forth in clause (i) – (iii) immediately above within 90 days of its initial existence and the Company shall have 30 days from the date of such notice in which to cure the condition giving rise to Good Reason, if curable. If, during such 30-day period, the Company cures the condition giving rise to Good Reason, the condition shall not constitute Good Reason. Further notwithstanding any provision of this definition to the contrary, in order to constitute a termination for Good Reason, such termination must occur within 12 months of the initial existence of the applicable condition.

(t) “**Incumbent Board**” means the members of the Board as of the Effective Date.

(u) “**IPO**” means the date on which the Company closes the first sale of its Shares to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission and under the Securities Act.

(v) “**ISO**” means a stock option that is intended to satisfy the requirements applicable to an “incentive stock option” described in Code Section 422(b).

(w) “**Owned Shares**” means Shares acquired in connection with an Award (including without limitation in connection with any stock split, stock dividend, recapitalization, reorganization or the like).

(x) “**Participant**” has the meaning ascribed to it in **Section 1.2**.

(y) “**Plan**” means the CNB Bank Shares, Inc. 2024 Equity Incentive Plan, as may be amended from time to time.

(z) “**Policy**” has the meaning ascribed to it in **Section 8.16**.

(aa) “**Predecessor Plan**” means the CNB Bank Shares, Inc. 2017 Equity Incentive Plan, as may be amended from time to time.

(bb) “**Right of First Refusal**” has the meaning ascribed to it in **Section 7.4(a)**.

- (cc) “**SAR**” has the meaning ascribed to it in **Section 2.1(b)**.
- (dd) “**Share**” means a share of Stock.
- (ee) “**Shareholders**” means the shareholders of the Company.
- (ff) “**Stock**” means the common stock of the Company.
- (gg) “**Subject Person**” has the meaning ascribed to it in **Section 4.2(b)**.

(hh) “**Subsidiary**” means any corporation or other entity that would be a “subsidiary corporation,” as defined in Code Section 424(f), with respect to the Company.

(ii) “**Termination of Service**” means, unless otherwise provided for in the Award Agreement, the day occurring on or after a grant date on which the Participant is no longer at least one of an employee, director or service provider of the Company and each Subsidiary, regardless of the reason for such cessation, subject to the following:

(i) The Participant’s cessation as an employee or service provider shall not be deemed to occur by reason of the transfer of the Participant between the Company and a Subsidiary or between two Subsidiaries.

(ii) The Participant’s cessation as an employee or service provider shall not be deemed to occur by reason of the Participant’s being on a leave of absence from the Company or a Subsidiary approved by the Company or a Subsidiary otherwise receiving the Participant’s services.

(iii) The Participant’s cessation as an employee or service provider shall not be deemed to occur if such Participant continues to serve as a director of the Company or a Subsidiary immediately following such cessation.

(iv) The Participant’s cessation as a director shall not be deemed to occur if such Participant continues to serve as an employee or service provider of the Company or a Subsidiary immediately following such cessation.

(v) If, as a result of a sale or other transaction, the Subsidiary for whom the Participant is employed (or to whom the Participant is providing services) ceases to be a Subsidiary, and the Participant is not, following the transaction, an employee or director of, or service provider to, the Company or an entity that is then a Subsidiary, then the occurrence of such transaction shall be treated as the Participant’s Termination of Service caused by the Participant being discharged by the entity for whom the Participant is employed or to whom the Participant is providing services.

(vi) A service provider, other than an employee or director, whose services to the Company or a Subsidiary are governed by a written agreement with such service provider shall cease to be a service provider at the time the provision of services under such written agreement ends (without renewal); and such a service provider whose services to the Company or a Subsidiary are not governed by a written agreement with the service provider shall cease to be a service provider on the date that is ninety (90) days after the date the service provider last provides services requested by the Company or a Subsidiary.

Notwithstanding the foregoing, in the event that any Award constitutes Deferred Compensation, the term Termination of Service shall be interpreted by the Committee in a manner consistent with the definition of “separation from service” (as defined under Code Section 409A).

(jj) “**Transfer Notice**” has the meaning ascribed to it in **Section 7.4(a)**.

(kk) “**Voting Securities**” means any securities that ordinarily possess the power to vote in the election of directors without the happening of any precondition or contingency.

**Section 9.2 Construction.** In the Plan, unless otherwise stated (or otherwise provided under the Award Agreement), the following uses apply:

(a) actions permitted under the Plan may be taken at any time in the actor’s reasonable discretion;

(b) references to a statute or law shall refer to the statute or law and any amendments and any successor statutes or laws, and to all regulations promulgated under or implementing the statute or law, as amended, or its successors, as in effect at the relevant time;

(c) in computing periods from a specified date to a later specified date, the words “from” and “commencing on” (and the like) mean “from and including,” and the words “to,” “until” and “ending on” (and the like) mean “to and including”;

(d) references to a governmental or quasi-governmental agency, authority or instrumentality shall also refer to a regulatory body that succeeds to the functions of the agency, authority or instrumentality;

(e) indications of time of day shall be based upon the time applicable to the location of the principal headquarters of the Company;

(f) the words “include,” “includes” and “including” mean “include, without limitation,” “includes, without limitation” and “including, without limitation,” respectively;

(g) all references to articles and sections are to articles and sections in the Plan;

(h) all words used shall be construed to be of such gender or number as the circumstances and context require;

(i) the captions and headings of articles and sections appearing in the Plan have been inserted solely for convenience of reference and shall not be considered a part of the Plan, nor shall any of them affect the meaning or interpretation of the Plan or any of its provisions;

(j) any reference to an agreement, plan, policy, form, document or set of documents, and the rights and obligations of the parties under any such agreement, plan, policy, form, document or set of documents, shall mean such agreement, plan, policy, form, document or set of documents as amended from time to time, and any and all modifications, extensions, renewals, substitutions or replacements thereof; and

(k) all accounting terms not specifically defined in the Plan shall be construed in accordance with GAAP.