

FIDELITY NATIONAL FINANCIAL INC /DE/

Form 8-K

March 17, 2003

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): March 6, 2003

FIDELITY NATIONAL FINANCIAL, INC.

(Exact name of Registrant as specified in charter)

Delaware

(State or other jurisdiction
of incorporation)

333-57904

(Commission
File Number)

86-0498599

(I.R.S. Employer
Identification No.)

17911 Von Karman Avenue, Suite 300, Irvine, CA

(Address of principal executive offices)

92614

(Zip Code)

(949) 622-4333

(Registrant's telephone number, including area code)

Not Applicable

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

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Item 5. Other Events and Regulation FD Disclosure.

On March 6, 2003, Fidelity National Financial, Inc. (the Registrant) sold to certain initial purchasers 5.25% Notes due March 15, 2013 in the aggregate principal amount of \$250,000,000 pursuant to an Underwriting Agreement dated March 6, 2003 (the Offering). The issuance of the Notes was registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, pursuant to a Registration Statement filed with the Securities and Exchange Commission on March 30, 2001, as amended by Amendment No. 1 thereto filed on April 19, 2001. The Registrant will make the Offering under the Registrant's effective S-3 Shelf Registration filed with the Securities and Exchange Commission (the Shelf Registration) covering the issuance from time to time of up to \$500 million of various securities of the Company, including, among other securities, the Registrant's debt securities. Any offer, if at all, will be made only by means of a prospectus, including a prospectus supplement, forming a part of the effective registration statement. Copies of a prospectus with respect to this offering may be obtained from Lehman Brothers, Inc., 745 Seventh Avenue, New York, NY 10019.

Item 7. Financial Statements and Exhibits.

(a) (b) Not applicable.

(c) **Exhibits.**

The following exhibits are filed herewith:

Exhibit Number	Description
1.1	Underwriting Agreement by and among Fidelity National Financial, Inc. and Lehman Brothers Inc., Banc of America Securities LLC and Bear, Sterns & Co., Inc. dated March 6, 2003
4.1	5.25% Note due March 13, 2013 of Fidelity National Financial, Inc. in the principal amount of \$250,000,000 dated March 11, 2013

SIGNATURES

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

Date: March 6, 2003

FIDELITY NATIONAL FINANCIAL, INC.

/s/ Alan L. Stilson

Alan L. Stilson
Executive Vice President and Chief Financial Officer

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EXHIBIT INDEX

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Amendment and Termination of the Plan

The Board of Directors may, from time to time, amend the Plan in any and all respects, except that, without approval of the shareholders of the Company, the Board of Directors may not increase the number of shares reserved for the Plan or decrease the purchase price of shares offered pursuant to the Plan.

In the case of certain corporate transactions (including, without limitation, stock dividends, stock splits, combinations of shares, recapitalizations or other changes in the outstanding common stock), the Committee may adjust the number of shares reserved for the purposes of the Plan. The Board may amend the Plan as it may deem proper and in the best interests of the Company, provided that no such amendment will, without prior approval of the Company shareholders: (i) increase the total number of shares reserved under the

Plan (except as set forth above in the event of certain corporate transactions); or (ii) decrease the purchase price of shares offered pursuant to the Plan.

The Plan shall terminate when all of the shares reserved for purposes of the Plan have been purchased, provided that (a) the Committee, in its sole discretion, may, at any time, terminate the Plan with respect to any participating subsidiary and (b) the Board, in its sole discretion, may, at any time, terminate the Plan completely. Other than distribution of cash and shares, if any, held in the accounts of participants to whom the termination applies, the Company shall have no obligation on account of any such termination.

Plan Benefits

Participation in the Plan is voluntary and is dependent on each eligible employee's election to participate and his or her determination as to the level of payroll deductions. Accordingly, future purchases under the Plan are not determinable. Non-employee directors are not eligible to participate in the Plan. No purchases have been made under the Plan since its adoption by the Board of Directors.

U.S. Federal Income Tax Consequences

The following summary is intended only as a general guide to the material U.S. federal income tax consequences of participation in the Plan. The summary is based on existing U.S. laws and regulations, and there can be no assurance that those laws and regulations will not change in the future. The summary does not purport to be complete and does not discuss the tax consequences upon a participant's death, or the provisions of the income tax laws of any municipality, state or foreign country in which the participant may reside. As a result, tax consequences for any particular participant may vary based on individual circumstances.

The amounts deducted from an employee's pay pursuant to the Plan will be included in the employee's compensation and be subject to federal income and employment tax. Generally, no additional income will be recognized by the employee either at the beginning of the Offering period when purchase rights are granted pursuant to the Plan or at the time the employee purchases shares of common stock pursuant to Plan.

If the shares of common stock are disposed of at least two years after the first day of the Offering to which the shares of common stock relate and at least one year after the shares of common stock were acquired under the Plan (the "holding period"), the employee will recognize ordinary income in the year of disposition in an amount equal to the lesser of (a) the excess of the fair market value of the shares of common stock on the first day of the Offering period over the purchase price of the share of common stock, or (b) the excess of fair market value of the shares of common stock at the time of such disposition over the purchase price of the shares of common stock.

If the shares of common stock are sold or disposed of before the expiration of the holding period, the employee will recognize ordinary income in the year of sale or disposition in an amount equal to the excess of the sales price over the purchase price.

If the employee disposes of shares of common stock purchased pursuant to the Plan after the holding period, we will not be entitled to any federal income tax deduction with respect to the shares of common stock issued under the Plan. If the employee disposes of such shares of common stock prior to the expiration of the holding period, we generally will be entitled to a federal income tax deduction in an amount equal to the amount of ordinary income recognized by the employee as a result of such disposition.

In addition, the employee generally will recognize capital gain or loss in an amount equal to the difference between the amount realized upon the sale of shares of common stock and the employee's tax basis in the shares of common stock (generally, the amount the employee paid for the shares of common stock plus the amount, if any, taxed as

ordinary income). Capital gain or loss recognized on a disposition of shares of common stock will be long-term capital gain or loss if the employee's holding period for the shares of common stock exceeds one year. The purchase date begins the holding period for determining whether the gain or loss realized is short or long term.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL AND ADOPTION OF THE NAUTILUS, INC. EMPLOYEE STOCK PURCHASE PLAN.

PROPOSAL NO. 4:

ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are asking shareholders to approve, on a non-binding, advisory basis, a resolution approving our executive compensation as reported in this Proxy Statement.

We urge shareholders to read the “Compensation Discussion and Analysis” section of this Proxy Statement, which describes how our executive compensation program is designed and operates, as well as the Summary Compensation Table and other related compensation tables, which provide additional information on the compensation of our named executive officers. The Board and the Compensation Committee believe that our executive compensation program has supported and contributed to our recent and long-term success and the creation of long-term shareholder value; and that these programs are effective in helping us attract and retain the high caliber of executive talent necessary to drive our business forward and build sustainable value for our shareholders.

In accordance with regulations issued under Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we are asking shareholders to approve the following non-binding, advisory resolution at the Annual Meeting:

RESOLVED, that the compensation paid to Nautilus' Named Executive Officers, as disclosed in the Compensation Discussion and Analysis section, compensation tables and narrative discussion of the Proxy Statement for the 2015 Annual Meeting of Shareholders, is hereby APPROVED.

While this advisory resolution, commonly referred to as a “say on pay” resolution, is non-binding, the Compensation Committee will carefully review and consider the voting results when making future decisions regarding our executive compensation program.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE RESOLUTION APPROVING NAUTILUS' NAMED EXECUTIVE OFFICER COMPENSATION.

AUDIT COMMITTEE REPORT TO SHAREHOLDERS *

Each current member of the Audit Committee meets the independence, financial literacy and experience requirements contained in the corporate governance listing standards of the New York Stock Exchange (NYSE) relating to audit committees. In addition, our Board has determined that Messrs. Badie, Horn and Siegert each qualify as an “audit committee financial expert” under the regulations of the SEC. Although all members of our Audit Committee meet the current NYSE regulatory requirements for accounting or related financial management expertise, and the Board has determined that Messrs. Badie, Horn and Siegert each qualify as an “audit committee financial expert,” members of our Audit Committee are not professionally engaged in the practice of auditing or accounting and are not technical experts in auditing or accounting.

The Audit Committee oversees Nautilus' financial reporting process on behalf of the Board and operates under a written charter, approved by the Audit Committee and ratified by the Board. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2014 with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

Management has the primary responsibility for the preparation, presentation and integrity of Nautilus' financial statements and the reporting process, including internal control over financial reporting and disclosure controls and procedures. Management is responsible for maintaining and evaluating appropriate accounting and financial reporting principles and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

The Audit Committee reviewed with the independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of Nautilus' audited financial statements with accounting principles generally accepted in the United States, their judgments as to the quality, not just the acceptability, of Nautilus' accounting principles. The Audit Committee also has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees. The Audit Committee has received the written disclosures and the letter from the independent accountant required by the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence from Nautilus and its management, and has considered whether the independent registered public accounting firm's provision of any non-audit services to Nautilus is compatible with maintaining such firm's independence.

The Audit Committee discussed with Nautilus' independent registered public accounting firm the overall scope and plans for their audit. In addition, the Audit Committee met with the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluation of the Nautilus' internal control over financial reporting, and the overall quality of Nautilus' financial reporting for the year ended December 31, 2014.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board approved, that the audited financial statements and management's report on internal control over financial reporting be included in the Annual Report on Form 10-K for the year ended December 31, 2014. The Audit Committee has determined that provision by Deloitte & Touche LLP of other non-audit services is compatible with maintaining Deloitte & Touche LLP's independence. The Audit Committee and the Board have also recommended, subject to shareholder ratification, the selection of Deloitte & Touche LLP as Nautilus' independent registered public accounting firm for the year ending December 31, 2015.

Respectfully Submitted,

Marvin G. Siegert, Chairman
Ronald P. Badie
Richard A. Horn
Anne G. Saunders

* The information contained in the Report of the Audit Committee shall not be deemed “soliciting material” or be incorporated by reference by any general statement incorporating this proxy statement into any filings under either the Securities Act of 1933, as amended, or the Exchange Act (together the “Acts”), except to the extent Nautilus specifically incorporates such report by reference, and further, such Report shall not otherwise be deemed filed under the Acts.

PROPOSAL NO. 5:

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM FOR 2015

The Audit Committee has appointed Deloitte & Touche LLP, the member firms of Deloitte Touche Tomatsu and their respective affiliates (collectively, “Deloitte & Touche”) as our independent registered public accounting firm to audit our consolidated financial statements for the year ending December 31, 2015. Although we are not required to seek shareholder approval of this appointment, the Board has determined it to be sound corporate governance to do so. If the appointment is not ratified by shareholders, the Audit Committee will investigate the possible bases for the negative vote and will reconsider the appointment in light of the results of its investigation.

We employed Deloitte & Touche as our independent registered public accounting firm during 2014. There have been no disagreements with Deloitte & Touche on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which, if not resolved to the satisfaction of Deloitte & Touche, would have caused Deloitte & Touche to make reference to the matter in their report. A representative of Deloitte & Touche is expected to be present at the Annual Meeting. The representative will be given the opportunity to make a statement on behalf of Deloitte & Touche if the representative so desires, and the representative will be available to respond to appropriate shareholder questions.

We understand the need for Deloitte & Touche to maintain objectivity and independence in its audit of our financial statements. To minimize relationships that could appear to impair the objectivity of Deloitte & Touche, our Audit Committee has restricted the non-audit services that Deloitte & Touche may provide. These determinations are among the key practices adopted by the Audit Committee in its “Policies and Procedures for the Approval of Audit and Non-audit Services Provided by the Independent Auditor.” Under these policies, with Audit Committee pre-approval, we may use Deloitte & Touche for the following categories of non-audit services: merger and acquisition due diligence and audit services; tax services; internal control reviews; employee benefit plan audits; and reviews and procedures that we engage Deloitte & Touche to undertake to provide assurances on matters not required by laws or regulations.

The following presents fees for professional audit services rendered by Deloitte & Touche for the audit of our annual financial statements for the years ended December 31, 2014 and 2013, and fees billed for other services rendered by Deloitte & Touche during those periods.

Type of Fees	2014	2013
Audit Fees	\$685,132	\$717,855
Tax Fees	47,750	75,293
Total	\$732,882	\$793,148

“Audit fees” are fees for the audit of our consolidated financial statements included in Forms 10-K, review of our condensed consolidated financial statements included in Forms 10-Q and services that are normally provided by the accountant in connection with our statutory and regulatory filings or engagements, including the audit of internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002.

“Tax fees” are fees billed for tax compliance, tax advice and tax planning services rendered during the respective periods.

All of the services performed by Deloitte & Touche LLP in 2014 and 2013 were pre-approved in accordance with the pre-approval policy and procedures adopted by the Audit Committee. This policy describes the permitted audit, audit-related, tax and other services that the independent auditors may perform. Generally, pre-approval is provided at regularly scheduled committee meetings; however, the authority to pre-approve services between meetings, as

necessary, has been delegated to the Chairman of the Audit Committee, subject to formal approval by the full Audit Committee at the next regularly scheduled meeting.

The Audit Committee believes that the foregoing expenditures are compatible with maintaining the independence of our independent registered public accounting firm.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE “FOR” THE RATIFICATION OF THE AUDIT COMMITTEE’S APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, as well as persons who own more than 10% of our outstanding common stock, to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership of shares of our common stock. Based solely on a review of copies of such forms furnished to us and written representations from our executive officers, directors and 10% shareholders, we believe that all Section 16(a) filing requirements applicable to Nautilus were timely made with respect to the year ended December 31, 2014.

CODE OF ETHICS

We have adopted the Nautilus, Inc. Code of Business Conduct and Ethics (the “Code of Ethics”), which applies to all of our directors, officers and employees. You can view the Code of Ethics on our website at www.nautilusinc.com. A copy of the Code of Ethics will be provided in print without charge to all interested parties who submit a request in writing to Nautilus, Inc., 17750 S.E. 6th Way, Vancouver, Washington 98683, Attn: Corporate Communications.

HOUSEHOLDING

In accordance with applicable regulations, we deliver a single Annual Report and Proxy Statement to certain persons who share an address, unless we have been notified that such persons prefer to receive individual copies of those documents. This practice is referred to as “householding.” If you reside at an address that received only one copy of proxy materials as a result of householding, we will deliver additional copies upon oral or written request. If you wish to receive separate copies in the future, please contact us at Nautilus, Inc., 17750 S.E. 6th Way, Vancouver, Washington 98683, or by phone at (360) 859-2900. If you and others living at your address received multiple copies of proxy materials and prefer to receive a single copy, you may request that a single copy be sent in the future by contacting us as described above.

OTHER MATTERS

As of the date of this proxy statement, the Board is not aware of any other matters that may come before the Annual Meeting. The persons named in the enclosed proxy card intend to vote the proxy in accordance with their best judgment if any other matters properly come before the Annual Meeting.

We will provide, without charge, on the written request of any beneficial owner of shares of our common stock entitled to vote at the Annual Meeting, a copy of our Annual Report on Form 10-K as filed with the SEC for our fiscal year ended December 31, 2014. Written requests should be mailed to Nautilus, Inc., 17750 S.E. 6th Way, Vancouver, Washington 98683, Attn: Company Secretary.

Please return the enclosed proxy card as soon as possible. Unless a quorum consisting of a majority of the outstanding shares entitled to vote is represented at the Annual Meeting, no business can be transacted. Therefore, please be sure to date and sign your proxy card exactly as your name appears on your stock certificate and return it in the enclosed postage prepaid return envelope. Please act promptly to ensure that you will be represented at this important meeting.

By Order of the Board of Directors

/s/ Wayne M. Bolio

WAYNE M. BOLIO
Secretary

Vancouver, Washington
March 25, 2015

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APPENDIX A

NAUTILUS, INC. 2015 LONG-TERM INCENTIVE PLAN

1. PURPOSE

The purpose of the Nautilus, Inc. 2015 Long-Term Incentive Plan (the “Plan”) is to advance the interests of Nautilus, Inc., a Washington corporation (“Nautilus”), and its Subsidiaries (Nautilus and its Subsidiaries hereinafter collectively, the “Corporation”), by enhancing the Corporation’s ability to attract and retain highly qualified personnel and directors and aligning the long-term interests of participants with those of shareholders. This Plan permits the grant of stock options, stock appreciation rights, restricted stock, performance units and stock units, each of which shall be subject to such conditions based upon continued employment, passage of time or satisfaction of performance criteria as shall be specified pursuant to the Plan.

2. DEFINITIONS

- (a) “Administrator” means the officer or officers of the Corporation appointed by the Committee to perform certain Plan ministerial functions pursuant to subsection 3(b).
- (b) “Award” means a Stock Option, Stock Appreciation Right, Restricted Stock, Performance Unit or Stock Unit granted to a Participant pursuant to the Plan.
- (c) “Award Agreement” means (as applicable) an Option Agreement, an SAR Agreement, a Restricted Stock Agreement, a Stock Unit Agreement and/or a Performance Unit Agreement.
- (d) “Board of Directors” means the Board of Directors of Nautilus.
- (e) “Code” means the Internal Revenue Code of 1986, as amended from time to time and any successor thereto, the Treasury Regulations promulgated thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or Treasury Department. Any reference to a section of the Code shall be deemed to include such regulations and guidance and any successor provision of the Code.
- (f) “Committee” means the Compensation Committee of Nautilus.
- (g) “Common Stock” means the common stock, without par value, of Nautilus authorized for issuance by Nautilus.
- (h) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time. Any reference to a section of the Exchange Act shall include any successor provision of the Exchange Act.
- (i) “Executive Officer” means any “officer” of Nautilus as such term is defined in Rule 16a-1 under the Exchange Act.
- (j) “Fair Market Value” means, with respect to any given date, the value of a Share determined as follows:
 - (1) If the Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading, as reported in The Wall Street Journal or such other source as the Committee deems reliable (or, if there are no reported sales on such date, on the last date prior to such date on which there was a reported sale);

- If the Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices of a Share as reported in The Wall Street Journal, or as quoted by an established quotation service for over-the-counter securities, or as reported by such other source as the Committee deems reliable, and if there is no such reported price for the Common Stock for the date in question, then such price on the last preceding date for which such price exists shall be determinative of Fair Market Value; or
- (2)
- (3) If none of the foregoing is applicable, by the Committee in good faith and in a manner that satisfies Code Sections 409A and 422(c)(1), as applicable.

- (a) “Incentive Stock Option” or “ISO” means a Stock Option designated as, and qualified as, an “incentive stock option” within the meaning of Code Section 422.
- (b) “Nonqualified Stock Options” or “NSO” means a Stock Option other than an Incentive Stock Option.
- (c) “Option Agreement” means the document(s) evidencing the Award of a Stock Option.
- (d) “Outside Director” means a member of the Board of Directors who is not otherwise an employee of the Corporation.
- (e) “Participants” means those individuals who hold unexercised Awards and any authorized transferee of such individuals.
- (f) “Performance Period” means the period described in subsection 10(d) during which a Performance Unit Award is earned.
- (g) “Performance-Based Award” means an Award that vests only upon the satisfaction of one or more of the Qualifying Performance Criteria specified in subsection 11(b).
- (h) “Performance Unit” means an Award granting the right to receive Shares or cash upon achievement of certain goals related to performance as stated in a Performance Unit Agreement.
- (i) “Performance Unit Agreement” means the document(s) evidencing a Performance Unit Award.
- (j) “Plan” means the Nautilus, Inc. 2015 Long Term Incentive Plan as stated in this document and any amendments to it.
- (k) “Qualifying Performance Criteria” has the meaning set forth in subsection 11(b).
- (l) “Restricted Stock Award” means an Award of Shares, the grant, issuance, retention, vesting, termination and/or forfeiture of which is subject to the terms and conditions stated in a Restricted Stock Agreement.
- (m) “Restricted Stock Agreement” means the document(s) evidencing an Award of Restricted Stock.
- (n) “SAR Agreement” means the document(s) evidencing a Stock Appreciation Right Award.
- (o) “Share” means a share of Common Stock or the number and kind of shares of stock or other securities which shall be substituted or adjusted for such shares as provided in Section 12.
- (p) “Stock Appreciation Right” or “SAR” means a right to receive, in cash or stock (as determined by the Committee), an amount, with respect to a specific number of Shares, equal to or otherwise based on the excess of:
- (1) The market value of a Share at the time of exercise over;
 - (2) The exercise price of the right, subject to the terms and conditions stated in the SAR Agreement.
- (q) “Stock Option” means a right to purchase a number of Shares at such exercise price, at such times, and on such other terms and conditions as are specified in or determined pursuant to the Option Agreement. The Committee may grant Stock Options intended to qualify as Incentive Stock Options and Stock Options that are Nonqualified Stock Options, as the Committee, in its sole discretion, shall determine.
- (r)

“Stock Unit Award” means an Award of a right to receive, in cash or stock (as determined by the Committee), the market value of one Share, the grant, issuance, retention, vesting, termination and/or forfeiture of which is subject to the terms and conditions stated in a Stock Unit Agreement.

(s) “Stock Unit Agreement” means the document(s) evidencing a Stock Unit Award.

(t) “Subsidiary” means any corporation, partnership, joint venture, limited liability company or other entity in which at least 50% or more of the voting power or economic interests is owned, directly or indirectly, by Nautilus.

3. ADMINISTRATION

(a) Administration by the Committee or Board.

(1) Subject to paragraph (2) below, this Plan shall be administered by the Committee in accordance with its Charter.

The Board of Directors, in its sole discretion, may exercise any authority of the Committee under this Plan in lieu (2) of the Committee's exercise thereof and, in such instances, references in the Plan to the Committee shall refer to the Board of Directors.

(b) Delegation.

(1) The Board of Directors or the Committee may delegate to one or more separate committees (a "Subcommittee") composed of one or more members of the Board of Directors who are Outside Directors (and who may but need not be members of the Committee) the ability to grant Awards and take the other actions described in subsection 3(c) with respect to any Participant who is not an Executive Officer, and such actions shall be treated for all purposes as if taken by the Committee.

(2) The Committee may delegate to an Executive Officer the authority to grant Awards within parameters established by the Committee to any Participant who is not an Executive Officer.

Any action by any such Subcommittee or Executive Officer within the scope of such delegation shall be deemed (3) for all purposes to have been taken by the Committee, and references in this Plan to the Committee shall include any such Subcommittee or Executive Officer.

(4) The Committee may delegate certain ministerial functions with respect to the administration of the Plan to an officer or officers of the Corporation (an "Administrator") as follows:

(A) Subject to paragraphs (B) and (D) below, the Administrator(s) shall have the authority to:

(i) Execute and distribute documents, instruments and other agreements evidencing or relating to Awards granted under this Plan;

(ii) To maintain records relating to the grant, vesting, exercise, forfeiture or expiration of Awards;

(iii) To process or oversee the issuance of Shares upon the exercise, vesting and/or settlement of an Award; and

(iv) To take such other actions as the Committee may specify.

In no case shall any Administrator be authorized to grant Awards under the Plan or to take any discretionary (B) actions with respect to the Plan or any Award, including, by way of example and not of limitation, interpreting the provisions of the Plan or any Award.

(C) Any action by any Administrator within the scope of its delegation shall be deemed for all purposes to have been taken by the Committee, and references in this Plan to the Committee shall include any such Administrator, provided that the actions and interpretations of any such Administrator shall be subject to final review and approval, disapproval or modification by the Committee.

(D) Notwithstanding anything to the contrary in this subsection 3(b), no power or authority may be delegated that is required by law, regulation or applicable stock exchange listing standards to be exercised by the Committee.

Powers of the Committee. Subject to the express provisions and limitations set forth in this Plan, the Committee (c) shall be authorized and empowered to do all things necessary or desirable, in its sole discretion, in connection with the administration of the Plan, including, without limitation, the following:

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(1) To prescribe, amend and rescind rules, policies and practices relating to the administration of the Plan and to define terms not otherwise defined in the Plan;

(2) To determine which persons are Participants, to which of such Participants, if any, Awards shall be granted under the Plan, and the timing of any such Awards;

To grant Awards to Participants and, subject to the terms of the Plan, determine the terms and conditions of each Award, including the number of Shares covered by each Award, the exercise or purchase price, and any terms or conditions relating to vesting, exercise, forfeiture or expiration, which terms may, but need not be, conditioned upon the passage of time, continued employment, the satisfaction of performance criteria, the occurrence of certain events or other factors;

(4) To establish or verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award;

(5) To prescribe and amend the terms of the Award Agreements and related documents and instruments pursuant to which Awards may be settled or exercised or beneficiaries may be designated;

(6) To determine whether, and the extent to which, adjustments are required pursuant to Section 12;

(7) To determine whether and to what extent an Award may be settled in cash, Shares, or a combination thereof;

To interpret and construe the Plan, any rules, policies or procedures relating to the Plan and the terms and conditions of any Award Agreement and related documents and instruments pursuant to which Awards may be settled or exercised or beneficiaries may be designated, and to make exceptions to any such provisions in good faith and for the benefit of the Corporation; and

(9) To make all other determinations deemed necessary or advisable for the administration of this Plan.

Effect of Change in Status. The Committee shall have the discretion to determine the effect upon an Award of a change in a Participant's employment status (including whether a Participant shall be deemed to have experienced a termination of employment or other change in status), including the vesting, expiration or forfeiture of an Award in the case of:

(1) Any individual who is employed by an entity that ceases to be a Subsidiary;

(2) Any leave of absence approved by the Corporation;

(3) Any transfer between locations of employment between Nautilus and any Subsidiary or between any Subsidiaries;

(4) Any change in the Participant's status from an employee to a consultant or member of the Board of Directors, or vice versa; and

(5) Any employee who at the request of the Corporation becomes employed by any partnership, joint venture, limited liability company, corporation or other entity that is not a Subsidiary.

(e) Determinations of the Committee. All decisions, determinations and interpretations by the Committee regarding this Plan shall be final, conclusive and binding on all persons, including, the Participants and any other individual claiming benefits or rights under the Plan. Any dispute regarding the interpretation of the Plan or any Award shall be submitted by the Participant to the Committee for review. The resolution of such a dispute by the Committee shall be final, conclusive and binding on the Participant. The

Committee shall consider such factors as it deems relevant to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any attorneys, consultants and accountants as it may select.

4. PARTICIPANTS

Awards under the Plan may be granted to:

(a) Any employee of the Corporation;

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- (b) Any non-employee member of the Board of Directors or the board of directors (or other governing body) of any Subsidiary; and
- (c) Any non-employee consultant who provides services to the Corporation.

5. EFFECTIVE DATE AND EXPIRATION OF PLAN

- (a) **Effective Date.** This Plan was approved by the Board of Directors on February 12, 2015 and will become effective on April 28, 2015 subject to shareholder approval at the 2015 Annual Meeting of the shareholders of Nautilus.
- (b) **Expiration Date.**
 - (1) The Plan shall remain available for the grant of Awards until the earlier of:
 - (A) April 28, 2025; or
 - (B) The date on which all Shares available for issuance under the Plan have been issued as fully vested Shares.

The expiration of the Committee's authority to grant Awards under the Plan will not affect the operation of the (2) terms of the Plan or the Corporation's and Participants' rights and obligations with respect to Awards granted on or prior to the expiration date of the Plan.

6. SHARES SUBJECT TO THE PLAN

- (a) **Aggregate Limits.**

(1) Subject to adjustment as provided in paragraph (2) below and in Section 12, the aggregate number of Shares that may be granted pursuant to Awards under the Plan is 1,300,000 plus any Shares reserved under Nautilus' 2005 Long-Term Incentive Plan, as amended, that are not subject to a grant on April 28, 2015, or as to which the option award is forfeited on or after April 28, 2015. The Shares that may be granted pursuant to Awards under the Plan may include Shares reacquired by Nautilus (including Shares purchased in the open market) or authorized but unissued Shares. To the extent any Award is forfeited, terminates, expires or lapses instead of being exercised, is not earned in full or is settled in cash, the Shares subject to such Awards not delivered as a result shall again be available to be granted as Awards under this Plan.

(2) The aggregate number of Shares available for issuance under the Plan shall be reduced by two (2) Shares for each Share delivered in settlement of any SAR, Restricted Stock, Stock Unit or Performance Unit Award, and one (1) Share for each Share delivered in settlement of a Stock Option Award.

- (b) **Limitations on Grants.**

- (1) The aggregate number of Shares subject to Stock Options or Stock Appreciation Rights granted under this Plan during any calendar year to any one Participant shall not exceed 1,000,000.
- (2) The aggregate number of Shares subject to Restricted Stock or Stock Unit Awards granted under this Plan during any calendar year to any one Participant shall not exceed 1,000,000.
- (3) Notwithstanding anything to the contrary in this Plan, the limitations in paragraphs (1) and (2) above shall be subject to adjustment under Section 12, but only to the extent that such adjustment will not affect the status of any

Award intended to qualify as “performance-based compensation” within the meaning of Code Section 162(m).

The aggregate number of Shares issued pursuant to Incentive Stock Options granted under the Plan shall not (4) exceed 1,000,000, which limitation shall be subject to adjustment under Section 12 only to the extent that adjustment is allowable under Code Section 422.

7. PLAN AWARDS

(a) Award Types. The Committee is authorized to grant the following Awards under the Plan provided that their terms and conditions are not inconsistent with the provisions of the Plan:

- (1) Stock Options, pursuant to the terms and conditions of a Stock Option Agreement.
- (2) Stock Appreciation Rights, pursuant to the terms and conditions of an SAR Agreement.
- (3) Restricted Stock, pursuant to the terms and conditions of a Restricted Stock Agreement.
- (4) Stock Units, pursuant to the terms and conditions of a Stock Unit Agreement.
- (5) Performance Units pursuant to the terms and conditions of a Performance Unit Agreement.

(b) Grants of Awards; Designation as Performance-Based Awards.

- (1) Awards may be granted separately or in tandem or in the alternative.

The Committee, in its discretion, may designate any Award as a Performance Based Award and designate in the (2) Award Agreement the Qualifying Performance Criteria upon which the grant or vesting of the Award is conditioned.

8. STOCK OPTIONS AND SARS

(a) The Committee may grant Stock Options or SARs only to those eligible individuals described in Section 4 who are selected by the Committee as Participants.

(b) No Participant shall have any rights as a shareholder with respect to any Shares subject to Stock Options or SARs under the Plan until the Shares have been issued.

Each Stock Option or SAR shall be evidenced only by an Option Agreement or SAR Agreement approved by the Committee and executed by the Committee and the Participant. Each Stock Option grant will expressly identify the (c) Stock Option as an ISO or as a Nonqualified Stock Option. Awards of Stock Options or SARs granted pursuant to the Plan need not be identical, but each must contain or be subject to the following terms and conditions:

- Price. The exercise price of each Stock Option or SAR granted under the Plan shall be established by the Committee and set forth in the applicable Option Agreement or SAR Agreement. The exercise price per Share shall not be less than 100% of the Fair Market Value of a Share on the date of grant. The exercise price of a Stock Option shall be paid in cash or in such other form if and to the extent permitted by the Committee, including (1) without limitation, by delivery of already-owned Shares with an aggregate value equal to the exercise price, withholding (either actually or by attestation) of Shares with an aggregate value equal to the exercise price otherwise issuable under such Stock Option and/or by payment under a broker-assisted sale and remittance program acceptable to the Committee.
- (2) No Repricing. Other than in connection with a change in the capitalization of Nautilus (as described in Section 12), in no event may any Stock Option or SAR without shareholder approval be amended to decrease the exercise price, be cancelled in exchange for cash or other Awards or in conjunction with the grant of any new Stock Option

or SAR with a lower exercise price, or otherwise be subject to any action that would be treated as a “repricing” of such Stock Option or SAR under applicable stock exchange listing standards or accounting standards.

Duration, Exercise and Termination of Stock Options and SARs. Each Stock Option or SAR shall be exercisable at such times and in such installments during the period prior to the expiration of the Stock Option or SAR as determined by the Committee and set forth in the Option Agreement or SAR Agreement. The Committee may (3) make the exercise of any Stock Option or SAR subject to continued employment, the passage of time and/or such performance requirements as deemed appropriate by the Committee and set forth in the Option Agreement or SAR Agreement. At any time after the grant of a Stock Option or SAR, the Committee may reduce or eliminate any restrictions on the Participant’s right to exercise all or part of

the Stock Option or SAR. Upon exercise of a Stock Option or SAR, settlement and payment shall occur at the time(s) and in the manner set forth in the applicable Option Agreement or SAR Agreement.

(4) Termination of Employment. The Option Agreement or SAR Agreement may provide for the forfeiture or cancellation of the Stock Option or SAR, in whole or in part, in the event of the Participant's termination of employment or service. In all cases, the Option Agreement or SAR Agreement shall provide that vesting shall cease in the event of the Participant's termination of employment or service.

(5) Conditions and Restrictions Upon Securities Subject to Stock Options or SARs. Subject to the express provisions of the Plan, the Committee may provide in the Option Agreement or SAR Agreement that the Shares issued upon exercise of a Stock Option or SAR shall be subject to such further conditions or agreements as the Committee in its discretion may specify, including without limitation, conditions on vesting or transferability, forfeiture or repurchase provisions.

(6) Settlement of SARs. Settlement of SARs upon exercise may be satisfied through cash payments, the delivery of Shares, or a combination thereof, as the Committee shall determine.

(7) Other Terms and Conditions. Option Agreements and SAR Agreements may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Committee shall deem appropriate.

(8) ISOs. Stock Options intending to qualify as ISOs shall be subject to the following conditions:

(A) ISOs may be granted only to employees of Nautilus or a "subsidiary corporation" of Nautilus within the meaning of Code Section 424(f).

(B) No Stock Option intended to qualify as an ISO shall be granted to any person if, immediately after the grant of such Award, such person would own stock, including stock subject to outstanding Awards held by that person under the Plan or any other plan established by the Corporation, amounting to more than 10% of the total combined voting power or value of all classes of stock of the Corporation.

(C) The aggregate Fair Market Value of the Common Stock (determined at the time of grant) for which ISOs are exercisable for the first time by the Participant during any calendar year, under all of the plans of the Corporation under which Incentive Stock Options may be issued, may not exceed \$100,000.

(D) To the extent a Stock Option that, by its terms, is intended to be an Incentive Stock Option exceeds this \$100,000 limit, the portion of the Stock Option in excess of such limit shall be treated as a Nonqualified Stock Option.

(E) To the extent that the Option Agreement specifies that a Stock Option is intended to qualify as an ISO, the provisions of the Option Agreement shall be construed and interpreted accordingly.

9. RESTRICTED STOCK AND STOCK UNITS

(a) The Committee may grant Restricted Stock or Stock Units only to those eligible individuals described in Section 4 who are selected by the Committee.

(b) Awards of Restricted Stock or Stock Units shall be evidenced by Restricted Stock Agreements or Stock Unit Agreements approved by the Committee and executed by the Committee and the Participant. Awards of Restricted Stock or Stock Units granted pursuant to the Plan need not be identical, but each must contain or be subject to the following terms and conditions:

- (1) Mandatory Terms and Conditions. Each Restricted Stock Agreement and Stock Unit Agreement shall contain provisions regarding:
- (A) The number of Shares granted under the Award or a formula for determining such;

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(B) The purchase price of the Shares, if any, and the means of payment for the Shares;

If the Award is a Performance-Based Award, the Qualifying Performance Criteria, if any, and level of
(C) achievement versus these criteria that shall determine the number of Shares granted, issued, retainable and/or vested;

(D) Such other terms and conditions relating to the grant, issuance, vesting and/or forfeiture of the Shares as determined by the Committee, to the extent not inconsistent with this Plan;

(E) Restrictions on the transferability of the Shares, if any; and

(F) Such further terms and conditions as may be determined from time to time by the Committee, in each case not inconsistent with this Plan.

Sale or Award Price. Subject to the requirements of applicable law, the Restricted Stock Agreement or Stock Unit
(2) Agreement shall set forth the price, if any, as determined by the Committee at which Shares of Restricted Stock or Stock Units shall be sold or awarded to a Participant.

Share Vesting. The grant, issuance, retention and/or vesting of Shares under Restricted Stock or Stock Unit Awards shall be at such time and in such installments as determined by the Committee or under criteria established by the Committee. The Committee shall have the right to make the timing of the grant and/or the issuance, ability to retain and/or vesting of Shares under Restricted Stock or Stock Unit Awards subject to continued employment,
(3) passage of time and/or such performance criteria and level of achievement versus these criteria as deemed appropriate by the Committee, which criteria may be based on financial performance and/or personal performance evaluations. Notwithstanding anything to the contrary in the Plan, the performance criteria for any Restricted Stock Award or Stock Unit Award that is intended to satisfy the requirements for “performance based compensation” within the meaning of Code Section 162(m) shall be measured based on one or more Qualifying Performance Criteria selected by the Committee and specified at the time the Restricted Stock Award is granted.

Termination of Employment. The Restricted Stock Agreement or Stock Unit Agreement may provide for the forfeiture or cancellation of the Restricted Stock or Stock Unit Award, in whole or in part, in the event of the
(4) termination of employment or service of the Participant to whom it was granted. In all cases, the Restricted Stock Agreement or Stock Unit Agreement shall provide that vesting shall cease in the event of termination of employment or service of the Participant to whom it was granted.

Shareholder Rights. No Participant shall have any rights as a shareholder with respect to any Shares subject to an
(5) Award of Stock Units under the Plan until said Shares have been issued. A Participant shall have rights as a shareholder with respect to any Shares subject to a Restricted Stock Award under the Plan only to the extent specified in this Plan or the Restricted Stock Agreement evidencing such Award.

Settlement of Stock Units. Upon expiration of the vesting period, settlement of Stock Units shall be made in
(6) Shares, cash or a combination thereof, as determined by the Committee, at the time(s) and in the manner set forth in the applicable Stock Unit Agreement. Until a Stock Unit is so settled, the number of Shares represented by a Stock Unit shall be subject to adjustment pursuant to Section 12.

10. PERFORMANCE UNITS

(a) General. The Committee may grant Performance Units only to those eligible individuals described in Section 4 who are selected by the Committee as Participants.

Awards. A Performance Unit may be awarded either alone or in addition to other Awards granted under the Plan. The Committee shall determine the number of Performance Units granted to each Participant. Each Performance Unit Award shall be evidenced by a Performance Unit Agreement approved by the Committee and executed by the Committee and the Participant.

Settlement. The Performance Unit Agreement shall provide that Performance Units may be settled in Shares, cash or a combination thereof, as determined by the Committee, at the time(s) and in the manner set forth in the applicable

Performance Unit Agreement. Until a Performance Unit is so settled, the number of Shares represented by a Performance Unit shall be subject to adjustment pursuant to Section 12.

Performance Period and Criteria. The time period during which a Performance Unit Award shall be earned shall be the “Performance Period,” and, except in the year in which the Plan is adopted, shall be at least the length of one (1) fiscal year (whether of Nautilus or of any Subsidiary, determined in the discretion of the Committee). Performance Units shall be subject to performance goals established by the Committee. Notwithstanding anything to the contrary in the Plan, the performance criteria for any Performance Unit that is intended to satisfy the requirements for “performance based compensation” within the meaning of Code Section 162(m) shall be a measure based on one or more Qualifying Performance Criteria selected by the Committee and specified in the Performance Unit Agreement.

(d) Earning Performance Unit Awards. After the applicable Performance Period has ended, the Committee shall determine the extent to which the established performance goals have been achieved.

(e) Termination of Employment. The Performance Unit Agreement may provide for the forfeiture or cancellation of the Performance Unit Award, in whole or in part, in the event of the termination of employment or service of the Participant to whom it was granted. In all cases, the Performance Unit Agreement shall provide that vesting shall cease in the event of termination of employment or service of the Participant to whom it was granted.

11. OTHER PROVISIONS APPLICABLE TO AWARDS

Transferability. Unless the Award Agreement expressly states that the Award is transferable as provided under the Plan, no Award granted under this Plan, nor any interest in such Award, may be sold, assigned, conveyed, gifted, pledged, hypothecated or otherwise transferred in any manner prior to the vesting or lapse of any and all applicable restrictions, other than by will or the laws of descent and distribution. The Committee may grant an Award or amend an outstanding Award Agreement to provide that the Award is transferable or assignable:

(a) In the case of a transfer without the payment of any consideration, to any “family member” as such term is defined in Section A.1(a)(5) of the General Instructions to Form S-8 under the Securities Act of 1933, as amended from time to time;

(b) In any transfer described in clause (ii) of Section A.1(a)(5) of the General Instructions to Form S-8 under the 1933 Act as amended from time to time, provided that, following the transfer or assignment, the Award will remain subject to substantially the same terms applicable to the Award while held by the Participant, as modified as the Committee shall determine appropriate, and as a condition to such transfer, the transferee shall execute an agreement agreeing to be bound by the terms; and

(c) In the case of a Stock Option intended to qualify as an ISO, only to the extent consistent with Code Section 422.

Any purported assignment, transfer or encumbrance that does not qualify under this subsection shall be void and unenforceable against the Corporation.

(b) Qualifying Performance Criteria.

For purposes of this Plan, the term “Qualifying Performance Criteria” shall mean any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Corporation as a whole or to a business unit or Subsidiary, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparison group, in each case as specified by the Committee in the Award Agreement:

- (A) Cash flow;
- (B) Earnings per share;
- (C) Earnings before interest, taxes and amortization;
- (D) Return on equity;

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- (E) Total shareholder return;
- (F) Share price performance;
- (G) Return on capital;
- (H) Return on assets or net assets;
- (I) Revenue or revenue growth;
- (J) Income or net income;
- (K) Operating income or net operating income;
- (L) Operating profit or net operating profit;
- (M) Operating margin or profit margin;
- (N) Return on operating revenue;
- (O) Return on invested capital;
- (P) Market segment share;
- (Q) Product release schedules;
- (R) New product innovation;
- (S) Product cost reduction through advanced technology;
- (T) Brand recognition/acceptance;
- (U) Product ship targets; or
- (V) Customer satisfaction.

Provided that such adjustments are consistent with the regulations under Code Section 162(m), the Committee may adjust the performance goals and any evaluation of performance under any Qualifying Performance Criteria to (2) account for changes in law or accounting practices and to make such adjustments the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships during a performance period, including without limitation:

- (A) Asset write-downs;
- (B) Litigation or claim judgments or settlements;
- (C) The effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results;
- (D) Accruals for reorganization and restructuring programs;

- Any extraordinary non-recurring items as described in Accounting Standards Codification 225-20 and/or in
- (E) management's discussion and analysis of financial condition and results of operations appearing in the Corporation's annual report to shareholders for the applicable year; and
 - (F) Events either not directly related to Company operations or not under the reasonable control of Company management.
- (3) Notwithstanding satisfaction or completion of any Qualifying Performance Criteria, to the extent specified at the time of grant, the number of Shares, Stock Options, SARs, Stock Units or other benefits granted,

issued, retainable and/or vested under an Award on account of satisfaction of such Qualifying Performance Criteria may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine. However, such a reduction with respect to one Participant may not result in an increase in the amount payable to another Participant.

(c) Dividends. Unless otherwise provided by the Committee in the Award Agreement, no adjustment shall be made in Shares issuable under the Award Agreement on account of cash dividends that may be paid or other rights that may be issued to the holders of Common Stock prior to the issuance of Shares under any Award. The Committee shall specify in the Award Agreement whether dividends or dividend equivalent amounts shall be paid to any Participant with respect to the Shares subject to the Award Agreement that have not vested or been issued or that are subject to any restrictions or conditions on the record date for dividends.

(d) Award Agreements. The Committee shall, subject to applicable law, determine the date an Award is deemed to be granted. The Committee may establish the terms of Award Agreements and related documents and may, but need not, require as a condition to any such agreement's or document's effectiveness that such agreement or document be executed by the Participant, including by electronic signature or other electronic indication of acceptance, and that Participant agrees to such further terms and conditions as specified in such agreement or document. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the Award Agreement.

(e) Additional Restrictions on Awards. Either at the time an Award is granted or by subsequent action, the Committee may, but need not, impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by a Participant of any Shares issued under an Award, including without limitation:

(1) Restrictions under an insider trading policy;

(2) Restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant or Participants; and

(3) Restrictions as to the use of a specified brokerage firm for such resales or other transfers.

(f) Subsidiary Awards. In the case of a grant of an Award to any Participant who is employed by or a service provider to a Subsidiary, such grant may, if the Committee so directs, be implemented by Nautilus issuing any subject Shares to the Subsidiary, for such lawful consideration as the Committee may determine, upon the condition or understanding that the Subsidiary will transfer the Shares to the Participant in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such Award may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Committee shall determine.

(g) Suspension or Termination of Awards Upon Misconduct.

(1) If at any time (including after a notice of exercise has been delivered) the Committee reasonably believes that a Participant, other than an Outside Director, has committed an act of misconduct as described below, the Committee may suspend the exercise, vesting and settlement, as applicable, of any Award granted to the Participant pending a final determination of whether such an act of misconduct has been committed. If the Committee determines a Participant, other than an Outside Director, has committed an act of misconduct, any Award granted to the Participant may, in the discretion of the Committee, be forfeited, in whole or in part.

Any determination by the Committee with respect to the foregoing shall be final, conclusive, and binding on all (2) interested parties. For any Participant who is an Executive Officer, the determination of the Committee shall be subject to the approval of the Board of Directors.

(3) For purposes of this subsection, an “act of misconduct” means embezzlement, fraud, dishonesty in the performance of or willful neglect of job duties, nonpayment of any obligation owed to the Corporation, breach of fiduciary duty or deliberate disregard of Corporation rules, material breach of an agreement between the Participant and the Corporation, the unauthorized disclosure of any Corporation trade secret

or confidential information, conduct constituting unfair competition, or inducing any customer to breach a contract with the Corporation, or any other conduct resulting in material (as determined by the Committee in its discretion) loss, damage or injury to the Corporation.

12. ADJUSTMENT OF AND CHANGES IN THE COMMON STOCK

The existence of outstanding Awards shall not affect in any way the right or power of Nautilus or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations, exchanges, or other changes in the capital structure or business of Nautilus, or any merger or consolidation of Nautilus or any issuance of Shares or other securities or subscription rights thereto, or any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, the Shares or other securities of Nautilus or the rights thereof, or (a) the dissolution or liquidation of Nautilus, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise. Further, except as expressly provided in the Plan or by the Committee unless the Committee determines, in its sole discretion, that an adjustment is necessary or appropriate and is not inconsistent with applicable law, including Code Sections 409A and 424(h), no adjustment by reason thereof shall be made with respect to, the number of Shares subject to any and all Awards previously granted or the exercise or purchase price per Share under such Awards because of:

- (1) The issuance by Nautilus of shares of stock or any class of securities convertible into shares of any class of stock, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of Nautilus convertible into such shares or other securities;
- (2) The payment of a dividend in property other than Shares; or
- (3) The occurrence of any similar transaction whether or not for fair value.

If the number of outstanding Shares of Nautilus for which the Award is then exercisable or as to which the Award is to be settled shall at any time be changed or exchanged by declaration of a stock dividend, stock split, reverse stock split, combination of shares, extraordinary dividend of cash and/or assets, recapitalization, reorganization or any similar event affecting the capital structure of Nautilus or the number of Shares outstanding, the Committee (b) shall, subject to and consistent with the requirements of applicable law, including Code Sections 409A and 424(h), appropriately and equitably adjust the number and kind of Shares which are subject to this Plan or subject to any Awards granted under the Plan, including Awards previously granted, and the exercise or settlement prices of such Awards, so as to maintain the proportionate number of Shares without changing the aggregate exercise or settlement price.

No right to purchase fractional Shares shall result from any adjustment of Stock Options or SARs pursuant to this (c) Section 12. In case of any such adjustment, the Shares subject to the Stock Option or SAR shall be rounded down to the nearest whole share.

Any Award Agreement and related documents may include such terms relating to the effect of any merger, reorganization or changes in control affecting Nautilus as the Committee determines in its discretion to be appropriate, to the extent not inconsistent with Code Sections 409A and 424(h). Subject to any such terms, in the (d) event Nautilus is a party to a merger or other reorganization, outstanding Awards shall be subject to the agreement of merger or reorganization. Such agreement may provide, without limitation, for the assumption of outstanding Awards by the surviving corporation or its parent, for their continuation by Nautilus (if Nautilus is a surviving corporation), for accelerated vesting and accelerated expiration, or for settlement in cash.

13. LISTING OR QUALIFICATION OF COMMON STOCK

In the event that the Board of Directors determines in its discretion that the listing or qualification of the Shares available for issuance under the Plan on any securities exchange or quotation or trading system or other consent or approval under any applicable law or governmental regulation is necessary as a condition to the issuance of such Shares, a Stock Option or SAR may not be exercised, in whole or in part, and a Restricted Stock Award, Stock Unit Award, Performance Unit Award, Stock Option or SAR shall not vest unless such listing, qualification, consent or approval has been unconditionally obtained.

14. TERMINATION OR AMENDMENT OF THE PLAN

The Board of Directors may amend, alter or discontinue the Plan, and the Board or the Committee may, to the extent permitted by the Plan, amend any Award Agreement or other document relating to an Award made under (a) this Plan, provided, however, that Nautilus shall submit for shareholder approval any amendment (other than an amendment pursuant to the adjustment provisions of Section 12) required to be submitted for shareholder approval by the rules of any national securities exchange on which the Shares are listed for trading or that otherwise would:

- (1) Increase the maximum number of Shares for which Awards may be granted under this Plan;
- (2) Reduce the price at which Stock Options may be granted below the price provided for in subsection 8(c)(1);
- (3) Reduce the exercise price of outstanding Stock Options;
- (4) Extend the term of this Plan;
- (5) Change the classes of persons eligible to be Participants (as described in Section 4); or
- (6) Increase the limits provided for in Section 6.

In addition, no such amendment or alteration shall be made which would impair the rights of any Participant, (b) without such Participant's consent, under any Award theretofore granted, provided that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either:

- (1) Is required or advisable in order for the Corporation, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard; or
- (2) Is not reasonably likely to significantly diminish the benefits provided under such Award or that any such diminishment has been adequately compensated.

15. PARTICIPANTS IN FOREIGN COUNTRIES

The Committee shall have the authority to adopt such modifications, procedures and sub-plans as may be necessary or advisable to comply with provisions of the laws of foreign countries in which the Corporation may operate.

16. WITHHOLDING

To the extent required by applicable federal, state, local or foreign law, the Committee may and/or a Participant shall make arrangements satisfactory to the Corporation for the satisfaction of any and all taxes, including any withholding tax or payroll tax obligations, that arise with respect to any Award, the issuance of Shares or payment of cash upon exercise or settlement of an Award or any sale of Shares. The Corporation shall not be required to issue Shares or to recognize the disposition of such Shares until such tax obligations are satisfied. To the extent permitted or required by the Committee, these obligations may or shall be satisfied by having the Corporation withhold a portion of the Shares of stock that otherwise would be issued to a Participant under such Award or by tendering Shares previously acquired by the Participant.

17. GENERAL PROVISIONS

- (a)

Employment At Will. Neither the Plan nor the grant of any Award nor any action by Nautilus, any Subsidiary, the Committee or any Administrator shall be held or construed to confer upon any person any right to be continued in the employ of Nautilus or a Subsidiary. Nautilus and each Subsidiary expressly reserves the right to discharge, without liability but subject to his or her rights under this Plan, any Participant whenever, in the sole discretion of Nautilus or a Subsidiary, as the case may be, its interest may so require.

Governing Law. This Plan and any Award Agreements and other documents relating to Awards under the Plan shall be interpreted and construed in accordance with the laws of the State of Washington and applicable federal (b)law. The Committee may provide that any dispute as to any Award shall be presented and determined in such forum as the Committee may specify, including through binding arbitration. Any reference in this Plan, or in an Award Agreement

or related document, to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

Unfunded Plan. Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are granted Awards under this Plan, any such accounts will be (c)used merely as a bookkeeping convenience. The Corporation shall not be required to segregate any assets which may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Corporation or the Committee be deemed to be a trustee of stock or cash to be awarded under the Plan.

18. NON-EXCLUSIVITY OF PLAN

Neither the adoption of this Plan by the Board of Directors nor the submission of this Plan to the shareholders of the Corporation for approval shall be construed as creating any limitations on the power of the Board of Directors or the Committee to adopt such other incentive arrangements as either may deem desirable, including without limitation, the granting of stock options, stock appreciation rights, restricted stock, stock units or performance units other than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

19. COMPLIANCE WITH OTHER LAWS AND REGULATIONS

This Plan, the grant and exercise of Awards under the Plan, and the obligation of the Corporation to sell, issue or deliver Shares under such Awards, shall be subject to all applicable federal, state and local laws, rules and regulations and to such approvals by any governmental or regulatory agency as may be required. The Corporation shall not be required to register in a Participant's name or deliver any Shares prior to the completion of any registration or qualification of such Shares under any federal, state or local law or any ruling or regulation of any government body which the Committee shall determine to be necessary or advisable. To the extent the Corporation is unable (or the Committee deems it infeasible) to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Corporation's counsel to be necessary to the lawful issuance and sale of any Shares under the Plan, the Corporation shall be relieved of any liability with respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. No Stock Option shall be exercisable and no Shares shall be issued and/or transferable under any other Award unless a registration statement with respect to the Shares underlying such Stock Option or Award is effective and current or the Corporation has determined that such registration is unnecessary.

20. LIABILITY OF CORPORATION

The Corporation shall not be liable to a Participant or other persons as to:

- (a) having jurisdiction the authority deemed by the Corporation's counsel to be necessary to the lawful issuance and sale of any Shares under the Plan; and
- (b) Any tax consequence expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Stock Option or other Award granted under the Plan.

21. DESIGNATION OF BENEFICIARY

The Committee shall establish such procedures and prescribe such forms as it deems appropriate for a Participant to designate a beneficiary to receive any amounts payable under an Award in the event of the Participant's death.

APPENDIX B

NAUTILUS, INC.
EMPLOYEE STOCK PURCHASE PLAN

1. Purpose of the Plan. Nautilus, Inc. (the “Company”) believes that ownership of shares of its common stock by employees of the Company and its Participating Subsidiaries (as defined below) is desirable as an incentive to better performance and improvement of profits, and as a means by which employees may share in the Company’s growth and success. The purpose of the Company’s Employee Stock Purchase Plan (the “Plan”) is to provide a convenient means by which employees of the Company and Participating Subsidiaries may purchase the Company’s shares through payroll deductions and a method by which the Company may assist and encourage employees to become shareholders.
2. Shares Reserved for the Plan. There are 500,000 shares of the Company’s authorized but unissued or reacquired Common Stock, no par value (“Common Stock”), reserved for purposes of the Plan. The number of shares reserved is subject to adjustment in the event of stock dividends, stock splits, combinations of shares, recapitalizations or other changes in the outstanding Common Stock. The determination of whether an adjustment shall be made and the manner of any adjustment shall be made by a compensation committee (the “Committee”) appointed by the Board of Directors of the Company, whose determination shall be conclusive.
3. Administration of the Plan. The Plan shall be administered by the Committee. The Committee may promulgate rules and regulations for the operation of the Plan, adopt forms for use in connection with the Plan, and decide any question of interpretation of the Plan or rights arising thereunder. All determinations and decisions of the Committee shall be conclusive.
4. Eligible Employees. The Board hereby authorizes the purchase of shares of Common Stock pursuant to the Plan by employees of the Company and of each of the Company’s subsidiary corporations that is designated by the Committee as a participant in the Plan (each, a “Participating Subsidiary”). All Eligible Employees (as defined below) of the Company and all Eligible Employees of each Participating Subsidiary are eligible to participate in the Plan. An “Eligible Employee” is an employee of the Company or a Participating Subsidiary who has been continuously employed by the Company or a Participating Subsidiary for at least twelve months prior to the Offering Date (as defined below) excluding, however, any employee who would, after a purchase of shares under the Plan, own or be deemed (under Section 424(d) of the Internal Revenue Code of 1986, as amended (the “Code”)) to own stock (including stock subject to any outstanding options held by the employee) possessing 5 percent or more of the total combined voting power or value of all classes of stock of the Company or any parent or subsidiary of the Company.
5. Offerings.
 - (a) Offering and Purchase Dates. The Plan shall be implemented by a series of six-month offerings (the “Offerings”) with a new Offering commencing on May 15 and November 15 of each year; provided, however, that the first Offering shall be a four-month offering commencing on July 15, 2015. Each Offering commencing on May 15 or July 15 of any year shall end on November 14 of that year, and each Offering commencing on November 15 of any year shall end on May 14 of the following year. The first day of each Offering is the “Offering Date” for that Offering and the last day of each Offering is the “Purchase Date” for that Offering.
 - (b) Grants; Limitations. On each Offering Date, each Eligible Employee shall be granted an option under the Plan to purchase shares of Common Stock on the Purchase Date for the Offering for the price determined under paragraph 7 of the Plan exclusively through payroll deductions authorized under paragraph 6 of the Plan; provided, however, that (i) no option shall permit the purchase of more than 1,000 shares on any Purchase Date, and (ii) no option may be granted pursuant to the Plan that would allow an employee’s right to purchase shares under all stock purchase plans of the Company and its parents and subsidiaries to which Section 423 of the Code applies to accrue at a rate that exceeds \$25,000 of fair market value of shares (determined at the date of grant) for each calendar year in which such option is outstanding.
6. Participation in the Plan.
 - (a) Initiating Participation. An Eligible Employee may participate in an Offering under the Plan by submitting to the Company or its agent a subscription and payroll deduction authorization in the form specified by the Company. The subscription and payroll deduction authorization must be submitted no later than the “Subscription Deadline” for the

Offering, which shall be a date approximately three weeks prior to the Offering Date as determined for each Offering by the Company's senior human resources executive and communicated to Eligible Employees. Once submitted, a subscription and payroll deduction authorization shall remain in effect unless amended or terminated, and upon the expiration of an Offering the participants in that Offering will be automatically enrolled in the new Offering starting the following day. The payroll deduction authorization will authorize the employing corporation to deduct an amount designated by the participant from each of the participant's paychecks during the Offering. The designated amount to be deducted from each paycheck must be a whole percentage of not less than 1 percent or more than 10 percent of the gross amount

of the participant's base salary, hourly compensation, overtime, differential and commission earnings, including paid time off, for the payroll period. If payroll deductions are made by a Participating Subsidiary, that corporation will promptly remit the amount of the deductions to the Company.

(b) Amending Participation. After a participant has begun participating in the Plan by initiating payroll deductions, the participant may amend the payroll deduction authorization (i) once during any Offering to decrease the amount of payroll deductions, and (ii) effective for the first paycheck of a new Offering to either increase or decrease the amount of payroll deductions. A request for a decrease in payroll deductions during an Offering must be submitted to the Company in the form specified by the Company and shall be effective for any paycheck only if the request is received by the Company at least 10 business days prior to the payday for that paycheck. A request for an increase or decrease in payroll deductions effective for the first paycheck of a new Offering must be submitted to the Company in the form specified by the Company no later than the Subscription Deadline for the new Offering. In addition, if the amount of payroll deductions from any participant during an Offering exceeds the maximum amount that can be applied to purchase shares in that Offering under the limitations set forth in paragraph 5(b) above, then (x) as soon as practicable following a written request from the participant, payroll deductions from the participant shall cease and all such excess amounts shall be refunded to the participant, and (y) payroll deductions from the participant shall restart as of the commencement of the next Offering at the rate set forth in the participant's then effective payroll deduction authorization.

(c) Terminating Participation. After a participant has begun participating in the Plan by initiating payroll deductions, the participant may terminate participation in the current Offering and the Plan any time prior to the Subscription Deadline for the next Offering by notice to the Company in the form specified by the Company. Participation in the Plan shall also terminate when a participant ceases to be an Eligible Employee for any reason, including death, retirement or the participant's employing corporation ceasing to be a Participating Subsidiary. A participant may not reinstate participation in the Plan with respect to a particular Offering after once terminating participation in the Plan with respect to that Offering. Upon termination of a participant's participation in the Plan, all amounts deducted from the participant's compensation and not previously used to purchase shares under the Plan shall be returned to the participant.

7. Option Price. The price at which Common Stock shall be purchased in an Offering shall be the lesser of (i) 90 percent of the fair market value of a share of Common Stock on the Offering Date of the Offering, or (ii) 90 percent of the fair market value of a share of Common Stock on the Purchase Date of the Offering. The fair market value of a share of Common Stock on any date shall be the closing price on the immediately preceding trading day of the Common Stock on the New York Stock Exchange or, if the Common Stock is not traded on the New York Stock Exchange, such other reported value of the Common Stock as shall be specified by the Committee.

8. Purchase of Shares. All amounts withheld from the compensation of a participant shall be credited to the participant's account under the Plan. No interest will be paid on the amounts in such accounts. On each Purchase Date, the amount of the account of each participant will be applied to the purchase of Common Stock by that participant from the Company at the price determined under paragraph 7. No fractional shares will be purchased under the Plan. Any cash balance remaining in a participant's account after a Purchase Date because it was less than the amount required to purchase a full share shall be retained in the participant's account for the next Offering. Any other amounts in a participant's account after a Purchase Date shall be refunded to the participant.

9. Delivery and Custody of Shares. Shares purchased by participants pursuant to the Plan shall be delivered to and held in the custody of such investment or financial firm (the "Custodian") as shall be appointed by the Committee. By appropriate instructions to the Custodian, a participant may from time to time sell all or part of the shares held by the Custodian for the participant's account at the market price at the time the order is executed. By appropriate instructions to the Custodian, a participant may obtain (a) transfer into the participant's own name of all or part of the shares held by the Custodian for the participant's account and delivery of such shares to the participant, or (b) transfer of all or part of the shares held for the participant's account by the Custodian to a regular individual brokerage account in the participant's own name, either with the firm then acting as Custodian or with another firm; provided, however, that no shares may be transferred under (a) or (b) until two years after the Offering Date of the Offering in which the shares were purchased.

10. Records and Statements. The Custodian will maintain the records of the Plan. As soon as practicable after each Purchase Date each participant shall receive a statement showing the activity of the participant's account since the preceding Purchase Date and the balance on the Purchase Date as to both cash and shares. Participants will be furnished such other reports and statements, and at such intervals, as the Committee shall determine from time to time.

11. Expenses of the Plan. The Company will pay all expenses incident to operation of the Plan, including costs of recordkeeping, accounting fees, legal fees and issue or transfer taxes on purchases pursuant to the Plan. The Company will not pay expenses, commissions or taxes incurred in connection with sales of shares by the Custodian at the request of a participant.

12. **Rights Not Transferable.** The right to purchase shares under this Plan is not transferable by a participant and is exercisable during the participant's lifetime only by the participant. Upon the death of a participant, any cash withheld and not previously applied to purchase shares, together with any shares held by the Custodian for the participant's account shall be transferred to the persons entitled thereto under the laws of the state of domicile of the participant upon a proper showing of authority.

13. **Dividends and Other Distributions.** Cash dividends and other cash distributions, if any, on shares held by the Custodian will be paid currently to the participants entitled thereto unless the Company subsequently adopts a dividend reinvestment plan and the participant directs that cash dividends be invested in accordance with such plan. Stock dividends and other distributions in shares of the Company on shares held by the Custodian shall be issued to the Custodian and held by it for the account of the respective participants entitled thereto.

14. **Voting and Shareholder Communications.** In connection with voting on any matter submitted to the shareholders of the Company, the Custodian will cause the shares held by the Custodian for each participant's account to be voted in accordance with instructions from the participant or, if requested by a participant, will furnish to the participant a proxy authorizing the participant to vote the shares held by the Custodian for the participant's account. Copies of all general communications to shareholders of the Company will be sent to participants in the Plan.

15. **Responsibility.** Neither the Company, its Board of Directors, the Committee, any Participating Subsidiary, nor any officer or employee of any of them shall be liable to any participant under the Plan for any mistake of judgment or for any omission or wrongful act unless resulting from willful misconduct or intentional misfeasance.

16. **Conditions and Approvals.** The obligations of the Company under the Plan shall be subject to compliance with all applicable state and federal laws and regulations, compliance with the rules of any stock exchange on which the Company's securities may be listed, and the approval of federal and state authorities or agencies with jurisdiction in the matter. The Company will use its best efforts to comply with such laws, regulations and rules to obtain required approvals.

17. **Amendment of the Plan.** The Board of Directors may from time to time amend the Plan in any and all respects, except that without approval of the shareholders of the Company, the Board of Directors may not increase the number of shares reserved for the Plan or decrease the purchase price of shares offered pursuant to the Plan.

18. **Termination of the Plan.** The Plan shall terminate when all of the shares reserved for purposes of the Plan have been purchased, provided that (a) the Committee in its sole discretion may at any time terminate the Plan with respect to any Participating Subsidiary, without any obligation on account of such termination, except as set forth in the following sentence, and (b) the Board in its sole discretion may at any time terminate the Plan completely, without any obligation on account of such termination, except as set forth in the following sentence. Upon any such termination, the cash and shares, if any, held in the accounts of each participant to whom the termination applies shall forthwith be distributed to the participant or to the participant's order.

APPENDIX C

SAMPLE PROXY CARD

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