

BRADY CORP
Form 4
March 02, 2006

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BUSH MARY K

(Last) (First) (Middle)
3509 WOODBINE STREET
(Street)
CHEVY CHASE, MD 20815

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
BRADY CORP [BRC]

3. Date of Earliest Transaction
(Month/Day/Year)
02/28/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-----|-------|
| | | | | (A) or (D) | Code | V | Amount | (D) | Price |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|------------------------------------|--------------------------------------|--|--------------------------------|--|--|---|
|--|------------------------------------|--------------------------------------|--|--------------------------------|--|--|---|

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| Derivative Security | | Disposed of (D) (Instr. 3, 4, and 5) | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
|---------------------|-----|---|------|---|---------|-----|------------------|-----------------|----------------------|----------------------------|
| | | | | | | | | | | |
| Phantom Stock Units | (1) | 03/02/2006 | A | | 24.8964 | | (2) | (2) | Class A Common Stock | 24.8964 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| BUSH MARY K 3509 WOODBINE STREET CHEVY CHASE, MD 20815 | | | X | |

Signatures

/s/ Donald E. Rearic 03/02/2006

__Signature of Date
Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This security converts to a common stock on a 1 for 1 basis.
- (2) The phantom stock units were acquired under the Brady Corporation employee deferred compensation agreement and are to be settled in installment payments of Brady's Class A Common Stock upon the person's cessation as an director.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. **Grant One Grant Two Grant Three Opportunity**

Randall C. Stuewe
35,000 70,000 70,000

John O. Muse
35,000 70,000 70,000

Neil Katchen
15,000 15,000

John F. Sterling
15,000 30,000 30,000

Cash Payment

The 2010 Special Incentive Program also provided for cash based awards of up to \$500,000 in the aggregate to senior company employees who were materially instrumental in successfully completing the Griffin acquisition. In accordance with the 2010 Special Incentive Program, executive management of our company recommended individual cash payments to certain key employees and the Committee reviewed and approved such cash payments. An aggregate of \$260,000 in such cash payments were paid out in March 2011. None of the named executive officers received any of these cash payments.

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Clawback Policy. If our company were required to restate its financial statements, it would seek reimbursement from our chief executive officer and chief financial officer for any bonuses or other incentive or equity-based compensation, and profits from stock sales, received in the 12 months after the filing of financial statements that were later required to be restated due to the misconduct, to the extent required by the Sarbanes-Oxley Act of 2002. Our company will also implement the incentive compensation clawback provisions mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 in accordance with the requirements of that Act.

Retirement Benefits. Our company offers a 401(k) plan to all of its eligible salaried employees. The 401(k) plan includes an employer contribution ranging from 3% to 6% of a participant's base salary, based on age, and an employee match of 25% of a participant's contributions up to 6% of a participant's base salary. In addition, our company maintains a Salaried Employees Retirement Plan which was frozen effective December 31, 2011. Prior to December 31, 2011, participants accrued a benefit calculated on average monthly pay based upon the highest 60 consecutive months of the latest 120 months (and subject to certain limitations) and the years of service completed. Future benefits to participants ceased to accrue under the plan effective December 31, 2011.

Perquisites and Other Personal Benefits. Our company provides named executive officers with certain perquisites and other personal benefits, reflected in the All Other Compensation column in the Summary Compensation Table included elsewhere in this Proxy Statement, that our company and the committee believe are reasonable and consistent with our overall compensation program to better enable our company to attract and retain superior employees for key positions. The committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers.

These perquisites include automobile allowances and/or use of company automobiles, club dues and participation in the plans and programs described above.

Employment Arrangements and Post-Termination Compensation. Our company has entered into an employment agreement with our Chief Executive Officer and Senior Executive Termination Benefits Agreements with certain other of our executive officers that provide for, among other things, potential payments and other benefits upon termination of employment for a variety of reasons. In addition, in connection with the Griffin transaction our company entered into Employment Agreements with our President Griffin Industries and our Executive Vice President Co-Chief Operations Officer. See Employment Agreements and Potential Payments upon Termination or Change-in-Control included elsewhere in this Proxy Statement for a description of these agreements, including the severance benefits thereunder.

The committee believes that these severance arrangements are an important part of overall compensation for our named executive officers. The committee approved specific change of control provisions in certain of these agreements to provide reasonable personal protection to our senior executives in the context of an actual or potential change of control of our company. In addition, the committee views these arrangements as preventing management distraction during the critical periods prior to and immediately following a change of control. The committee also believes that severance and change of control arrangements are important as a recruitment and retention device, as most of the companies with which we compete for executive talent have similar agreements in place for their senior employees.

Tax and Accounting Implications

Deductibility of Executive Compensation. Section 162(m) of the Internal Revenue Code places a limitation on tax deductions of any publicly-held corporation for individual compensation to certain executives of that corporation exceeding \$1,000,000 in any taxable year, unless the compensation is performance-based. The committee uses, where practical, compensation policies and programs that preserve the tax deductibility of executive compensation; however, the committee at its sole discretion may approve payment of nondeductible compensation from time to time if the committee determines that it is in the best interest of our company to do so.

Accounting for Stock Based Compensation. We value unvested stock options under the fair value method and expense those amounts in the income statement over the stock option's remaining vesting period in accordance

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with Financial Accounting Standards Board Accounting Standards Codification 718, Compensation – Stock Compensation.

Stock Ownership Guidelines

Our company has stock ownership guidelines to further align the interests of our non-employee directors and named executive officers with those of our stockholders. The guidelines provide that our Chief Executive Officer should maintain an investment in Darling common stock that is equal to five times his annual base salary. Our named executive officers other than our Chief Executive Officer should each maintain an investment in Darling common stock that is equal to 2.5 times his or her annual base salary. Non-employee directors should each maintain an investment in Darling common stock that is equal to five times his or her annual retainer. Each person to which the stock ownership guidelines apply must hold at least 75% of shares received by such person through incentive awards (after sales for the payment of taxes and shares withheld to cover the exercise price of stock options) until such person is in compliance with the stock ownership guidelines referred to above. In determining whether the required investment levels have been met, shares will be valued using the closing price of Darling common stock on the date(s) acquired; however, shares held on March 23, 2011 (the date that the stock ownership guidelines were adopted) will be valued at the closing price of Darling common stock on such date. In addition, under the Company's policy on securities transactions, each person subject to the stock ownership guidelines is prohibited from engaging in (i) short-term trading (generally defined as selling Company securities within six months following the purchase), (ii) short sales, (iii) transactions involving derivatives or (iv) hedging transactions.

COMPENSATION COMMITTEE REPORT

The compensation committee of the Board has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on that review and those discussions, the compensation committee recommends to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

THE COMPENSATION COMMITTEE

O. Thomas Albrecht, Chairman
D. Eugene Ewing
John D. March
Michael Rescoe

Table of Contents**Summary Compensation Table**

The following table sets forth certain information with respect to the total compensation paid or earned by each of our named executive officers for our fiscal years 2011, 2010 and 2009.

| Name and Principal Position | Year | Salary | Bonus | Stock Awards | Option Awards | Non-Equity | Change in Pension Value and Nonqualified Deferred | All Other Compen- sation | Total |
|--|----------------------|----------------------------------|-----------|---|---|--|---|-----------------------------------|--|
| | | | | | | Incentive Plan Compen- sation (4) | Earnings (5) | | |
| Randall C. Stuewe Chairman and Chief Executive Officer | 2011 2010 2009 | \$ 800,000 675,000 675,000 | | \$ 2,549,710(1) 2,045,452(2) 531,563(3) | \$ 636,758(1) 299,678(2) 103,509(3) | \$ 2,400,002 1,188,041 889,196 | \$ 49,329 22,410 13,047 | \$ 43,212(6) 43,613 37,537 | \$ 6,479,011 4,274,194 2,249,852 |
| Robert A. Griffin (11) President Griffin Industries | 2011 2010 2009 | 841,500 | \$ 70,125 | | | | | 60,250(7) | 971,875 |
| John O. Muse Executive Vice President Finance and Administration | 2011 2010 2009 | 475,000 342,700 336,000 | | 908,335(1) 912,698(2) 189,000(3) | 226,848(1) 85,200(2) 36,802(3) | 926,252 397,832 309,858 | 61,931 69,459 41,386 | 47,039(8) 49,473 36,118 | 2,645,405 1,857,362 949,164 |
| Neil Katchen Executive Vice President Chief Operations Officer | 2011 2010 2009 | 350,000 274,400 269,000 | | 446,191(1) 257,373(2) 136,181(3) | 111,435(1) 48,728(2) 26,519(3) | 516,251 320,259 246,390 | 16,258 3,246 (6,280) | 35,472(9) 40,697 21,136 | 1,475,607 944,703 692,946 |
| John F. Sterling Executive Vice President General Counsel and Secretary | 2011 2010 2009 | 335,000 263,200 258,000 | | 427,068(1) 445,160(2) 130,613(3) | 106,661(1) 46,738(2) 25,430(3) | 496,219 308,832 242,764 | 11,723 5,991 3,839 | 28,538(10) 25,399 23,708 | 1,405,209 1,095,320 684,354 |

- (1) In the case of the stock awards column, represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of the performance based restricted stock award granted on March 6, 2012 pursuant to the 2011 LTIP. In the case of the option awards column, represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of the stock option award granted on March 6, 2012 pursuant to the 2011 LTIP. See Elements of Compensation for Fiscal 2011 Long-Term Incentive Compensation on page 22. See Note 13 of the consolidated financial statements in our Annual Report for the fiscal year ended December 31, 2011 regarding assumptions underlying valuation of equity awards.
- (2) In the case of the stock awards column, represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of the performance based restricted stock award granted on March 8, 2011 and, in the case of Messrs. Stuewe, Muse and Sterling, the restricted stock award granted on December 20, 2010 under the 2010 Special Incentive Program. In the case of the option awards column, represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of the stock option award granted on March 8, 2011.
- (3) In the case of the stock awards column, represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of the performance based restricted stock award granted on March 9, 2010. In the case of the option awards column, represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of the stock option award granted on March 9, 2010.
- (4) The amounts reported in the Non-Equity Incentive Plan Compensation column reflect the amounts earned and payable to each named executive officer for fiscal 2011, 2010 and 2009, as the case may be, under the applicable annual incentive plan. For fiscal 2011, these amounts are the actual amounts earned under the awards described in the fiscal 2011 Grants of Plan-Based Awards table on page 29. For fiscal 2011, payments under the annual incentive plan were calculated as described in Elements of Compensation for Fiscal 2011 Annual

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Incentive Bonus on page 20.

- (5) The item for fiscal 2011 represents the change in the actuarial present value of the named executive officers

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accumulated benefits under the Darling International Inc. Salaried Employees Retirement Plan from January 1, 2011 to December 31, 2011. This change is the difference between the fiscal 2010 and fiscal 2011 measurements of the present value, assuming that benefit is not paid until age 65. The item for fiscal 2010 represents the change in the actuarial present value of the named executive officers' accumulated benefits under the Darling International Inc. Salaried Employees Retirement Plan from January 2, 2010 to January 1, 2011. This change is the difference between the fiscal 2009 and fiscal 2010 measurements of the present value, assuming that benefit is not paid until age 65. The item for fiscal 2009 represents the change in the actuarial present value of the named executive officers' accumulated benefits under the Darling International Inc. Salaried Employees Retirement Plan from January 3, 2009 to January 2, 2010. This change is the difference between the fiscal 2008 and fiscal 2009 measurements of the present value, assuming that benefit is not paid until age 65. Each of these amounts was computed using the same assumptions used for financial statement reporting purposes under FAS 87, Employers' Accounting for Pensions as described in Note 14 of the consolidated financial statements in our Annual Report for the fiscal year ended December 31, 2011.

- (6) Represents \$24,000 in auto allowance, \$7,577 in club dues paid by our company, \$1,835 in group life and \$9,800 in employer contributions and employer discretionary contributions to our company's 401(k) plan.
- (7) Represents \$30,398 related to personal use of our company's aircraft, \$10,477 in reimbursement of medical expenses, \$1,000 in life insurance premiums, \$14,700 in contributions to Griffin's profit sharing plan and \$3,675 in employer contributions to our company's 401(k) plan.
- (8) Represents \$10,500 in auto allowance, \$5,171 in personal auto use, \$8,592 in club dues paid by our company, \$8,076 in group life and \$14,700 in employer contributions and employer discretionary contributions to our company's 401(k) plan.
- (9) Represents \$12,582 in personal auto use, \$15,540 in group life and \$7,350 in employer contributions and employer discretionary contributions to our company's 401(k) plan.
- (10) Represents \$9,600 in auto allowance, \$3,227 in personal auto use, \$4,076 in club dues paid by our company, \$1,835 in group life and \$9,800 in employer contributions and employer discretionary contributions to our company's 401(k) plan.
- (11) Mr. Griffin did not become a named executive officer until fiscal 2011. Accordingly, no information is given in this table for fiscal years prior to 2011.

Table of Contents**Grants of Plan-Based Awards**

The following table sets forth certain information with respect to the plan-based awards granted to the named executive officers during the fiscal year ended December 31, 2011.

| Name | Grant Date (1) | Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2) | | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | All Other Stock Awards: | All Other Option Awards: | Exercise or Base Price of Option Awards (\$/Sh) | Grant Date Fair Value of Stock and Option Awards |
|-------------------|----------------|--|-------------|--------------|---------------|---|-------------|------------------------------|---------------------------------|--------------------------|---|--|
| | | Threshold (\$) | Target (\$) | Maximum (\$) | Threshold (#) | Target (#) (3) | Maximum (#) | Number of Shares of Stock or | Number of Securities Underlying | | | |
| Randall C. Stuewe | 2/3/11 | \$ 200,000 | \$ 800,000 | \$ 2,400,002 | | 153,597 | | | 69,484 | \$ 16.98 | \$ 2,549,710(5) \$ 636,758(6) | |
| Robert A. Griffin | | | | | | | | | | | | |
| John O. Muse | 2/3/11 | \$ 77,188 | \$ 308,751 | \$ 926,252 | | 54,719 | | | 24,754 | \$ 16.98 | \$ 908,335(5) \$ 226,848(6) | |
| Neil Katchen | 2/3/11 | \$ 43,751 | \$ 175,000 | \$ 525,000 | | 26,879 | | | 12,160 | \$ 16.98 | \$ 446,191(5) \$ 111,435(6) | |
| John F. Sterling | 2/3/11 | \$ 41,875 | \$ 167,500 | \$ 502,500 | | 25,727 | | | 11,639 | \$ 16.98 | \$ 427,068(5) \$ 106,661(6) | |

- (1) Represents the date that the compensation committee adopted the 2011 Compensation Policy that contained award opportunities for each named executive officer dependant upon the achievement of pre-established financial and operational goals.
- (2) Non-equity incentive awards granted to each of the named executive officers pursuant to the annual incentive bonus component of the 2011 Compensation Policy. These amounts assume achievement of 100% of the SOPs of the personal objective component of the annual incentive bonus payable pursuant to the 2011 Compensation Policy. Actual payments under these awards have already been determined and paid and are included in the Non-Equity Incentive Plan Compensation column of the fiscal year 2011 Summary Compensation Table. For a detailed discussion of the annual incentive bonus for fiscal year 2011, see Elements of Compensation for Fiscal 2011 Annual Incentive Bonus on page 20.
- (3) Represents the performance based restricted stock which was granted and issued to the recipients on March 6, 2012, after it was determined that our company exceeded the minimum pre-established financial goal required for such grant. The number of shares of such performance based restricted stock granted was determined in accordance with the terms of the 2011 Compensation Policy. The awards vest in four equal installments, with the first installment vesting immediately upon the grant date and the remaining three installments vesting on the next three anniversary dates of the grant. Pursuant to the 2011 Compensation Policy, the range of the award opportunity for performance based restricted stock for each named executive officer was as follows: 38,399 to 153,597 shares for Mr. Stuewe; 13,680 to 54,719 shares for Mr. Muse; 6,720 to 26,879 shares for Mr. Katchen; and 6,432 to 25,727 shares for Mr. Sterling. For a detailed discussion of the restricted stock awards, see Elements of Compensation for Fiscal 2011 Long-Term Incentive Compensation on page 22.
- (4) Represents the stock options which were granted and issued to the recipients on March 6, 2012, after it was determined that our company exceeded the minimum pre-established financial goal required for such grant. The number of stock options issued was determined in accordance with the terms of the 2011 Compensation Policy. The exercise price of such stock options was determined based on the closing price of our company's common stock on the NYSE on March 5, 2012. The awards vest in four equal installments, with the first installment

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vesting immediately upon the grant date and the remaining three installments vesting on the next three anniversary dates of the grant. Pursuant to the 2011 Compensation Policy, the range of the award opportunity for stock options for each named executive officer was as follows: 17,371 to 69,484 for Mr. Stuewe; 6,188 to 24,754 for Mr. Muse; 3,040 to 12,160 for Mr. Katchen; and 2,910 to 11,639 for Mr. Sterling. For a detailed discussion of the stock option awards, see Elements of Compensation for Fiscal 2011 Long-Term Incentive Compensation on page 22.

- (5) Represents the grant date fair value of the performance based restricted stock award granted on March 6, 2012, computed in accordance with FASB ASC Topic 718.
- (6) Represents the grant date fair value of the stock option award granted on March 6, 2012, computed in accordance with FASB ASC Topic 718.

Employment Agreements

Mr. Stuewe's Employment Agreement

We are party to an employment agreement with Mr. Stuewe that was amended and restated effective as of January 1, 2009, pursuant to which Mr. Stuewe is employed through December 31, 2012 with automatic extensions thereafter unless Mr. Stuewe's employment is terminated earlier (i) by our company without cause (as defined in the agreement and discussed below) on not less than thirty days prior notice to Mr. Stuewe, (ii) by our company for cause (as defined in the agreement and discussed below) or upon Mr. Stuewe's death or disability or (iii) by Mr. Stuewe for good reason (as defined in the agreement and discussed below).

Mr. Stuewe is employed as our Chairman and Chief Executive Officer. The employment agreement provides for a minimum annual base salary, subject to increases at the discretion of the compensation committee of our Board, and an annual bonus paid pursuant to our company's employee bonus plan in accordance with personal and company performance targets established annually by our compensation committee in consultation with Mr. Stuewe. The agreement also provides for Mr. Stuewe to receive our standard retirement and welfare benefits for executive officers. Furthermore, under his employment agreement, Mr. Stuewe is entitled to receive an allowance of \$2,000 per month for the exclusive purpose of purchasing or leasing a new automobile of his choice.

Cause is defined in Mr. Stuewe's employment agreement to mean: (i) Mr. Stuewe's breach of certain covenants in the employment agreement, including covenants in respect of confidentiality, non-competition and non-solicitation by Mr. Stuewe, (ii) Mr. Stuewe's conviction by, or entry of a plea of guilty or no contest in, a court of competent and final jurisdiction for any crime (whether felony or misdemeanor) involving moral turpitude or punishable by imprisonment, (iii) Mr. Stuewe's commission of any crime, act of fraud, embezzlement or theft upon or against our company in connection with his duties or in the course of his employment with our company or otherwise, or Mr. Stuewe's commission of any crime, act of fraud, embezzlement or theft upon or against any third party, (iv) Mr. Stuewe's continuing failure or refusal to perform his duties as required by the employment agreement or (v) gross negligence, insubordination, material violation by Mr. Stuewe of any duty of loyalty to our company or any other material misconduct on the part of Mr. Stuewe. In order to be terminated for the reasons stated in (iv) and (v), Mr. Stuewe must receive written notice from the Board stating the nature of Mr. Stuewe's failure or refusal to comply with the terms of the employment agreement and must be given an opportunity to correct the act or omission complained of.

Good reason is defined in Mr. Stuewe's employment agreement to mean the occurrence of any of the following events or actions: (i) any material reduction in Mr. Stuewe's base salary, (ii) Mr. Stuewe's assignment of substantial duties materially inconsistent with his position as Chief Executive Officer or his experience or his demotion to a lesser position, (iii) our company's failure to nominate Mr. Stuewe to the Board or removal of Mr. Stuewe from the Board (other than for cause or because of legal requirement), (iv) our company's failure to pay or provide any amount of compensation or any material benefit that is due pursuant to the employment agreement or any plan, program, arrangement or policy with Mr. Stuewe, (v) a material increase in the indebtedness of our company over Mr. Stuewe's objections or (vi) Mr. Stuewe's resignation within ninety days following a change of control (as defined in the agreement) of our company. A finding of good reason pursuant to the above definition is

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not effective unless Mr. Stuewe provides our company with written notice within sixty calendar days of becoming aware of the facts and circumstances giving cause to the good reason and, if the facts and circumstances are capable of being cured, gives our company the opportunity to cure within thirty days of the notice.

On July 1, 2003, we granted Mr. Stuewe stock options to purchase 250,000 shares of our common stock at \$2.30 per share (an option exercise price equal to 100% of the fair market value of our common stock on that date) pursuant to the terms of our 1994 Employee Flexible Stock Option Plan and an individual stock option agreement between Mr. Stuewe and us. On each of July 1, 2003, 2004, 2005 and 2006, 62,500 options became exercisable. Of these stock options, 150,000 remained unexercised and outstanding as of December 31, 2011.

Mr. Stuewe's employment agreement also includes severance arrangements. These severance arrangements are discussed under the heading Potential Payments upon Termination or Change of Control beginning on page 34.

Other Employment Agreements

In connection with the closing of the Griffin transaction, we entered into employment agreements dated as of December 17, 2010, with each of Robert Griffin and Martin Griffin pursuant to which Robert Griffin serves as President Griffin Industries and Martin Griffin serves as Executive Vice President Co-Chief Operations Officer. Pursuant to these employment agreements, Robert Griffin's and Martin Griffin's employment commenced on the Closing Date and will continue until December 17, 2013, subject to termination as provided in the employment agreements. During the term of the employment agreements, the base salary of each of the executives will be the same as such executive's base salary at Griffin immediately prior to the Closing Date, subject to annual increases at the discretion of the compensation committee of our Board. The employment agreements also provide that each executive will receive a two to four week bonus for fiscal year 2011 and will participate in our 2004 Omnibus Plan for the remainder of such executive's employment, as more fully described in the employment agreements. The employment agreements also provide for the executives to receive certain benefits, including, without limitation, participation in health and welfare and 401(k) plans, reimbursement for motor vehicle and travel expenses, vacation, eligibility to participate in our long term incentive program and participation in our salary continuation program for sickness and disabilities, as more fully described in the employment agreements.

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The following table sets forth certain information with respect to unexercised options, stock that has not vested and equity incentive plan awards for each named executive officer that are outstanding as of fiscal year ended December 31, 2011:

| Name | Option Awards | | | | Stock Awards | |
|-------------------|---|---|----------------------------|------------------------|---|--|
| | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |
| Randall C. Stuewe | 150,000 | | \$ 2.30 | 07/01/2013 | 157,397(3) | \$ 2,091,806 |
| | 127,100 | | \$ 4.16 | 11/19/2014 | | |
| | 82,600 | | \$ 3.94 | 06/16/2015 | | |
| | 10,790 | 10,791(1) | \$ 8.21 | 03/09/2020 | | |
| | 9,071 | 27,214(2) | \$ 14.50 | 03/08/2021 | | |
| Robert A. Griffin | | | | | | |
| John O. Muse | 46,200 | | \$ 3.94 | 06/16/2015 | 58,634(4) | 779,246 |
| | 3,836 | 3,837(1) | \$ 8.21 | 03/09/2020 | | |
| | 2,579 | 7,737(2) | \$ 14.50 | 03/08/2021 | | |
| Neil Katchen | 41,100 | | \$ 4.16 | 11/19/2014 | 32,963(5) | 438,078 |
| | 26,700 | | \$ 3.94 | 06/16/2015 | | |
| | 2,764 | 2,765(1) | \$ 8.21 | 03/09/2020 | | |
| | 1,475 | 4,425(2) | \$ 14.50 | 03/08/2021 | | |
| John F. Sterling | 2,651 | 2,651(1) | \$ 8.21 | 03/09/2020 | 34,192(6) | 454,412 |
| | 1,414 | 4,245(2) | \$ 14.50 | 03/08/2021 | | |

(1) These stock options were granted on March 9, 2010 and vest in four equal installments, with the first installment vesting immediately upon the grant date and the remaining three installments vesting on the next three anniversary dates of the grant.

(2) These stock options were granted on March 8, 2011 and vest in four equal installments, with the first installment vesting immediately upon the grant date and the remaining three installments vesting on the next three anniversary dates of the grant.

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- (3) These shares consist of: (i) 145,731 shares that are part of awards granted on March 10, 2009, March 9, 2010 and March 8, 2011, which awards vest in four equal installments, with the first installment vesting immediately upon the grant date and the remaining three installments vesting on the next three anniversary dates of the grant, and (ii) 11,666 shares granted pursuant to the 2010 Special Incentive Program, which vest in three equal installments, with the first installment having vested immediately upon the grant date and the remaining two installments vesting on the next two anniversary dates of the grant.
- (4) These shares consist of: (i) 46,968 shares that are part of awards granted on March 10, 2009, March 9, 2010 and March 8, 2011, which awards vest in four equal installments, with the first installment vesting immediately upon the grant date and the remaining three installments vesting on the next three anniversary dates of the grant, and (ii) 11,666 shares granted pursuant to the 2010 Special Incentive Program, which vest in three equal installments, with the first installment having vested immediately upon the grant date and the remaining two installments vesting on the next two anniversary dates of the grant.
- (5) These shares are part of awards granted on March 10, 2009, March 9, 2010 and March 8, 2011, which awards vest in four equal installments, with the first installment vesting immediately upon the grant date

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and the remaining three installments vesting on the next three anniversary dates of the grant.

- (6) These shares consist of: (i) 29,192 shares that are part of awards granted on March 10, 2009, March 9, 2010 and March 8, 2011, which awards vest in four equal installments, with the first installment vesting immediately upon the grant date and the remaining three installments vesting on the next three anniversary dates of the grant, and (ii) 5,000 shares granted pursuant to the 2010 Special Incentive Program, which vest in three equal installments, with the first installment having vested immediately upon the grant date and the remaining two installments vesting on the next two anniversary dates of the grant.

Option Exercises and Stock Vested

The following table lists the number of shares acquired and the value realized as a result of option exercises by the named executive officers during the fiscal year ended December 31, 2011, and the value of any restricted stock that vested during the fiscal year ended December 31, 2011.

| | Option Awards | | Stock Awards | |
|-------------------|---|--|--|---|
| | Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) | Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) |
| Randall C. Stuewe | | | 93,494 | \$ 1,314,257 |
| Robert A. Griffin | | | | |
| John O. Muse | | | 39,994 | \$ 552,161 |
| Neil Katchen | | | 22,376 | \$ 316,262 |
| John F. Sterling | | | 21,726 | \$ 301,360 |

Pension Benefits

The following table shows the present value of accumulated benefits payable to each of the named executive officers, including the number of years of service credited to each named executive officer, under our Salaried Employees Retirement Plan determined using interest rate and post-retirement mortality rate assumptions. These values are calculated assuming retirement at age 62, the earliest age at which a participant can receive an unreduced retirement benefit from our Salaried Employees Retirement Plan, other than with respect to Mr. Muse, who is age 63, and Mr. Katchen, who is age 66.

| Name | Plan Name | Number of Years Credited Service (#) | Present Value of Accumulated Benefit (\$) | Payments During Last Fiscal Year (\$) |
|-------------------|---------------------------------------|---|---|--|
| Randall C. Stuewe | Salaried Employees Retirement Plan | 8.83 | \$ 175,133 | |
| Robert A. Griffin | | | | |
| John O. Muse | Salaried Employees Retirement Plan | 14.17 | \$ 599,078 | |
| Neil Katchen | Salaried Employees Retirement Plan | 41.58 | \$ 1,083,592 | |
| John F. Sterling | Salaried Employees Retirement Plan | 4.42 | \$ 32,611 | |

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If the named executive officers remain employees of our company until they reach age 65, the years of credited service for Messrs. Stuewe, Muse, Katchen, Sterling and Rath will be as follows: Stuewe, 26 years; Muse, 17 years; Katchen, 41 years; and Sterling, 21 years. Robert A. Griffin is not a participant in the Salaried Employees Retirement Plan.

The present value of accumulated benefits has been calculated as of December 31, 2011, which is the measurement date for financial statement reporting purposes. The present value of accumulated benefits has been calculated assuming an age 62 retirement date (the earliest unreduced retirement age under the plan), other than with respect to Mr. Muse, who is age 63, and Mr. Katchen, who is age 66, and no pre-retirement death, disability, or withdrawal was assumed. All other assumptions used (including a 4.50% discount rate and a projection of the 2011 IRS Prescribed Mortality Static Annuitant, male and female) are consistent with the assumptions used for our company's audited financial statements for the fiscal year ended December 31, 2011. See Note 14 of the consolidated financial statements in our Annual Report for the fiscal year ended December 31, 2011 for more information regarding the assumptions underlying the valuation of the pension benefits.

Information regarding our Salaried Employees Retirement Plan and the terms and conditions of payments and benefits available under the plan can be found under the heading Elements of Compensation for Fiscal 2011 Retirement Benefits on page 25.

Potential Payments upon Termination or Change of Control

Mr. Stuewe's employment agreement includes provisions pursuant to which he is entitled to the following severance and other payments upon his termination:

Termination upon Death: In the event that Mr. Stuewe's employment with our company terminates as the result of his death, Mr. Stuewe's designated beneficiary is entitled to receive the following amounts: (i) accrued but unpaid base salary through the date of termination, in a lump sum payment, within thirty days of termination; (ii) earned but unpaid bonus for a completed fiscal year, in a lump sum payment, within thirty days of termination; (iii) business expenses and accrued vacation pay, in a lump sum payment, within thirty days of termination; (iv) amounts to which Mr. Stuewe is entitled pursuant to Mr. Stuewe's participation in employee benefit plans (the above amounts are collectively referred to as the Accrued Entitlements); and (v) death benefits equal to two times Mr. Stuewe's then-effective base salary pursuant to a group life insurance policy maintained at our company's expense.

Termination upon Disability: In the event that Mr. Stuewe's employment with our company terminates as the result of his disability (as defined in his employment agreement), Mr. Stuewe is entitled to receive (i) the Accrued Entitlements and (ii) \$10,000 per month until Mr. Stuewe reaches 65 years of age pursuant to a group disability policy maintained at our company's expense.

Termination for Cause; Resignation without Good Reason: If our company terminates Mr. Stuewe for cause (as defined in his employment agreement and discussed above) or Mr. Stuewe resigns without good reason (as defined in his employment agreement and discussed above), Mr. Stuewe is entitled to receive the Accrued Entitlements only.

Termination without Cause; Resignation for Good Reason: If our company terminates Mr. Stuewe without cause or Mr. Stuewe resigns for good reason (other than following a change of control), Mr. Stuewe is entitled to receive the following payments, among others: (i) the Accrued Entitlements; (ii) a lump sum payment, within thirty days of the date of termination, equal to two times Mr. Stuewe's base salary at the highest rate in effect in the preceding twelve months; and (iii) an amount equal to the bonus that he would have been entitled to at year end, but only if our company's performance to the termination date would entitle him to the bonus.

Termination upon a Change of Control of our company: If our company terminates Mr. Stuewe without cause within twelve months following a change of control or Mr. Stuewe resigns within ninety days following a change of control, Mr. Stuewe is entitled to the following payments, among others: (i) the Accrued Entitlements; (ii) a lump sum payment, within thirty days of the date of termination, equal to three

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times Mr. Stuewe's base salary at the highest rate in effect in the preceding twelve months; and (iii) an amount equal to the bonus that he would have been entitled to at year end, but only if our company's performance to the termination date would entitle him to the bonus.

Pursuant to Mr. Stuewe's employment agreement, subject to certain exceptions, during Mr. Stuewe's employment with our company and for a period of (i) two years thereafter in the event of termination without cause, (ii) three years thereafter in the event of termination upon a change of control and (iii) one year thereafter in each other instance (the Restricted Period), Mr. Stuewe may not have any ownership interest in, or be an employee, salesman, consultant, officer or director of, any entity that engages in the United States, Canada or Mexico in a business that is similar to that in which our company is engaged in the territory. Subject to certain limitations, Mr. Stuewe's employment agreement also prohibits him from soliciting our company's customers, employees or consultants during the Restricted Period. Further, Mr. Stuewe is required by his employment agreement to keep all confidential information in confidence during his employment and at all times thereafter.

Mr. Stuewe's employment agreement contains a provision that provides that, if following a change of control, Mr. Stuewe's employment is terminated and as a result of payments made to him in connection with the change of control an excise tax penalty is imposed on Mr. Stuewe under Section 280G of the Internal Revenue Code of 1986, as amended (the Code), our company would be required to make a gross-up payment to Mr. Stuewe sufficient to cover the excise tax. Additionally, Mr. Stuewe's employment agreement contains provisions intended to comply with Section 409A of the Code and the guidance promulgated thereunder. Our Board has adopted a policy precluding approval of tax gross-up provisions in employment agreements entered into by our company in the future with directors or executive officers.

We have also entered into severance agreements with each of Messrs. Muse, Katchen and Sterling, which provide that, subject to certain conditions, we must continue to pay the executive upon any termination of his employment (except termination by reason of the voluntary resignation, termination for cause or termination by reason of normal retirement) for one year (or 18 months in the case of Mr. Muse) (i) his annual base salary in effect at the time of his termination or, in the case of Mr. Muse, his annual base salary at the highest rate in effect in the preceding twelve months (the Termination Payment Amount), (ii) any accrued vacation pay due but not yet taken at the date of his termination, and (iii) life, disability, health and dental insurance, and certain other similar fringe benefits of our company (or similar benefits provided by our company) in effect immediately prior to the date of termination to the extent allowed under the applicable policies.

These severance agreements contain covenants for the benefit of our company relating to the protection of our confidential information, return of company property, non-solicitation of our employees during employment and for one year thereafter, non-disparagement of our company and its business, continued cooperation in certain matters involving our company and requiring the executive officer to mitigate required payments under the severance agreement by seeking other comparable employment as promptly as practicable after termination and causing any amount earned from any other employment to offset amounts payable under the severance agreement. The employee fringe benefits provided for in these severance agreements terminate when the executive officer obtains other employment.

In addition to the foregoing, Mr. Muse's severance agreement also provides that if our company terminates Mr. Muse's employment without cause within twelve months following a change of control (as defined in Mr. Muse's severance agreement) or Mr. Muse resigns within ninety days following a change of control, then in lieu of the Termination Payment Amount (discussed above) and subject to certain conditions, Mr. Muse will receive a lump sum payment within thirty days of the date of termination equal to three times Mr. Muse's annual base salary at the highest rate in effect in the preceding twelve months (the Change of Control Termination Payment). The Change of Control Termination Payment is not subject to the mitigation provision described above with respect to the Termination Payment Amount.

The tables below reflect the amount of compensation to each of the named executive officers of our company in the event of termination of the executive officer's employment or upon a change of control. The amount of compensation payable to each named executive officer upon termination for cause, voluntary resignation, termination without cause, termination due to death or disability, or upon a change of control is shown below. The amounts shown assume that the termination or change of control was effective as of December 31, 2011, and thus

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include amounts earned through that date and are estimates of the amounts that would be paid to each executive officer listed upon his termination. The actual amounts to be paid can only be determined at the time of the applicable executive officer's separation from our company.

| | By Company for Cause | Voluntary Resignation | By Company Without Cause or Resignation for Good Reason | Death or Disability | Change in Control (Without Termination) | By Company Without Cause or Resignation for Good Reason Following a Change of Control |
|----------------------------|----------------------|-----------------------|---|---------------------|---|---|
| Randall C. Stuewe | | | | | | |
| Compensation | | | \$ 1,600,000(1) | | | \$ 2,400,000(2) |
| Annual Incentive Bonus (3) | | | 2,400,000 | \$ 2,400,000 | | 2,400,000 |
| Excise Tax Gross-Up | | | | | | (4) |
| Life Insurance Benefits | | | | 1,600,000(5) | | |
| Accrued Vacation (6) | \$ 62,000 | \$ 62,000 | 62,000 | 62,000 | | 62,000 |
| Health and Welfare | | | 34,000(7) | | | 50,000(8) |
| Disability Income | | | | 1,302,000(9) | | |
| Equity Awards (10) | | | 2,442,000 | 2,442,000 | \$ 2,597,000 | 2,597,000 |
| Pension Accrual (11) | | | 0 | | | 0 |
| Relocation Expenses | | | (12) | | | (12) |

- (1) Reflects the lump-sum value of the compensation to be paid to Mr. Stuewe in accordance with his employment agreement, which is two times his base salary at the highest rate in effect in the preceding twelve months.
- (2) Reflects the lump-sum value of the compensation to be paid to Mr. Stuewe in accordance with his employment agreement, which is three times his base salary at the highest rate in effect in the preceding twelve months.
- (3) Reflects amount due Mr. Stuewe under the annual incentive bonus component of the 2011 Compensation Policy, which would be payable to Mr. Stuewe under his employment agreement since our company's performance in fiscal 2011 would have entitled him to the bonus as of the assumed date of termination.
- (4) No excise tax is due and owing under these circumstances; however, pursuant to the terms of Mr. Stuewe's employment agreement, our company is obligated to cover the excise tax, if any, Mr. Stuewe incurs as a result of the termination of his employment following a change of control.
- (5) Reflects the lump-sum proceeds payable to Mr. Stuewe's designated beneficiary upon his death, which is two times his then-effective base salary from a group life insurance policy (that is generally available to all salaried employees) and a supplemental executive life policy maintained by our company at its sole expense.
- (6) Reflects lump-sum earned and accrued vacation not taken.
- (7) Reflects the estimated lump-sum present value of all future premiums paid to or on behalf of Mr. Stuewe for medical, dental, life and accidental death and dismemberment, as well as short and long-term disability, which, in accordance with the terms of Mr. Stuewe's employment agreement, are to continue for a two year period after his employment is terminated.
- (8) Reflects the estimated lump-sum present value of all future premiums paid to or on behalf of Mr. Stuewe for medical, dental, life and accidental death and dismemberment, as well as short and long-term disability, which, in accordance with the terms of Mr. Stuewe's employment agreement, are to continue for a three year period after his employment is terminated following a change of control.

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- (9) Reflects the lump-sum present value of all future payments that Mr. Stuewe would be entitled to receive under his employment agreement upon disability. Mr. Stuewe would be entitled to receive disability benefits until he reaches age 65.
- (10) Reflects the acceleration of vesting of 100% of Mr. Stuewe's unvested stock options awarded on March 9, 2010 and March 8, 2011, and shares of unvested restricted stock awarded March 10, 2009, March 9, 2010, March 8, 2011 and, with respect to a change of control only, December 20, 2010, with the value based on the closing price of our common stock on December 31, 2011 of \$13.29 per share. There is no acceleration of the vesting of this restricted stock or stock options upon a resignation by Mr. Stuewe for good reason unless such resignation occurs following a change of control. The amounts shown in connection with change in control scenarios reflect the acceleration of the vesting of 100% of the unvested Grant One restricted stock awarded to Mr. Stuewe under the 2010 Special Incentive Program, but does not include any amounts attributable to Grant Two or Grant Three under the 2010 Special Incentive Program since the dates associated with the granting of these award opportunities would not have occurred by December 31, 2011.
- (11) Pursuant to his employment agreement, under certain circumstances Mr. Stuewe is entitled to the lump-sum present value for pension benefits that would have accrued under our company's salaried employees' pension plan for the two year period following termination. As previously noted, our company's salaried employees' pension plan was frozen effective December 31, 2011, including all future service and wage accruals. Accordingly, no amounts would be owed to Mr. Stuewe under this provision of his employment agreement.
- (12) Pursuant to the terms of his employment agreement, if Mr. Stuewe is terminated by our company without cause or resigns for good reason (whether following a change of control or not), we will reimburse him for reasonable relocation expenses, which will be limited to realtor fees and closing costs for the sale of his Texas residence as well as costs of moving from Texas to California. These expenses are not reasonably estimable.

| | By Company for Cause | Voluntary Resig- Nation | By Company Without Cause (1) | Death or Disability | Change in Control (Without Termination) | By Company Without Cause or Resignation Within 90 Days Following a Change of Control |
|-------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------|--|--|
| John O. Muse | | | | | | |
| Compensation | | | \$ 713,000(2) | | | \$ 1,425,000(3) |
| Life Insurance Benefits | | | | \$ 1,100,000(4) | | |
| Accrued Vacation (5) | \$ 72,000 | \$ 72,000 | 72,000 | 72,000 | | 72,000 |
| Health and Welfare | | | 24,000(6) | | | 46,000(7) |
| Disability Income | | | | 210,000(8) | | |
| Executive Outplacement | | | 10,000(9) | | | 10,000(9) |
| Equity Awards (10) | | | 778,000 | 778,000 | \$ 933,000 | 933,000 |

- (1) All benefits payable to Mr. Muse upon termination by our company without cause (unless the termination follows a change of control) may end or be reduced due to his obligation to seek other employment as required by his severance agreement.
- (2) Reflects 18 months of compensation based on Mr. Muse's base salary at December 31, 2011, to be paid to Mr. Muse in accordance with the terms of his severance agreement.
- (3) Reflects the lump-sum value of the compensation to be paid to Mr. Muse in accordance with his severance agreement, which is equal to three times his base salary at the highest rate in effect in the preceding twelve months.

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- (4) Reflects the lump-sum proceeds payable to Mr. Muse's designated beneficiary upon his death, which is two times his then-effective base salary, capped at \$350,000, from a group life insurance policy that is generally available to all salaried employees and is maintained by our company at its sole expense, plus an additional amount equal to three times his then-effective base salary, capped at \$750,000, from a supplemental executive life policy maintained by our company at its sole expense.
- (5) Reflects lump-sum earned and accrued vacation not taken.
- (6) Reflects the estimated lump-sum present value of all future premiums paid to or on behalf of Mr. Muse for medical, dental, life and accidental death and dismemberment, as well as short and long-term disability, which, in accordance with the terms of Mr. Muse's severance agreement, are to continue for eighteen months after his employment is terminated.
- (7) Reflects the estimated lump-sum present value of all future premiums paid to or on behalf of Mr. Muse for medical, dental, life and accidental death and dismemberment, as well as short and long-term disability, which, in accordance with the terms of Mr. Muse's severance agreement, are to continue for a three year period after his employment is terminated following a change of control.
- (8) Reflects the lump-sum present value of all future payments that Mr. Muse would be entitled to receive upon disability under a long-term disability policy maintained by our company at its sole expense. Mr. Muse would be entitled to receive up to 60% of his base salary annually, with the monthly benefit limited to no greater than \$10,000, until the age of 65.
- (9) Reflects the present value of outplacement fees to be paid by our company to assist Mr. Muse in obtaining employment following termination.
- (10) Reflects the acceleration of vesting of 100% of Mr. Muse's unvested stock options awarded on March 9, 2010 and March 8, 2011, and shares of unvested restricted stock awarded March 10, 2009, March 9, 2010, March 8, 2011 and, with respect to a change of control only, December 20, 2010, with the value based on the closing price of our common stock on December 31, 2011 of \$13.29 per share. The amounts shown in connection with change in control scenarios reflect the acceleration of the vesting of 100% of the unvested Grant One restricted stock awarded to Mr. Muse under the 2010 Special Incentive Program, but does not include any amounts attributable to Grant Two or Grant Three under the 2010 Special Incentive Program since the dates associated with the granting of these award opportunities would not have occurred by December 31, 2011.

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| | By Company For Cause | Voluntary Resignation | By Company Without Cause (1) | Death or Disability | Change in Control (With or Without Termination) (2) |
|--------------------------|-------------------------------|--------------------------|---------------------------------------|------------------------|---|
| Robert A. Griffin | | | | | |
| Compensation | | | (3) | | |
| Life Insurance Benefits | | | | \$ 595,000(4) | |
| Accrued Vacation (5) | \$ 40,000 | \$ 40,000 | \$ 40,000 | 40,000 | |
| Health and Welfare | | | | | |
| Disability Income | | | | 421,000(6) | |
| Executive Outplacement | | | | | |
| Equity Awards | | | | | |
| Neil Katchen | | | | | |
| Compensation | | | 350,000(7) | | |
| Life Insurance Benefits | | | | 1,100,000(4) | |
| Accrued Vacation (5) | 67,000 | 67,000 | 67,000 | 67,000 | |
| Health and Welfare (8) | | | 17,000 | | |
| Disability Income | | | | | |
| Executive Outplacement | | | 10,000(9) | | |
| Equity Awards (10) | | | 534,000 | 534,000 | \$ 534,000 |
| John F. Sterling | | | | | |
| Compensation | | | 335,000(7) | | |
| Life Insurance Benefits | | | | 1,100,000(4) | |
| Accrued Vacation (5) | 37,000 | 37,000 | 37,000 | 37,000 | |
| Health and Welfare (8) | | | 17,000 | | |
| Disability Income | | | | 1,372,000(6) | |
| Executive Outplacement | | | 10,000(9) | | |
| Equity Awards (10) | | | 480,000 | 480,000 | 546,000 |

- (1) All benefits payable to Messrs. Katchen and Sterling upon termination without cause may end or be reduced due to his obligation to seek other employment as required by his severance agreement.
- (2) Our company has no program, plan or agreement providing benefits to the noted executive officers triggered by a change of control except for the acceleration of the vesting of restricted stock awards to Messrs. Katchen and Sterling which, pursuant to the terms of the award, accelerates upon a change of control, which as defined in the 2004 Omnibus Plan means, subject to certain exceptions, any of the following events: (i) any person becomes the beneficial owner of 20% or more of the combined voting power of our company, (ii) the individuals who constitute the Board cease for any reason to constitute at least a majority of the Board (unless any new director is first approved by the existing Board) or (iii) the consummation of a reorganization, merger or consolidation to which our company is a party or a sale or other disposition of all or substantially all of the assets of our company.
- (3) Mr. Griffin's employment agreement with the company does not provide for a termination without cause by the company. Accordingly, in the event of the company's termination of Mr. Griffin's employment without cause, Mr. Griffin would have a claim for damages against the company. The nature of the claim and the amount of damages would be dependent on the circumstances surrounding the termination and is therefore not reasonably estimable at this time.
- (4) In the case of Mr. Griffin, reflects the lump-sum proceeds payable to his designated beneficiary upon his death, which is one times his then-effective base salary, capped at \$595,000. In the case of each of Messrs.

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- Katchen and Sterling, reflects the lump-sum proceeds payable to his designated beneficiary upon his death, which is two times his then-effective base salary, capped at \$350,000, from a group life insurance policy that is generally available to all Darling salaried employees and is maintained by our company at its sole expense, plus an additional amount equal to three times his then-effective base salary, capped at \$750,000, from a supplemental executive life policy maintained by our company at its sole expense.
- (5) Reflects lump-sum earned and accrued vacation not taken.
- (6) In the case of Mr. Griffin, reflects the lump-sum payment Mr. Griffin would be entitled to upon disability under Griffin's salary continuation coverage. In the case of Mr. Sterling, reflects the lump-sum present value of all future payments that he would be entitled to receive upon disability under a long-term disability policy maintained by our company at its sole expense. Mr. Sterling would be entitled to receive up to 60% of his base salary annually, with the monthly benefit limited to no greater than \$10,000, until the age of 65.
- (7) Reflects 12 months of compensation based on the noted executive officer's base salary at December 31, 2011, to be paid to the noted executive officer in accordance with the terms of his severance agreement.
- (8) Reflects the lump-sum present value of all future premiums paid to or on behalf of the applicable executive officer for medical, dental, life and accidental death and dismemberment, as well as short and long-term disability, which, in accordance with the terms of the severance agreement, are to continue for up to one year following termination.
- (9) Reflects the present value of outplacement fees to be paid by our company to assist the executive officer in obtaining employment following termination.
- (10) Reflects the acceleration of vesting of 100% of unvested stock options awarded on March 9, 2010 and March 8, 2011 to each of Messrs. Katchen and Sterling, and shares of unvested restricted stock awarded on March 10, 2009, March 9, 2010 and March 8, 2011 to each of Messrs. Katchen and Sterling, and, with respect to a change of control only, December 20, 2010, in the case of Mr. Sterling, with the value in each case based on the closing price of our common stock on December 31, 2011 of \$13.29 per share. The amount shown in connection with a change in control scenario for Mr. Sterling reflects the acceleration of the vesting of 100% of the unvested Grant One restricted stock awarded to Mr. Sterling under the 2010 Special Incentive Program, but does not include any amounts attributable to Grant Two or Grant Three under the 2010 Special Incentive Program since the dates associated with the granting of these award opportunities would not have occurred by December 31, 2011.

Compensation of Directors

The following table sets forth certain information regarding the fees earned or paid in cash and stock awards granted to each outside director during the fiscal year ended December 31, 2011.

| Name | Fees Earned or Paid in | | | Total (\$) |
|----------------------|------------------------|-----------------------|------------------------|------------|
| | Cash (\$) | Stock Awards (\$ (1)) | Option Awards (\$ (2)) | |
| O. Thomas Albrecht | \$ 82,000 | \$ 60,000 | | \$ 142,000 |
| C. Dean Carlson (3) | 18,750 | 60,000 | | 78,750 |
| D. Eugene Ewing | 40,176 | 40,000 | | 80,176 |
| Marlyn Jorgensen (4) | 25,448 | 60,000 | | 85,448 |
| Charles Macaluso | 93,000 | 60,000 | | 153,000 |
| John D. March | 65,500 | 60,000 | | 125,500 |
| Michael Rescoe | 40,176 | 40,000 | | 80,176 |
| Michael Urbut | 86,500 | 60,000 | | 146,500 |

- (1) The aggregate number of stock awards outstanding at December 31, 2011 for the directors listed above are

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- as follows: Albrecht, 22,572; Carlson, none; Ewing, 2,326; Jorgensen, none; Macaluso, 22,572; March, 14,886; Rescoe, 2,326; and Urbut, 22,572.
- (2) The aggregate number of option awards outstanding at December 31, 2011 for the directors listed above are as follows: Albrecht, 28,000; Carlson, none; Ewing, none; Jorgensen, none; Macaluso, 28,000; March 12,000; Rescoe, none; and Urbut, 16,000.
- (3) Mr. Carlson retired from the Board effective March 25, 2011.
- (4) Mr. Jorgensen retired from the Board effective May 10, 2011.

Non-employee members of the Board are paid a \$45,000 annual retainer. Each outside director receives \$1,500 for each board or committee meeting attended in person or by video where minutes are taken or \$1,000 if attended by telephone. The chairman of each of the audit, compensation, and nominating and corporate governance committees receives an additional \$12,000, \$7,500 and \$5,000, respectively, as an annual retainer, and the lead director of the Board receives an additional \$15,000 annual retainer. In accordance with its written charter, the nominating and corporate governance committee is charged with evaluating annually the status of the Board's compensation in relation to comparable U.S. companies and reporting its findings to the Board.

Employee directors receive no additional compensation for serving on the Board.

As an element of annual non-employee director compensation, pursuant to the 2004 Omnibus Plan, each non-employee director receives an annual grant of \$60,000 in value of restricted stock on the fourth business day after we release our annual financial results. The number of shares granted is determined by dividing \$60,000 by the fair market value per share of our common stock on the third business day after we release our annual financial results. Accordingly, on March 8, 2011, each non-employee director serving on such date received a grant of \$60,000 in restricted stock. In addition, on May 18, 2011, Mr. Ewing and Mr. Rescoe each received a prorated grant of \$40,000 in restricted stock following their initial election to the Board. In the aggregate, 29,480 shares of restricted stock were granted to non-employee directors during the fiscal year ended December 31, 2011.

On March 6, 2012, each non-employee director received a grant of \$60,000 in restricted stock, calculated in the manner described above.

Equity Compensation Plans

The following table sets forth certain information as of December 31, 2011 with respect to our equity compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance, aggregated by (i) all compensation plans previously approved by our security holders, and (ii) all compensation plans not previously approved by our security holders. The table includes:

the number of securities to be issued upon the exercise of outstanding options and granted non-vested stock;

the weighted-average exercise price of the outstanding options and granted non-vested stock; and

the number of securities that remain available for future issuance under the plans.

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| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance (excluding securities reflected in column (a)) |
|--|---|---|---|
| | (a) | (b) | (c) |
| Equity compensation plans approved by security holders | 1,343,134(1) | \$ 6.48 | 1,603,522 |
| Equity compensation plans not approved by security holders | | | |
| Total | 1,343,134 | \$ 6.48 | 1,603,522 |

- (1) Includes shares underlying options that have been issued pursuant to the 2004 Omnibus Plan as approved by the Company's stockholders. See Note 13 of the consolidated financial statements in our Annual Report for the fiscal year ended December 31, 2011 for information regarding the material features of the 2004 Omnibus Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**Security Ownership of Certain Beneficial Owners**

The following table and notes set forth certain information with respect to the beneficial ownership of shares of our common stock based on Schedule 13G or Schedule 13D filings, as the case may be, as of March 13, 2012, by each person or group within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), who is known to our management to be the beneficial owner of more than five percent of our outstanding common stock and is based upon information provided to us by those persons.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|---|------------------|
| BlackRock, Inc. | | |
| 40 East 52 nd Street, New York, NY 10022 | 8,655,456(1) | 7.36% |
| Michael W. Cook Asset Management, Inc. | | |
| d/b/a SouthernSun Asset Management | | |
| 6000 Poplar Ave., Suite 220, Memphis, TN 38119 | 7,661,960(2) | 6.51% |
| FMR LLC | | |
| 82 Devonshire Street, Boston, MA 02109 | 6,738,900(3) | 5.73% |
| The Vanguard Group, Inc. | | |
| 100 Vanguard Blvd., Malvern, PA 19355 | 6,335,990(4) | 5.39% |

- (1) BlackRock, Inc. is a parent holding company in accordance with Rule 13d-1 (b) (1) (ii) (G) of the Exchange Act and has sole voting and dispositive power with respect to all of the above shares.
- (2) Michael W. Cook Asset Management, Inc. is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and has sole dispositive power with respect to all of the above shares and sole voting power with respect to 6,685,255 of the above shares.
- (3) FMR LLC is a parent holding company in accordance with Section 240.13d-1 (b) (ii) (G) of the Exchange Act. Fidelity Management & Research Company (Fidelity), 82 Devonshire Street, Boston, MA 02109, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of all of the above shares as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. FMR

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LLC and its Chairman, Edward C. Johnson III, through its control of Fidelity, and the funds each has sole

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power to dispose of the 6,738,900 shares owned by the funds. Members of the family of Edward C. Johnson III are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson III has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds Board of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds Boards of Trustees.

- (4) The Vanguard Group, Inc. is an investment adviser in accordance with Section 240.13-d 1 (b)(1)(ii)(E) of the Exchange Act and has sole power to vote or direct votes with respect to 161,114 of the above shares and sole dispositive power with respect to 6,174,876 of the above shares. Vanguard Fiduciary Trust Company (VFTC), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 161,114 of the shares as a result of its serving as investment manager of collective trust accounts. VFTC directs the voting of these shares.

Security Ownership of Management

The following table and notes set forth certain information with respect to the beneficial ownership of shares of our common stock, as of March 13, 2012, by each director, each nominee for director, each named executive officer and by all directors and executive officers as a group:

| Name of Beneficial Owner | Common Stock Owned | Unexercised Plan Options (1) | Common Stock Beneficially Owned (2) | Percent of Common Stock Owned |
|--|--------------------|------------------------------|-------------------------------------|-------------------------------|
| Randall C. Stuewe | 742,752 | 411,398 | 1,154,150 | * |
| O. Thomas Albrecht | 40,106 | 23,000 | 63,106 | * |
| D. Eugene Ewing | 5,860 | 0 | 5,860 | * |
| Robert A. Griffin | 339,851 | 0 | 339,851 | * |
| Neil Katchen | 131,040 | 77,936 | 208,976 | * |
| Charles Macaluso | 30,106 | 23,000 | 53,106 | * |
| John D. March | 18,420 | 11,000 | 29,420 | * |
| John O. Muse | 318,083 | 63,300 | 381,383 | * |
| Michael Rescoe | 5,860 | 0 | 5,860 | * |
| John F. Sterling | 122,826 | 9,714 | 132,540 | * |
| Michael Urbut | 76,106 | 15,000 | 91,106 | * |
| All executive officers and directors as a group (12 persons) | 2,179,137 | 634,348 | 2,813,485 | 2.38% |

* Represents less than one percent of our common stock outstanding.

(1) Represents options that are or will be vested and exercisable within 60 days of March 13, 2012.

(2) Except as otherwise indicated in the column Unexercised Plan Options and footnote 1 and for unvested shares of restricted stock for which recipients have the right to vote but not dispositive power, the persons named in this table have sole voting and investment power with respect to all shares of capital stock shown as beneficially owned by them.

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TRANSACTIONS WITH RELATED PERSONS, PROMOTERS

AND CERTAIN CONTROL PERSONS

Darling, through its wholly-owned subsidiary Griffin Industries, Inc., leases two real properties located in Butler, Kentucky and real properties located in each of Jackson, Mississippi and Henderson, Kentucky from Martom Properties, LLC, an entity owned in part by Martin W. Griffin, our Executive Vice President Chief Operations Officer Griffin Industries. The lease term for each of the Butler properties and the Jackson property is thirty years, and we have the right to renew such leases for two additional terms of ten years each. The annual rental payment for each of the Butler properties is \$30,000 for the first five years of the lease term and is increased by the increase in the consumer price index every five years thereafter. The annual rental payment for the Jackson property is \$221,715 for the first five years of the lease term and is increased by the increase in the consumer price index every five years thereafter. The lease term for the Henderson property is ten years, and we have the right to renew such lease for four additional terms of five years each. The annual rental payment for the Henderson property is \$60,000 for the first five years of the lease term and is increased by the increase in the consumer price index every five years thereafter. Under the terms of each lease, we have a right of first offer and right of first refusal for each of the properties.

In connection with the Griffin transaction, during fiscal 2011 Darling and the former Griffin shareholders made an election as permitted under Section 338(h)(10) of the Code to increase the tax basis of Griffin's tangible and intangible assets to the deemed purchase price of the assets at the time of the acquisition. As a result of the Section 338(h)(10) election and in accordance with the terms of the acquisition agreement, on June 20, 2011 the Company paid the former Griffin shareholders \$13.8 million. The payment was made to a shareholder representative on behalf of all of the former Griffin shareholders. As former Griffin shareholders, Robert Griffin and Martin Griffin would have been entitled to a pro rata share of such payment.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers and any persons who own more than ten percent of our common stock to file with the SEC various reports as to ownership of the common stock. These persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on our review of the copies of the reports furnished to us, the aforesaid Section 16(a) filing requirements were met on a timely basis during fiscal 2011, except for the two instances described below. Due to an inadvertent error, a required Form 4 was not filed on a timely basis to report the sale in the Company's secondary equity offering of shares to which beneficial ownership is attributed to Robert Griffin, an executive officer of the Company. In addition, due to the disruption caused by Hurricane Irene to the operations of the brokerage firm utilized by Neil Katchen, a required Form 4 was not filed on a timely basis to report the sale of shares by Mr. Katchen, an executive officer of the Company. In each such case, the reports were promptly filed after becoming aware of the transactions and the need to report them.

REPORT OF THE AUDIT COMMITTEE

The following report of the audit committee shall not be deemed to be soliciting material or to be filed with the SEC under the Securities Act or the Exchange Act or incorporated by reference in any document so filed.

Under the guidance of a written charter adopted by the Board, the audit committee oversees our management's conduct of the financial reporting process on behalf of our Board. A copy of our audit committee charter can be found on our website at <http://www.darlingii.com/investors.aspx>. The audit committee also appoints the accounting firm to be retained to audit our company's consolidated financial statements, and once retained, the accounting firm reports directly to the audit committee. The audit committee is responsible for approving both audit and non-audit services to be provided by the independent auditors.

Management is responsible for our company's financial reporting process, including the system of internal controls, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States. Our company's independent auditors are responsible for auditing those

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consolidated financial statements and expressing an opinion on the conformity of those consolidated financial statements with accounting principles generally accepted in the United States. The audit committee's responsibility is to monitor and review these processes. It is not the audit committee's duty or responsibility to conduct auditing or accounting reviews.

The audit committee met with management periodically during fiscal 2011 to consider the adequacy of our company's internal controls, and discussed these matters and the overall scope and plans for the audit of our company with our independent auditors, KPMG LLP. The audit committee met with the independent auditors, with and without management present, to discuss the results of their examination, their evaluation of our internal controls and the overall quality of our financial reporting.

The audit committee also discussed with senior management and KPMG LLP our company's disclosure controls and procedures and the certifications by our Chief Executive Officer and Chief Financial Officer, which are required by the SEC under the Sarbanes-Oxley Act of 2002 for certain of our company's filings with the SEC.

In fulfilling its oversight responsibilities, the audit committee reviewed and discussed the audited financial statements in the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 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.

The audit committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States, their judgments as to the quality, not just the acceptability, of our company's accounting principles and other matters as are required to be discussed with the audit committee under auditing standards generally accepted in the United States. In addition, the audit committee has discussed with the independent auditors the auditors' independence from our company and our management, including the matters in the written disclosures and letter which were received by the audit committee from the independent auditors as required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and considered the compatibility of non-audit services with the auditor's independence. The audit committee has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committee, as amended.

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 be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 for filing with the SEC.

THE AUDIT COMMITTEE

Michael Urbut, Chairman
D. Eugene Ewing
John D. March
Michael Rescoe

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**PROPOSAL 2 RATIFICATION OF SELECTION OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTANT**

The audit committee has selected KPMG LLP to serve as our company's independent auditors for the fiscal year ending December 29, 2012. KPMG LLP served as our company's independent registered public accountants for fiscal year 2011 and reported on our company's consolidated financial statements for that year. We are asking our stockholders to ratify our company's selection of KPMG LLP as our independent registered public accountants at the Annual Meeting. Although ratification is not required by our amended and restated bylaws or otherwise, the Board is submitting the selection of KPMG LLP to our stockholders for ratification as a matter of good corporate practice. If the selection is not ratified, the audit committee will consider whether it is appropriate to select another registered public accounting firm. Even if the selection is ratified, the audit committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of our company and our stockholders.

One or more representatives of KPMG LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement and will be available to respond to appropriate questions.

In addition to performing the audit of our consolidated financial statements, KPMG LLP provided various other services during fiscal 2011 and 2010. The aggregate fees billed for fiscal 2011 and 2010 for each of the following categories of services are set forth below:

Audit Fees. The aggregate fees billed or to be billed for professional services rendered by KPMG LLP during the years ended December 31, 2011 and January 1, 2011 for the audit of our financial statements as well as for the audit of our internal controls over financial reporting required by the Sarbanes-Oxley Act of 2002 and the review of our interim financial statements for the years ended December 31, 2011 and January 1, 2011 were \$2,109,000 and \$2,000,000, respectively.

Audit-Related Fees. The aggregate fees billed or to be billed for professional services rendered by KPMG LLP during the years ended December 31, 2011 and January 1, 2011 were \$214,000 and \$416,000, respectively, for services related to the acquisition of Griffin Industries, Inc.

Tax Fees. KPMG LLP did not provide any professional services for tax compliance, tax advice or tax planning for the years ended December 31, 2011 and January 1, 2011.

All Other Fees. There were no fees billed for professional services rendered by KPMG LLP during the years ended December 31, 2011 and January 1, 2011 for services other than those described above as *Audit Fees* and *Audit-Related Fees*.

Pre-approval Policy

The audit committee is required to pre-approve the audit and non-audit services to be performed by the independent auditor in order to assure that the provision of these services does not impair the auditor's independence.

All audit services, audit-related services, tax services and other services provided by KPMG LLP were pre-approved by the audit committee, which concluded that the provision of these services by KPMG LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions, and no services provided by KPMG LLP to us for the year ended December 31, 2011 were non-audit related services. The audit committee charter provides for pre-approval of any audit or non-audit services provided to us by our independent auditors. The audit committee may delegate to its chairman pre-approval authority with respect to all permitted audit and non-audit services, provided that any services pre-approved pursuant to this delegated authority will be presented to the full audit committee at a subsequent committee meeting.

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Required Vote

Ratification of KPMG LLP as our company's independent registered public accountant for the fiscal year ending December 29, 2012 requires the affirmative vote of a majority of the shares of the common stock entitled to vote on the matter (assuming a quorum is present). Abstentions will have the same effect as a vote against the proposal, and broker non-votes may be voted at the discretion of the broker holding the shares.

Recommendation of the Board

The Board recommends that the stockholders vote FOR Proposal 2.

PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) enables our stockholders to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K under the Securities Act and the Exchange Act, including the Compensation Discussion and Analysis, the Summary Compensation Table and related tables and disclosure. At our 2011 annual meeting, our stockholders supported an annual frequency for this advisory vote. As such, the Board has determined that our company will hold this advisory vote on the compensation of our named executive officers each year.

As described in detail under the heading Executive Compensation Compensation Discussion and Analysis, our executive compensation program is designed to reward the achievement of specific annual, long-term and strategic goals and to align executives' interests with those of our stockholders by rewarding performance above established goals with the ultimate objective of improving stockholder value. Stockholders are encouraged to read the Compensation Discussion and Analysis section of this Proxy Statement, beginning on page 17, for a more detailed discussion of our executive compensation program, including information about fiscal year 2011 compensation of our named executive officers.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this Proxy Statement. This proposal, commonly known as a say-on-pay proposal, gives our stockholders the opportunity to express their views on the compensation of our named executive officers. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers. Accordingly, we will ask our stockholders to vote FOR adoption of the following resolution at the Annual Meeting:

RESOLVED, that the stockholders of Darling International Inc. approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with Item 402 of Regulation S-K under the Securities Act and the Exchange Act, including the Compensation Discussion and Analysis, the Summary Compensation Table and related tables and disclosure.

Approval of the above resolution requires the affirmative vote of a majority of the shares of the common stock entitled to vote on the matter (assuming a quorum is present). Abstentions will have the same effect as a vote against the proposal, and broker non-votes may not be voted at the discretion of the broker holding the shares.

The say-on-pay vote is advisory and therefore not binding on our company, the compensation committee or the Board. However, the compensation committee and the Board value the opinions of our stockholders and will carefully consider the outcome of the vote and take into consideration any concerns raised by stockholders when determining future compensation arrangements.

Recommendation of the Board

The Board recommends that the stockholders vote FOR Proposal 3.

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PROPOSAL 4 APPROVAL OF THE 2012 OMNIBUS INCENTIVE PLAN

Introduction

The Compensation Committee of the Board of Directors (the Committee) and the Board of Directors unanimously adopted the 2012 Omnibus Incentive Plan (the 2012 Plan) subject to the approval of our company's stockholders. Currently, the Committee can authorize grants of stock options, stock-based stock appreciation rights (SARs), restricted stock, restricted stock units, performance units, performance shares and cash based awards pursuant to the 2004 Omnibus Incentive Plan (the 2004 Plan). The 2012 Plan, which will permit the Committee to authorize similar grants as under the 2004 Plan, will replace the 2004 Plan for future grants. The 2004 Plan expires in May 2014. At present, 1,071,544 shares remain available for new awards and 1,974,154 shares are subject to existing awards made under the 2004 Plan. In addition, awards under the 2012 Plan, including annual and long-term incentive awards paid to executive officers subject to Section 162(m) of the Code, can be designed to satisfy the requirements of Section 162(m). Awards currently outstanding under the 2004 Plan will continue to be governed by that plan.

The Committee and the Board of Directors have concluded that the adoption of the 2012 Plan is necessary and in the best interests of our company and its stockholders principally because of the significant increase in the size and complexity of our company during 2010 and 2011. In December 2010, our company acquired Griffin Industries, Inc. (the Griffin Transaction). Subsequently, in January 2011, a wholly-owned subsidiary of our company entered into a joint venture agreement with a wholly-owned subsidiary of Valero Energy Corporation (Valero) to form Diamond Green Diesel Holdings LLC (the Joint Venture). The Joint Venture is owned 50/50% with Valero and was formed to design, engineer, construct and operate a renewable diesel plant capable of producing approximately 9,300 barrels per day of renewable diesel in Norco, Louisiana (the Facility). The Facility is scheduled for completion in late 2012 or early 2013 and is expected to convert grease, primarily animal fats and used cooking oil supplied by our company, and potentially other feed stocks that become commercially viable, into renewable diesel. The Griffin Transaction substantially increased the number of employees of our company and the size, geographic scope and complexity of its operations, and the Joint Venture is expected to require management involvement and oversight of this material investment. The Committee and the Board concluded that it is necessary and desirable to adopt a new incentive compensation plan that increases the number of shares available for awards in order to ensure that sufficient award flexibility exists to continue to attract, motivate and retain the skilled personnel, directors and third party service providers required to manage our company with its expanded scope, complexity and operations.

Description of the Plan

The purpose of the 2012 Plan is to attract, retain and motivate employees, directors, and third party service providers of our company and its subsidiaries and to encourage them to have a financial interest in our company.

The 2012 Plan will become effective upon stockholder approval and will terminate ten years later unless sooner terminated.

A summary of the principal features of the 2012 Plan is provided below, but is qualified in its entirety by reference to the full text of the 2012 Plan attached hereto as Annex A.

Plan and Participant Share Limits

The maximum number of shares of common stock issuable under the 2012 Plan is 10,000,000 shares, plus any shares that are available under the 1994 Employee Flexible Stock Option Plan and the Non-Employee Directors Stock Option Plan (both of which have been terminated with respect to new awards) and the 2004 Plan, as of the date of stockholder approval of the 2012 Plan and (i) that exceed the number of shares subject to outstanding awards under the 2004 Plan, the 1994 Employee Flexible Stock Option Plan and the Non-Employee Directors Stock Option Plan and (ii) that are subject to outstanding awards under the 2004 Plan, the 1994 Employee Flexible Stock Option Plan and the Non-Employee Directors Stock Option Plan and, for any reason, are not issued in settlement of such

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awards. Subject to the limit described in the previous sentence, the maximum number of shares that may be issued to non-employee directors is 1,200,000 shares. If the 2012 Plan is approved by our company's stockholders, no additional awards will be made after the date of approval under the 2004 Plan.

Shares are counted against the authorization only to the extent they are actually issued. Thus, awards for shares which terminate by expiration, forfeiture, cancellation, or otherwise, are settled in cash in lieu of shares, or exchanged for awards not involving shares, shall result in shares being again available for grant. Also, if the exercise price or tax withholding requirements of any award are satisfied by tendering shares to our company, or if an SAR is exercised, only the number of shares issued, net of the shares tendered, will be deemed issued under the 2012 Plan. The maximum number of shares will not be reduced to reflect dividends or dividend equivalents that are reinvested into additional shares or credited as additional restricted stock, restricted stock units, performance shares, or other stock-based awards.

The 2012 Plan also imposes annual per-participant award limits, starting with calendar year 2012. The maximum number of shares of common stock with respect to any awards denominated in shares that may be granted to any person in any calendar year is 275,000. The maximum aggregate grant to any person in any calendar year of cash-based awards is \$4,250,000.

The number and kind of shares that may be issued, the number and kind of shares subject to outstanding awards, the exercise price or grant price applicable to outstanding awards, the annual per-participant award limits, and other value determinations are subject to adjustment by the Committee to reflect a merger, amalgamation, statutory share exchange, consolidation, reorganization, separation, stock dividend, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, dividend in kind, or other like change in capital structure (other than normal cash dividends), or any similar corporate event or transaction and to prevent dilution or enlargement of participants' rights under the Plan. The Committee may also make appropriate adjustment to awards under the Plan to reflect, or relate to, such changes and to modify any other terms of outstanding awards.

Administration

The Committee is responsible for administering the 2012 Plan and has the discretionary power to interpret the terms and intent of the 2012 Plan and any 2012 Plan related documentation, to determine eligibility for awards and the terms and conditions of awards, and to adopt rules, forms, instruments, and guidelines. Determinations of the Committee made under the 2012 Plan are final and binding. The Committee may delegate administrative duties and powers to one or more of its members or to one or more officers, agents, or advisors.

Eligibility

Employees, non-employee directors, and third party service providers of our company and its subsidiaries who are selected by the Committee are eligible to participate in the 2012 Plan.

Stock Options

The Committee may grant both incentive stock options (ISOs) and nonqualified stock options (NQSOs) under the 2012 Plan. Eligibility for ISOs is limited to employees of our company and its subsidiaries. The exercise price for options and the term of any option is determined by the Committee at the time of the grant; provided, however that in the case of an ISO, the aggregate fair market value (determined as of the time of such grant) of the shares with respect to which such ISO is exercisable for the first time by a participant during any calendar year shall not exceed \$100,000. Moreover, in respect to any stock option, the per-share exercise price of such stock option shall not be less than 100% of the fair market value of a share (or if the stock option is intended to qualify as an ISO and the recipient is a 10% stockholder, then not less than 110%) and the latest expiration date of such stock option is the tenth anniversary of the date of the grant (or if the stock option is intended to qualify as an ISO and the recipient is a 10% stockholder, then the fifth anniversary). Fair market value under the 2012 Plan is generally defined as the closing price of a share of common stock on the New York Stock Exchange (or if the shares are listed on another national securities exchange or quoted on the National Association of Securities Dealers

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Automated Quotation System (NASDAQ), on such exchange or system), or if there was no trading of shares on such date, on the next preceding date on which there was trading in the shares. The exercise price is to be paid with cash or by other means approved by the Committee.

Stock Appreciation Rights

The Committee may grant SARs under the 2012 Plan either alone or in tandem with stock options. Upon exercise of an SAR, the holder will have a right to receive the difference between the fair market value of one share on the date of the exercise and the grant price as specified by the Committee on the date of such grant. The grant price, methods of exercise, and methods of settlement will be determined by the Committee; however, tandem SARs must be exercised by relinquishing the related portion of the tandem option.

Restricted Stock and Restricted Stock Units

The Committee may award restricted common stock and restricted stock units. Restricted stock awards consist of shares of stock that are transferred to the participant subject to restrictions that may result in forfeiture if specified conditions are not satisfied. A restricted stock unit award is an award denominated in shares of common stock which is credited to a notional account. The value of the account is transferred to the participant only after specified conditions are satisfied. A holder of restricted stock is entitled to voting rights and the right to receive dividends, whereas the holder of a restricted stock unit award has no voting rights or rights to receive dividends. The Committee will determine the restrictions and conditions applicable to each award of restricted stock or restricted stock units. If the grant, lapse of restrictions or conditions applicable to an award of restricted stock or restricted stock units depends upon the achievement of performance goals over a performance period, the awards are referred to as performance stock or performance units , respectively.

Other Stock-Based Awards

The Committee may grant other equity-based or equity-related awards, referred to as other stock-based awards not otherwise described in the 2012 Plan. The terms and conditions of each other stock-based award shall be determined by the Committee.

Dividend Equivalents

Under the 2012 Plan, the Committee may grant participants dividend equivalents based on the dividends declared on shares that are subject to any award. Dividend equivalents will be credited as of dividend payment dates during the period between the date such award is granted and the date such award is exercised, vested, expired, credited or paid.

Non-Employee Director Awards

The Board or the Committee, under the 2012 Plan, may grant awards to non-employee directors as it shall determine, including awards granted in satisfaction of annual fees that are otherwise payable to such directors. As an element of annual non-employee director compensation, it is our company s current policy that each non-employee director receives an annual grant of \$60,000 in value of restricted stock on the fourth business day after we release our annual financial results.

Cash-Based Awards

The Committee may grant awards denominated in cash under the 2012 Plan in such amounts and subject to such terms and conditions as the Committee may determine.

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Performance-Based Compensation

The Committee can design any award such that the amounts or shares payable or distributed are treated as qualified performance based compensation within the meaning of Section 162(m) of the Code and related regulations. Such awards will be earned only if performance goals over performance periods established by the Committee are met, and awards can only be granted, vested or paid if the Committee certifies in writing that such performance goals and any other material terms applicable to such performance period have been satisfied. The performance goals will be based upon one or more of the following performance measurements:

Net income (before or after taxes);

Earnings per share (before or after taxes, interest, depreciation and/or amortization);

Net sales growth;

Net operating profit;

Return measures (including, but not limited to, return on assets, capital, invested capital, equity, or sales);

Cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on equity);

Gross or operating margins;

Productivity ratios;

Share price (including, but not limited to, growth measures and total shareholder return);

Expense targets;

Operating efficiency;

Customer satisfaction;

Working capital targets;

Economic value added or EVA[®] (net operating profit after tax minus the sum of capital multiplied by the cost of capital);

Account growth;

Service revenue; and

Capital expenditures.

No later than 90 days after the commencement of a performance period (but in no event after twenty-five percent (25%) of such performance period has elapsed), the Committee shall establish in writing the performance goals, the performance measures, the method of computing compensation and the participants to which such performance goals apply. When establishing performance goals for any award to a covered employee, the Committee may include or exclude any of the following events: asset write-downs, litigation, claims, judgments, or settlements; the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; any reorganization and restructuring programs; acquisitions or divestitures; foreign exchange gains or losses;

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and other extraordinary items which must be described in our company's audited financial statements and/or in the Management's Discussion and Analysis section of our company's annual report on Form 10-K.

Awards that are designed to qualify as performance-based compensation may not be adjusted upward. However, the Committee has the discretion to adjust these awards downward.

Termination of Employment

Each award agreement will specify the effect of a holder's termination of employment with, or service for, our company, including the extent to which unvested portions of the award will be forfeited and the extent to which options, SARs, or other awards requiring exercise will remain exercisable. Such provisions will be determined in the Committee's sole discretion.

Treatment of Awards upon a Change of Control

If there is a change of control of our company, unless the Committee otherwise determines (or unless prohibited by law), all time-vested equity awards vest and become exercisable and all performance-based awards vest and become exercisable and are considered earned based on target performance. Awards are to be paid out or distributed within thirty days of a change of control in cash, shares, other securities or any combination, as determined by the Committee, and shall be terminated as to any unexercised portion upon consummation of the change of control. However, if the award is denominated in shares, the amount distributed or paid will be the difference between the fair market value of the shares on the date of the change of control and, if applicable, the exercise price, grant price or unpaid purchase price as of the date of the change of control. With respect to any award of restricted stock, the applicable restrictions will lapse.

Under the 2012 Plan, a change in control is triggered if there is an acquisition of 30% or more of the outstanding shares or the voting power of the outstanding securities generally entitled to vote in the election of directors; with certain exceptions, individuals on the board on the date of effectiveness of the plan cease to constitute a majority of the board; there is consummation of a reorganization, merger, amalgamation, statutory share exchange, consolidation or like event or sale to which our company is a party or a disposition of all or substantially all of our company's assets, unless our company's stockholders continue to own more than 50% of the outstanding voting securities; no person beneficially owns 30% or more of the outstanding securities of our company; and at least a majority of the members of the board of directors after such event were members of the board prior to the event, or there is a complete liquidation or dissolution of our company.

Amendment of Awards or Plan and Adjustment of Awards

The Committee may at any time alter, amend, modify, suspend, or terminate the 2012 Plan or any outstanding award in whole or in part. No amendment of the 2012 Plan will be made without stockholder approval if stockholder approval is required by law. No stock option, SAR, or analogous other stock-based award may be repriced, replaced or regranted through cancellation or by lowering the exercise price or grant price without stockholder approval. No amendment may adversely affect in any material way an award previously granted without written consent of the participant holding such award.

Federal Tax Effects

The following discussion summarizes certain federal income tax consequences of the issuance and receipt of options under the 2012 Plan under the law as in effect on the date of this proxy statement. The summary does not purport to cover all federal employment tax or other federal tax consequences that may be associated with the 2012 Plan, nor does it cover state, local, or non-U.S. taxes.

ISOs. ISOs granted under the 2012 Plan are intended to meet the definitional requirements of Section 422(b) of the Code for incentive stock options. An employee who receives an ISO does not recognize any taxable

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income upon the grant of such ISO. Similarly, the exercise of an ISO generally does not give rise to federal income tax to the employee, provided that (i) the federal alternative minimum tax, which depends on the employee's particular tax situation, does not apply and (ii) the employee is employed by our company from the date of grant of the option until three months prior to the exercise thereof, except where such employment terminates by reason of disability (where the three month period is extended to one year) or death (where this requirement does not apply). If an employee exercises an ISO after these requisite periods, the ISO will be treated as an NQSO and will be subject to the rules set forth below under the caption NQSOs and SARs.

Further, if after exercising an ISO, an employee disposes of our common stock so acquired more than two years from the date of grant and more than one year from the date of transfer of the common stock pursuant to the exercise of such ISO (the applicable holding period), the employee will generally recognize a long-term capital gain or loss equal to the difference, if any, between the amount received for the shares and the exercise price. If, however, an employee does not hold the shares so acquired for the applicable holding period thereby making a disqualifying disposition the employee would recognize ordinary income equal to the excess of the fair market value of the shares at the time the ISO was exercised over the exercise price and the balance, if any, income would be long-term capital gain (provided the holding period for the shares exceeded one year and the employee held such shares as a capital asset at such time). If the disqualifying disposition is a sale or exchange that would permit a loss to be recognized under the Code (were a loss in fact to be realized), and the sales proceeds are less than the fair market value of the shares on the date of exercise, the employee's ordinary income therefrom would be limited to the gain (if any) realized on the sale.

Our company will not be allowed a federal income tax deduction upon the grant or exercise of an ISO or the disposition, after the applicable holding period, of our common stock acquired upon exercise of an ISO. In the event of a disqualifying disposition, we generally will be entitled to a deduction in an amount equal to the ordinary income included by the employee, provided that such amount constitutes an ordinary and necessary business expense to us and is reasonable and the limitations of Sections 280G and 162(m) of the Code (discussed below) do not apply.

NQSOs and SARs. NQSOs granted under the 2012 Plan are options that do not qualify as ISOs. A participant who receives an NQSO or an SAR will not recognize any taxable income upon the grant of such NQSO or SAR. However, the participant generally will recognize ordinary income upon exercise of an NQSO in an amount equal to the excess of the fair market value of the shares of our common stock at the time of exercise over the exercise price. Similarly, upon the receipt of cash or shares pursuant to the exercise of an SAR, the participant generally will recognize ordinary income in an amount equal to the sum of the cash and the fair market value of the shares received.

A federal income tax deduction generally will be allowed to our company in an amount equal to the ordinary income included by the individual with respect to his or her NQSO or SAR, provided that such amount constitutes an ordinary and necessary business expense to our company and is reasonable and the limitations of Sections 280G and 162(m) of the Code do not apply.

Other Awards. With respect to other awards under the 2012 Plan that are settled either in cash or in shares of our common stock that are either transferable or not subject to a substantial risk of forfeiture (as defined in the Code and the regulations thereunder), employees generally will recognize ordinary income equal to the amount of cash or the fair market value of the common stock received.

With respect to awards under the 2012 Plan that are settled in shares of our common stock that are restricted as to transferability or subject to a substantial risk of forfeiture absent a written election pursuant to Section 83(b) of the Code filed with the Internal Revenue Service within 30 days after the date of issuance of such shares pursuant to the award (a Section 83(b) election) an individual will recognize ordinary income at the earlier of the time at which (i) the shares become transferable or (ii) the restrictions that impose a substantial risk of forfeiture of such shares lapse, in an amount equal to the excess of the fair market value (on such date) of such shares over the price paid for the award, if any. If a Section 83(b) election is made, the individual will recognize ordinary income, as of the issuance date, in an amount equal to the excess of the fair market value of the common stock as of that date over the price paid for such award, if any.

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Our Company generally will be allowed a deduction for federal income tax purposes in an amount equal to the ordinary income recognized by the employee, provided that such amount constitutes an ordinary and necessary business expense and is reasonable and the limitations of Sections 280G and 162(m) of the Code do not apply.

Dividends and Dividend Equivalents. To the extent awards under the 2012 Plan earn dividends or dividend equivalents, whether paid currently or credited to an account established under the 2012 Plan, an individual generally will recognize ordinary income with respect to such dividends or dividend equivalents.

Change of Control. In general, if the total amount of payments to an individual that are contingent upon a change of control of our company (within the meaning of Section 280G of the Code), including payments under the 2012 Plan that vest upon a change of control, equals or exceeds three times the individual's base amount (generally, such individual's average annual compensation for the five calendar years preceding the change of control), then, subject to certain exceptions, the portion of such payments in excess of the base amount may be treated as parachute payments under the Code, in which case a portion of such payments would be non-deductible to us and the individual would be subject to a 20% excise tax on such portion of the payments.

Certain Limitations on Deductibility of Executive Compensation. With certain exceptions, Section 162(m) of the Code denies a deduction to publicly held corporations for compensation paid to certain executive officers in excess of \$1 million per executive per taxable year (including any deduction with respect to the exercise of an NQSO or SAR or the disqualifying disposition of stock purchased pursuant to an ISO). One such exception applies to certain performance-based compensation provided that such compensation has been approved by stockholders in a separate vote and certain other requirements are met. If approved by our stockholders, we believe that stock options, SARs and awards designed as performance-based compensation granted under the 2012 Plan should qualify for the performance-based compensation exception to Section 162(m).

Requirements Regarding Deferred Compensation. Certain of the awards under the 2012 Plan may constitute deferred compensation within the meaning of Section 409A of the Code, a provision governing non-qualified deferred compensation plans. Failure to comply with the requirements of the provisions of the Code regarding participant elections and the timing of payment distributions could result in the affected participants being required to recognize ordinary income for tax purposes earlier than the times otherwise applicable as described in the above discussion and to pay substantial penalties. Generally, stock options and SARs settled in shares of our common stock with a per share exercise or grant price equal to the fair market value of a share of our common stock on the date of grant as well as restricted stock awards would not be subject to the requirements of Section 409A of the Code.

Required Vote

Approval of the 2012 Omnibus Incentive Plan requires the affirmative vote of a majority of the shares of the common stock entitled to vote on the matter (assuming a quorum is present). Abstentions will have the same effect as a vote against the proposal, and broker non-votes may not be voted at the discretion of the broker holding the shares.

Recommendation of the Board

The Board recommends that the stockholders vote FOR Proposal 4.

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OTHER MATTERS

Our management is not aware of any other matters to be presented for action at the Annual Meeting; however, if any matters are properly presented for action, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their best judgment on these matters.

HOUSEHOLDING OF PROXY MATERIAL

The SEC has adopted rules that permit companies and intermediaries (e.g., banks, brokers, trustees or other nominees) to satisfy the delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies. Each stockholder who participates in householding will continue to receive a separate proxy card.

A number of brokers with account holders who are our stockholders will be householding our proxy materials. A single proxy statement report will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, please notify your bank, broker, trustee or other nominee and direct a written request to Darling International Inc., Attn: Investor Relations, 251 O Connor Ridge Boulevard, Suite 300, Irving, Texas 75038 or an oral request by telephone at (972) 717-0300. If any stockholders in your household wish to receive a separate copy of this Proxy Statement, they may call or write to Investor Relations and we will promptly provide additional copies. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their bank, broker, trustee or other nominee.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC website at www.sec.gov. You also may obtain free copies of the documents we file with the SEC, including this Proxy Statement, by going to the Investors page of our corporate website at www.darlingii.com. Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this Proxy Statement, and therefore is not incorporated herein by reference.

Any person, including any beneficial owner, to whom this Proxy Statement is delivered may request copies of proxy statements or other information concerning us, without charge, by written or telephonic request directed to Darling International Inc., 251 O Connor Ridge Boulevard, Suite 300, Irving, Texas 75038, Attn: Investor Relations or by telephone at (972) 717-0300, or by email to ir@darlingii.com; or from our proxy solicitor, Georgeson Inc., by telephone toll-free at 1-800-790-6795. Such information is also available from the SEC through the SEC website at the address provided above.

THIS PROXY STATEMENT DOES NOT CONSTITUTE THE SOLICITATION OF A PROXY IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM OR FROM WHOM IT IS UNLAWFUL TO MAKE A PROXY SOLICITATION IN THAT JURISDICTION. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROXY STATEMENT TO VOTE YOUR SHARES OF THE COMPANY'S COMMON STOCK AT THE ANNUAL MEETING. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM WHAT IS CONTAINED IN THIS PROXY STATEMENT. THIS PROXY STATEMENT IS DATED MARCH 28, 2012. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROXY STATEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, AND THE MAILING OF THIS PROXY STATEMENT TO STOCKHOLDERS DOES NOT CREATE ANY IMPLICATION TO THE CONTRARY.

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ADDITIONAL INFORMATION

Stockholder Proposals for Inclusion in Our 2013 Annual Meeting Proxy Statement and Proxy Card

Any stockholder proposal to be considered by us for inclusion in our 2013 Proxy Statement and form of proxy card for next year's Annual Meeting of Stockholders, expected to be held in May 2013, must be received by our Secretary at our principal executive offices located at 251 O Connor Ridge Boulevard, Suite 300, Irving, Texas 75038, no earlier than January 8, 2013 (120 days prior to the first anniversary of the date of the 2012 Annual Meeting) and no later than February 7, 2013 (90 days prior to the first anniversary of the date of the 2012 Annual Meeting). To submit a stockholder proposal, a stockholder must be a stockholder of record of our company at the time of the above notice of proposal, must be entitled to vote at the 2013 Annual Meeting and must comply with the notice procedures set forth in our company's bylaws. The SEC rules set forth standards as to what stockholder proposals are required to be included in a Proxy Statement.

By Order of the Board,

John F. Sterling
Secretary

Irving, Texas

March 28, 2012

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ANNEX A

2012 Omnibus Incentive Plan

Darling International Inc.

Effective May 8, 2012

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DARLING INTERNATIONAL INC.

2012 OMNIBUS INCENTIVE PLAN

ARTICLE 1

ESTABLISHMENT, PURPOSE, ELIGIBILITY

1.1 **Establishment.** Darling International Inc., a Delaware corporation (hereinafter referred to as the Company), hereby establishes the 2012 Omnibus Incentive Plan (hereinafter referred to as the Plan) as set forth in this document. The Plan shall become effective upon shareholder approval (the Effective Date).

1.2 **Purpose of the Plan.** The purpose of the Plan is to attract, retain and motivate Employees, Directors, and Third Party Service Providers of the Company and its Subsidiaries and Affiliates and to encourage them to have a financial interest in the Company.

1.3 **Awards.** The Plan permits the grant of Stock Options, Stock Appreciation Rights, Restricted Stock (including Performance Stock), Restricted Stock Units (including Performance Units), Other-Stock Based Awards, Non-Employee Director Awards, Dividend Equivalents, and Cash-Based Awards. The Plan sets forth the performance goals and procedural requirements to permit the Company to design Awards that qualify as Performance-Based Compensation.

1.4 **Eligibility and Participation.** Any Employee, Non-employee Director, or Third Party Service Provider is eligible to be designated a Participant. An individual shall become a Participant upon the grant of an Award. Each Award shall be evidenced by an Award Agreement. No individual shall have the right to be selected to receive an Award under the Plan, or, having been so selected, to be selected to receive a future Award.

ARTICLE 2

DEFINITIONS

Whenever capitalized in the Plan, the following terms shall have the meanings set forth below.

2.1 **Affiliate** means any corporation or other entity, whether domestic or foreign, in which a Person has or obtains directly or indirectly the ability to vote to seat a majority of the board of directors or comparable governing body; *provided, however*, to the extent that Awards must cover service recipient stock in order to comply with Section 409A of the Code, Affiliate shall be limited to those entities which could qualify as an eligible issuer under Section 409A of the Code. A Person that attains the status of Affiliate on a date after the Effective Date shall be considered an Affiliate commencing as of such date.

2.2 **Annual Award Limit** shall have the meaning set forth in Section 4.3.

2.3 **Award** means, individually or collectively, any Stock Option, Stock Appreciation Right, Restricted Stock (including any Performance Stock), Restricted Stock Unit (including any Performance Unit), Dividend Equivalent, Cash-Based Award, Other Stock-Based Award or Non-employee Director Award that is granted under the Plan.

2.4 **Award Agreement** means either (a) a written agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under this Plan, or (b) a written statement issued by the Company to a Participant describing the terms and provisions of such Award.

2.5 **Beneficial Owner or Beneficial Ownership** shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.6 **Board of Directors** means the Board of Directors of the Company.

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2.7 **Cash-Based Award** means any right granted under Article 11.

2.8 **Change of Control** means the occurrence of any of the following events:

(a) Any Person becomes the Beneficial Owner of thirty percent (30%) or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of its Directors (the **Outstanding Company Voting Securities**); *provided, however,* that for purposes of this Section 2.8, the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, including without limitation, a public offering of securities; (ii) any acquisition by the Company or any of its Subsidiaries or Affiliates; (iii) any acquisition by any employee benefit plan or related trust sponsored or maintained by the Company or any of its Subsidiaries or Affiliates; or (iv) any acquisition by any Person pursuant to a transaction which complies with clauses (i), (ii), and (iii) of Section 2.8(c).

(b) Individuals who constitute the Board of Directors as of the Effective Date (the **Incumbent Board**) cease for any reason to constitute at least a majority of the Board of Directors; *provided, however,* that any individual becoming a Director subsequent to the Effective Date whose election to the Board of Directors, or nomination for election by one or more of the Company's shareholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election or removal of any Directors of the Company or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors;

(c) Consummation of a reorganization, merger, amalgamation, statutory share exchange, consolidation or like event to which the Company is a party or a sale or other disposition of all or substantially all of the assets of the Company (a **Business Combination**), unless, following such Business Combination: (i) all or substantially all of the individuals and entities who were the Beneficial Owners of Outstanding Company Voting Securities immediately prior to such Business Combination are the Beneficial Owners, directly or indirectly, of more than fifty percent (50%) of the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors (or election of members of a comparable governing body) of the entity resulting from the Business Combination (including, without limitation, an entity which as a result of such transaction owns all or substantially all of the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries) (the **Successor Entity**) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Voting Securities; (ii) no Person (excluding any Successor Entity or any employee benefit plan or related trust of the Company, such Successor Entity, or any of their Subsidiaries) is the Beneficial Owner, directly or indirectly, of thirty percent (30%) or more of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or comparable governing body) of the Successor Entity, except to the extent that such ownership existed prior to the Business Combination; and (iii) at least a majority of the members of the board of directors (or comparable governing body) of the Successor Entity were members of the Incumbent Board (including persons deemed to be members of the Incumbent Board by reason of the proviso of Section 2.8(b)) at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination; or

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

2.9 **Code** means the U.S. Internal Revenue Code of 1986, as amended from time to time.

2.10 **Committee** means the compensation committee of the Board of Directors, or any other committee designated by the Board of Directors to administer this Plan. To the extent applicable, the Committee shall have at least two members, each of whom shall be (a) a person defined as a non-employee director in Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor definition adopted by the Securities and Exchange Commission, (b) an outside director within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder and (c) an independent director within the meaning of the listing requirements of any exchange on which the Company is listed.

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- 2.11 **Company** means Darling International Inc., a Delaware corporation, and any successor thereto.
- 2.12 **Covered Employee** means for any Plan Year, a Participant designated by the Company as a potential **covered employee**, as such term is defined in Section 162(m) of the Code and the regulations promulgated thereunder, or any successor statute.
- 2.13 **Director** means any individual who is a member of the Board of Directors of the Company.
- 2.14 **Dividend Equivalent** means any right granted under Article 9.
- 2.15 **Effective Date** has the meaning set forth in Section 1.1.
- 2.16 **Employee** means any employee of the Company, a Subsidiary or an Affiliate.
- 2.17 **Exchange Act** means the Securities Exchange Act of 1934, as amended from time to time.
- 2.18 **Extraordinary Items** means (a) extraordinary, unusual, and/or nonrecurring items of gain or loss; (b) gains or losses on the disposition of a business; (c) changes in tax or accounting regulations or laws; (d) the effect of a merger or acquisition; (e) the effects of ASC 715; or (f) the effects of ASC 815: all of which must be identified in the audited financial statements, including footnotes, or Management's Discussion and Analysis section of the Company's annual report on Form 10-K, as promulgated under the regulations of the Securities and Exchange Commission.
- 2.19 **Fair Market Value** means the (i) closing price of a Share on the New York Stock Exchange (or if the Shares are listed on another national securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System (**NASDAQ**)), on such exchange or system), or if there was no trading of Shares on such date, on the next preceding date on which there was trading in the Shares, (ii) if the Shares are not then listed on a national stock exchange but are then traded on an over-the-counter market, the average of the bid and asked prices for the Shares in such over-the-counter market on such date, or if there was no trading of Shares on such date, on the next preceding date on which there was trading in the Shares, or (iii) if Shares are not then listed on a national exchange or NASDAQ or traded on an over-the-counter market, such value as the Committee in its sole discretion establishes for purposes of granting Awards under the Plan.
- 2.20 **Incentive Stock Option** means a Stock Option to purchase Shares granted under Article 5 to an Employee and that is designated as an incentive stock option and that is intended to meet the requirements of Code Section 422, as it may be amended or modified.
- 2.21 **Non-Employee Director** means a Director who is not an Employee.
- 2.22 **Non-Employee Director Award** means any Award granted to a Non-Employee Director under Article 10.
- 2.23 **Nonqualified Stock Option** means a Stock Option that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements.
- 2.24 **Option Price** means the purchase price per Share subject to a Stock Option, as determined pursuant to Article 5 of the Plan.
- 2.25 **Other Stock-Based Award** means any right granted under Article 8.
- 2.26 **Participant** means any eligible person as set forth in Section 1.4 to whom an Award is granted.
- 2.27 **Performance-Based Compensation** means compensation under an Award that is intended to constitute qualified performance based compensation within the meaning of the regulations promulgated under Section 162(m) of the Code or any successor provision.

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- 2.28 **Performance Measures** means measures as described in Section 12.1 on which the performance goals are based and which are approved by the Company's shareholders pursuant to this Plan in order to qualify Awards as Performance-Based Compensation.
- 2.29 **Performance Period** means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.
- 2.30 **Performance Stock** means a Share of Restricted Stock as described in Section 7.3.
- 2.31 **Performance Unit** means a Restricted Stock Unit as described in Section 7.3.
- 2.32 **Person** shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a group as defined in Section 13(d) thereof.
- 2.33 **Plan** means the Darling International Inc. 2012 Omnibus Incentive Plan.
- 2.34 **Plan Year** means the Company's fiscal year, which is the 52/53 week fiscal year ending on the Saturday nearest to December 31.
- 2.35 **Prior Plans** means the Company's 1994 Employee Flexible Stock Option Plan, Non-Employee Directors Stock Option Plan and 2004 Omnibus Incentive Plan.
- 2.36 **Restricted Stock** means any Share granted under Article 7.
- 2.37 **Restricted Stock Unit** means any right granted under Article 7.
- 2.38 **Restriction Period** means the period during which Restricted Stock awarded under Article 7 of the Plan is subject to forfeiture.
- 2.39 **Share** means a share of common stock of the Company, \$0.01 par value per share.
- 2.40 **Stock Appreciation Right** means any right granted under Article 6.
- 2.41 **Stock Option** means any right granted under Article 5.
- 2.42 **Subsidiary** means any corporation, partnership, limited liability company or other entity, whether domestic or foreign, of which the Company owns stock or other equity interests possessing fifty percent (50%) or more of the total combined voting power of all classes of stock or other equity interests generally entitled to vote in the election of directors (as determined in a manner consistent with Section 409A of the Code).
- 2.43 **Ten Percent Shareholder** means a Person who owns (after the application of the attribution rules of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company generally entitled to vote in the election of directors, its parent corporation or any subsidiary corporation (as such terms are defined in Section 424 of the Code).
- 2.44 **Third Party Service Provider** means any consultant, agent, advisor, or independent contractor who renders services to the Company, a Subsidiary or an Affiliate that (a) are not in connection with the offer and sale of the Company's securities in a capital raising transaction, and (b) do not directly or indirectly promote or maintain a market for the Company's securities.

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ARTICLE 3

ADMINISTRATION

3.1 **General.** The Committee shall be responsible for administering the Plan, subject to this Article 3 and the other provisions of the Plan.

3.2 **Authority of the Committee.** The Committee shall have full and exclusive discretionary power to (a) interpret the terms and the intent of the Plan and any Award Agreement or other agreement or document ancillary to or in connection with the Plan; (b) determine eligibility for Awards; and (c) adopt such rules, forms, instruments, and guidelines for administering the Plan as the Committee deems necessary or proper. The Committee's authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including the terms and conditions set forth in Award Agreements, and, subject to Section 14.3, adopting modifications and amendments to any Award Agreement. Notwithstanding anything in this Section to the contrary, the Board of Directors is hereby authorized (in addition to any necessary action by the Committee) to grant or approve Awards as necessary to satisfy the requirements of Section 16 of the Exchange Act and the rules and regulations thereunder and to act in lieu of the Committee with respect to Awards made to Non-Employee Directors under the Plan. All actions taken and all interpretations and determinations made by the Committee or by the Board of Directors, as applicable, shall be final and binding upon the Participants, the Company, and all other interested individuals.

3.3 **Advisors.** The Committee may employ attorneys, consultants, accountants, agents, and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions, or valuations of any such individuals.

3.4 **Delegation.** The Committee may delegate to one or more of its members, one or more officers of the Company or any of its Subsidiaries or Affiliates, and one or more agents or advisors such administrative duties or powers as it may deem advisable; *provided, however*, that the Committee shall not delegate to officers of the Company the power to make grants of Awards to officers of the Company or any of its Subsidiaries or Affiliates.

ARTICLE 4

SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS

4.1 Number of Shares Available for Awards.

(a) **General.** Subject to adjustment as provided in Section 4.4, the maximum number of Shares available for issuance to Participants pursuant to Awards under the Plan shall be 10,000,000 Shares, plus any Shares that are available under the Prior Plans as of the Effective Date and (i) that exceed the number of Shares subject to outstanding awards under the Prior Plans and (ii) that are subject to outstanding awards under the Prior Plans and, for any reason, are not issued in settlement of such awards under the Prior Plans. The Shares available for issuance under the Plan may be authorized and unissued Shares or treasury Shares.

(b) **Non-Employee Director Awards.** Subject to the limit set forth in Section 4.1(a), the maximum number of Shares that may be issued to Non-Employee Directors shall be 1,200,000 Shares.

4.2 Share Usage.

(a) **General.** Shares shall be charged against the total number of Shares available for Awards and the Annual Award Limits on the date of grant to the extent such Awards are denominated in Shares and on the date of settlement for any other Award which is settled in Shares; *provided, however*, that in the case of a Stock Appreciation Right granted in tandem with a Stock Option, only the number of Shares subject to the Stock Option shall be counted.

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(b) **Awards Not Settled in Shares.** If all or a portion of an Award denominated in Shares is not settled in Shares, such Shares that are not actually issued and delivered to a Participant (or, if permitted by the Committee, to a Participant's designated transferee) shall not be counted against the total number of Shares available for Awards but shall continue to be counted for purposes of the Annual Award Limits.

(c) **Cancelled/Forfeited Awards.** Any Shares related to Awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or are exchanged, prior to the issuance of Shares, for Awards not involving Shares shall be available again for grant under the Plan.

(d) **Stock Options.** To the extent the Committee permits the exercise price of any Stock Option (or related tax withholding) to be satisfied by tendering Shares to the Company (by either actual delivery or by attestation), only the number of Shares issued, net of the Shares tendered, if any, will be deemed delivered for purposes of determining the maximum number of Shares available for delivery under the Plan.

(e) **Dividends or Dividend Equivalents.** The maximum number of Shares available for issuance under the Plan shall not be reduced to reflect any dividends or Dividend Equivalents paid in respect of Awards made under the Plan that are settled or reinvested in Shares or additional Awards.

(f) **Corporate Transactions.** If the Committee authorizes the issuance or assumption under this Plan of awards granted under another plan in connection with any merger, amalgamation, statutory share exchange, consolidation, acquisition of property or stock, or reorganization, such authorization shall not reduce the maximum number of Shares available for issuance under this Plan; *provided, however*, that if any of the assumed awards are Incentive Stock Options such assumed Incentive Stock Options shall reduce the maximum number of Shares that may be issued pursuant to the exercise of an Incentive Stock Option.

4.3 **Annual Award Limits.** Unless and until the Committee determines that an Award to a Covered Employee is not intended to qualify as Performance-Based Compensation, the following limits (each an Annual Award Limit and collectively, Annual Award Limits) shall apply to grants of Awards under the Plan:

(a) **Awards Denominated in Shares.** The maximum number of Shares with respect to which Awards denominated in Shares are granted to any Participant in any Plan Year shall be two-hundred seventy-five thousand (275,000) Shares in the aggregate for all such Awards.

(b) **Awards Denominated in Cash.** The maximum amount of Cash with respect to which Awards denominated in Cash that are granted to any Participant in any Plan Year shall be four million, two-hundred fifty thousand dollars (\$4,250,000) in the aggregate for all such Awards.

4.4 **Adjustments in Authorized Shares.** In the event of any corporate event or transaction (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, amalgamation, statutory share exchange, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, split up, spin-off, combination of Shares, exchange of Shares, dividend in kind, or other like change in capital structure (other than normal cash dividends) of the Company, or any similar corporate event or transaction, the Committee, to prevent dilution or enlargement of Participants' rights under the Plan, shall substitute or adjust, as applicable, the number and kind of Shares that may be issued under the Plan or under particular forms of Awards, the number and kind of Shares subject to outstanding Awards, the exercise price or grant price applicable to outstanding Awards, the Annual Award Limits, and other value determinations applicable to outstanding Awards.

The Committee, in its sole discretion, may also make appropriate adjustments in the terms of any Awards under the Plan to reflect or related to such changes and to modify any other terms of outstanding Awards, including modifications of performance goals and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

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The Committee may authorize the issuance or assumption of awards granted under another plan in connection with any merger, amalgamation, statutory share exchange, consolidation, acquisition of property or stock or reorganization upon such terms and conditions as it may deem appropriate.

ARTICLE 5

STOCK OPTIONS

5.1 Grant of Stock Options. The Committee is hereby authorized to grant Stock Options to Participants. Each Stock Option shall permit a Participant to purchase from the Company a stated number of Shares at an Option Price established by the Committee, subject to the terms and conditions described in this Article 5 and to such additional terms and conditions, as established by the Committee, in its sole discretion, that are consistent with the provisions of the Plan. Stock Options shall be designated as either Incentive Stock Options or Nonqualified Stock Options. Pursuant to Section 6.1, Stock Options may be granted in tandem with Stock Appreciation Rights. Neither the Committee, the Company, any of its Subsidiaries or Affiliates, nor any of their employees and representatives shall be liable to any Participant or to any other Person if it is determined that a Stock Option (or any portion thereof) intended to be an Incentive Stock Option does not qualify as an Incentive Stock Option. Each Stock Option shall be evidenced by an Award Agreement which shall state the number of Shares covered by such Option and the Option Price per Share subject to such Option. Such Award Agreement shall conform to the requirements of the Plan, and may contain such other provisions as the Committee shall deem advisable.

5.2 Stock Option Terms. The Option Price shall be determined by the Committee at the time of grant; *provided, however*, subject to Section 5.7, the Option Price shall not be less than one-hundred percent (100%) of the Fair Market Value of a Share on the date of grant.

5.3 Stock Option Term. The term of each Stock Option shall be determined by the Committee at the time of grant; *provided, however*, subject to Section 5.7, in no event shall such term be greater than ten (10) years.

5.4 Time of Exercise. Except as otherwise provided in an Award Agreement, Stock Options may be exercised for all, or from time to time any part, of the Shares for which they are then exercisable, and Stock Options shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which terms and restrictions need not be the same for each grant or for each Participant. For purposes of this Article 5, the exercise date of a Stock Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company, in each case pursuant to Section 5.5 and Section 15.3 hereof.

5.5 Method of Exercise. Except as otherwise provided in an Award Agreement, Stock Options granted under this Article 5 shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Stock Option is to be exercised. The aggregate Option Price for the Shares as to which a Stock Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (a) in cash, (b) to the extent permitted by the Committee, in Shares (whether or not previously owned by the Participant) having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee, (c) partly in cash and, to the extent permitted by the Committee, partly in such Shares (as described in (b) above) or (d) if there is a public market for the Shares at such time, subject to such requirements as may be imposed by the Committee, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of a Stock Option and to deliver promptly to the Company an amount out of the proceeds of such sale equal to the aggregate Option Price for the Shares being purchased. The Committee may also designate other acceptable forms of payment, in its complete discretion.

5.6 Limitations on Incentive Stock Options. Incentive Stock Options may be granted only to employees of the Company or of a parent corporation or subsidiary corporation (as such terms are defined in Section 424 of the Code) at the date of grant. The aggregate Fair Market Value (determined as of the time the Stock Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and of any parent corporation or subsidiary

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corporation) shall not exceed one hundred thousand dollars (\$100,000). For purposes of the preceding sentence, Incentive Stock Options will be taken into account in the order in which they are granted. Each provision of the Plan and each Award Agreement relating to an Incentive Stock Option shall be construed so that each Incentive Stock Option shall be an incentive stock option as defined in Section 422 of the Code, and any provisions of the Award Agreement thereof that cannot be so construed shall be disregarded; *provided, however*, to the extent any Stock Option (or portion thereof) granted as an Incentive Stock Option fails to qualify as an Incentive Stock Option, such Stock Option (or portion thereof) shall be treated as a Nonqualified Stock Option.

5.7 Additional Limitations on Incentive Stock Options for Ten Percent Shareholders. The Option Price of an Incentive Stock Option granted to a Ten Percent Shareholder shall not be less than one hundred ten percent (110%) of the Fair Market Value of a Share on the date of grant. No Incentive Stock Option granted to a Ten Percent Shareholder may be exercised later than five (5) years after the date it is granted.

5.8 Performance Goals. The Committee may condition the grant of Stock Options or the vesting of Stock Options upon the Participant's achievement of one or more performance goal(s) (including the Participant's provision of Services for a designated time period), as specified in the Award Agreement. If the Participant fails to achieve the specified performance goal(s), the Committee shall not grant the Stock Option to such Participant or the Stock Option shall not vest, as applicable.

ARTICLE 6

STOCK APPRECIATION RIGHTS

6.1 Grant of Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Participants, including a concurrent grant of Stock Appreciation Rights in tandem with any Stock Option at the same time such Stock Option is granted (a Tandem SAR). Stock Appreciation Rights shall be evidenced by Award Agreements that shall conform to the requirements of the Plan and may contain such other provisions as the Committee shall deem advisable. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (a) the Fair Market Value of a specified number of Shares on the date of exercise over (b) the grant price of the right as specified by the Committee on the date of the grant. The payment in respect of such Stock Appreciation Right may be in the form of cash, Shares, or any combination thereof, as the Committee shall determine in its sole discretion.

6.2 Terms of Stock Appreciation Right. Subject to the terms of the Plan and any applicable Award Agreement, the grant price (which shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date of grant), term, methods of exercise, methods of settlement, and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate. No Stock Appreciation Right shall have a term of more than ten (10) years from the date of grant.

6.3 Tandem Stock Appreciation Rights and Stock Options. A Tandem SAR shall be exercisable only to the extent that the related Stock Option is exercisable and shall expire no later than the expiration of the related Stock Option. Upon the exercise of all or a portion of a Tandem SAR, a Participant shall be required to forfeit the right to purchase an equivalent portion of the related Stock Option (and, when a Share is purchased under the related Stock Option, the Participant shall be required to forfeit an equivalent portion of the Stock Appreciation Right).

ARTICLE 7

RESTRICTED STOCK AND RESTRICTED STOCK UNITS

7.1 Grant of Restricted Stock or Restricted Stock Units. The Committee is hereby authorized to grant Restricted Stock and Restricted Stock Units to Participants. Each Restricted Stock Unit shall represent one Share. Restricted Stock Units shall be credited to a notional account maintained by the Company. No Shares are actually awarded to the Participant in respect of Restricted Stock Units on the date of grant. Restricted Stock and

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Restricted Stock Units shall be evidenced by an Award Agreement, which shall conform to the requirements of the Plan and may contain such other provisions as the Committee shall deem advisable.

7.2 Terms of Restricted Stock or Restricted Stock Unit Awards. Each Award Agreement evidencing a Restricted Stock or Restricted Stock Unit grant shall specify the period(s) of restriction or vesting terms, the number of Shares of Restricted Stock or the number of Restricted Stock Units granted, settlement dates, and such other provisions as the Committee shall determine. Any Restricted Stock granted under the Plan shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates (in which case, the certificate(s) representing such Shares shall be legended as to sale, transfer, assignment, pledge or other encumbrances during the Restriction Period and deposited by the Participant, together with a stock power endorsed in blank, with the Company, to be held in escrow during the Restriction Period). At the end of the Restriction Period, the restrictions imposed hereunder and under the Award Agreement shall lapse with respect to the number of Shares of Restricted Stock as determined by the Committee, and the legend shall be removed unless otherwise necessary or advisable under applicable law and such number of Shares delivered to the Participant (or, where appropriate, the Participant's legal representative).

7.3 Performance Stock or Performance Units. Restricted Stock and Restricted Stock Units, the grant of which or lapse of restrictions of which is based upon the achievement of performance goals over a performance period, shall be referred to as Performance Stock and Performance Units, respectively. If the Participant fails to achieve the specified performance goals, the Committee shall not grant the Performance Stock or Performance Units to such Participant or the Participant shall forfeit the Award of Performance Stock or Performance Units to the Company, as applicable.

7.4 Voting and Dividend Rights. Unless otherwise determined by the Committee and set forth in a Participant's Award Agreement, Participants shall have none of the rights of a stockholder of the Company with respect to Restricted Stock until the end of the Restricted Period or with respect to Restricted Stock Units; *provided*, that, to the extent permitted or required by law, as determined by the Committee, Participants holding Shares of Restricted Stock granted hereunder shall have the right to exercise full voting rights and receive dividends with respect to Restricted Stock during the Restriction Period. Dividends shall be paid to Participants at the same time that other stockholders of the Company receive such dividends. Participants holding Restricted Stock Units shall have no voting rights and shall not have the right to receive dividends with respect to any Restricted Stock Units granted hereunder.

7.5 Section 83(b) Election. The Committee may permit Participants to make elections pursuant to Section 83(b) of the Code with respect to Awards of Restricted Stock, or the Committee may provide in an Award Agreement that the Award of Restricted Stock is conditioned upon the Participant making or refraining from making an election with respect to the Award under Section 83(b) of the Code. If a Participant makes an election pursuant to Section 83(b) of the Code concerning a Restricted Stock Award, the Participant shall be required to file promptly a copy of such election with the Company.

ARTICLE 8

OTHER STOCK-BASED AWARDS

The Committee is hereby authorized to grant other types of equity-based or equity-related Awards not otherwise described by the terms of the Plan (including the grant or offer for sale of unrestricted Shares) to Participants in such amounts and subject to such terms and conditions as the Committee shall determine. Such Awards shall be referred to as Other Stock-Based Awards. Each such Other Stock-Based Award may involve the transfer of actual Shares to Participants or payment in cash or otherwise of amounts based on the value of Shares, and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States. Each Other Stock-Based Award shall be expressed in terms of Shares or units or an equivalent measurement based on Shares, as determined by the Committee.

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ARTICLE 9

DIVIDEND EQUIVALENTS

The Committee is hereby authorized to grant to Participants Dividend Equivalents based on the dividends declared on Shares that are subject to any Award. Dividend Equivalents shall be credited as of dividend payment dates during the period between the date the Award is granted and the date the Award is exercised, vested, expired, credited or paid. Such Dividend Equivalents shall be converted to cash, Shares or additional Awards by such formula and at such time and subject to such limitations as may be determined by the Committee.

Dividend Equivalents granted with respect to any Stock Option or Stock Appreciation Right may be payable regardless of whether such Stock Option or Stock Appreciation Right is subsequently exercised.

ARTICLE 10

NON-EMPLOYEE DIRECTOR AWARDS

The Board of Directors or the Committee is hereby authorized to grant Awards to Non-Employee Directors, as it shall from time to time determine, including Awards granted in satisfaction of annual fees that are otherwise payable to Non-Employee Directors.

ARTICLE 11

CASH-BASED AWARDS

The Committee is hereby authorized to grant Awards to Participants denominated in cash in such amounts and subject to such terms and conditions as the Committee may determine. Such Awards shall be referred to as Cash-Based Awards. Each such Cash-Based Award shall specify a payment amount or payment range as determined by the Committee.

ARTICLE 12

PERFORMANCE-BASED COMPENSATION

The Committee is authorized to design any Award so that the amounts or Shares payable or distributed pursuant to such Award are treated as qualified performance based compensation within the meaning of Section 162(m) of the Code and related regulations.

12.1 Performance Measures. The granting, vesting, crediting and/or payment of Performance-Based Compensation shall be based on the achievement of performance goals based on one or more of the following Performance Measures: (a) net income (before or after taxes); (b) earnings per Share before or after taxes, interest, depreciation, and/or amortization; (c) net sales growth; (d) net operating profit; (e) return measures (including, but not limited to, return on assets, capital, invested capital, equity, or sales); (f) cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital); (g) gross or operating margins; (h) productivity ratios; (i) Share price (including, but not limited to, growth measures and total shareholder return); (j) expense targets; (k) operating efficiency; (l) customer satisfaction; (m) working capital targets; (n) economic value added or EVA[®] (net operating profit after tax minus the sum of capital multiplied by the cost of capital); (o) account growth; (p) service revenue; and (q) capital expenditures.

Any Performance Measure may be (i) used to measure the performance of the Company and/or any of its Subsidiaries or Affiliates as a whole, any business unit thereof or any combination thereof against any goal, including past performance, or (ii) compared to the performance of a group of comparable companies, or a published or special index, in each case that the Committee, in its sole discretion, deems appropriate. Subject to Section 162(m) of the Code, the Committee may adjust the performance goals (including to prorate goals and payments for a partial Plan Year) in the event of the following occurrences: (A) non-recurring events, including divestitures, spin-

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offs, or changes in accounting standards or policies; (B) mergers and acquisitions; and (C) financing transactions, including selling accounts receivable.

12.2 Establishment of Performance Goals for Covered Employees. No later than ninety (90) days after the commencement of a Performance Period (but in no event after twenty-five percent (25%) of such Performance Period has elapsed), the Committee shall establish in writing: (a) the Performance Measures applicable to the performance period; (b) the Performance Measures to be used to measure the performance goals in terms of an objective formula or standard; (c) the method for computing the amount of compensation payable to the Participant if such performance goals are obtained; and (d) the Participants or class of Participants to which such performance goals apply. The outcome of such performance goals must be substantially uncertain when the Committee establishes the goals.

12.3 Permitted Exclusions/Inclusions. When establishing the performance goals, the Committee may provide in any Award to a Covered Employee that the evaluation of performance goals may include or exclude any of the following events that occurs during a performance period: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (d) any reorganization and restructuring programs; (e) acquisitions or divestitures; (f) foreign exchange gains and losses; and (g) Extraordinary Items.

12.4 Adjustment of Performance-Based Compensation. Awards that are designed to qualify as Performance-Based Compensation may not be adjusted upward. The Committee shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis or any combination, as the Committee determines.

12.5 Certification of Performance. No Award designed to qualify as Performance-Based Compensation shall be granted, vested, credited or paid, as applicable, with respect to any Participant until the Committee certifies in writing that the performance goals and any other material terms applicable to such Performance Period have been satisfied.

12.6 Reapproval of Performance Measures. Performance Measures listed in Section 12.1 may not be used in designing Awards intended to qualify as performance-based compensation after the first shareholder meeting that occurs in the fifth (5th) year following the year in which shareholder approval is first approved (or previously approved pursuant to this Section 12.6), unless shareholder approval of such Performance Measures is again obtained or applicable tax or securities laws change to provide otherwise.

ARTICLE 13

CHANGE OF CONTROL

Upon the occurrence of a Change of Control, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or national securities exchanges, or unless the Committee shall determine otherwise in the Award Agreement:

(a) **Time Vested Awards.** Awards, the vesting of which depends upon a participant's continuation of service for a period of time, shall become fully vested and exercisable immediately prior to the consummation of the Change of Control; shall be distributed or paid to the participant not later than thirty (30) days following the date of the Change of Control in cash, Shares, other securities, or any combination, as determined by the Committee; and shall terminate as to any unexercised portion upon consummation of the Change of Control; *provided, however*, that if the Award is denominated in Shares, the amount distributed or paid shall equal the difference (if any) between the Fair Market Value of the Shares on the date of the Change of Control and, if applicable, the Option Price, grant price or unpaid purchase price as of the date of the Change of Control; and

(b) **Performance-Based Awards.** Awards, the vesting of which is based on achievement of performance criteria over a performance period, shall become fully vested and exercisable immediately prior to the consummation of the Change of Control; shall be deemed earned based on the target performance being

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automatically attained for the performance period in which the Change of Control occurs; shall be distributed or paid to the participant no later than thirty (30) days following the date of the Change of Control pro rata based on the portion of the performance period elapsed on the date of the Change of Control in cash, Shares, other securities, or any combination, as determined by the Committee; and shall thereafter terminate and shall terminate as to any unexercised portion upon consummation; *provided, however*, that if the Award is denominated in Shares, the amount distributed or paid shall equal the difference (if any) between the Fair Market Value of the Shares on the date of the Change of Control and, if applicable, the Option Price, grant price or unpaid purchase price as of the date of the Change of Control (for the avoidance of doubt, with respect to any Award of Restricted Stock, the applicable restrictions shall lapse).

ARTICLE 14

DURATION, AMENDMENT, MODIFICATION, SUSPENSION, AND TERMINATION

14.1 Duration of the Plan. Unless sooner terminated as provided in Section 14.2, the Plan shall terminate on the tenth (10th) anniversary of the Effective Date.

14.2 Amendment, Modification, Suspension, and Termination of Plan. The Board of Directors may, at any time and from time to time, alter, amend, modify, suspend, or terminate the Plan, in whole or in part; *provided, however*, that, without the prior approval of the Company's shareholders, (a) Stock Options or Stock Appreciation Rights and any Other Stock Based Award that is not a Full Value Award which is issued under the Plan will not be repriced, replaced, or regranted through cancellation, or by lowering the exercise price or grant price of a previously granted Award, (b) no such action shall increase the number of Shares available under the Plan (other than an increase permitted under Article 4) absent shareholder approval and (c) no amendment of the Plan shall be made without shareholder approval if shareholder approval is required by law, regulation, or stock exchange rule; *provided, further*, that the Committee may amend the Plan without such shareholder approval in a manner it deems necessary to comply with applicable laws, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). After the Plan is terminated in accordance with this Section 14.2, no Award may be granted but any Award previously granted shall remain outstanding in accordance with the terms and conditions of the Plan and the Award.

14.3 Amendment, Modification, Suspension, and Termination of Awards and Award Agreements. The Committee shall have the authority at any time and from time to time, to alter, amend, modify, suspend or terminate the terms and conditions of any Award or Award Agreement; *provided, however*, that no such action shall adversely affect in any material way any Award previously granted under the Plan without the written consent of the Participant holding such Award; *provided, further*, that the Committee may amend any Award or any Award Agreement without such consent of the Participant in a manner it deems necessary to comply with applicable laws, including without limitation, the Dodd-Frank Act.

14.4 Adjustment of Awards upon the Occurrence of Certain Unusual or Nonrecurring Events. Subject to the limitations in Section 12.4 related to other Performance-Based Compensation, the Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.4) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

ARTICLE 15

GENERAL PROVISIONS

15.1 Settlement of Awards; No Fractional Shares. Each Award Agreement shall establish the form in which the Award shall be settled. Awards (other than Stock Options and Restricted Stock) may be settled in cash, Shares, other securities, additional Awards or any combination, regardless of whether such Awards are originally

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denominated in cash or Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, Awards, other securities or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

15.2 Tax Withholding. The Company shall have the power and the right to deduct or withhold from any amount or property deliverable under the Award or otherwise, or require a Participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan.

15.3 Share Withholding. With respect to withholding required upon the exercise of Stock Options or Stock Appreciation Rights, upon the lapse of restrictions on or vesting of Restricted Stock and Restricted Stock Units, upon the achievement of performance goals related to Performance Stock and Performance Units, or any other taxable event arising as a result of an Award granted hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction.

15.4 No Guarantees Regarding Tax Treatment. Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Awards under the Plan. The Committee and the Company make no guarantees to any Person regarding the tax treatment of Awards or payments made under the Plan. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax on any Person with respect to any Award under Section 409A of the Code or Section 457A of the Code or otherwise and none of the Company, any of its Subsidiaries or Affiliates, or any of their directors, employees or representatives shall have any liability to a Participant with respect thereto.

15.5 Transferability of Awards. Each Incentive Stock Option granted hereunder and, except as otherwise provided in a Participant's Award Agreement or otherwise at any time by the Committee, each other Award granted under the Plan may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent or distribution and any attempt to enforce such a purported sale, transfer, pledge, alienation or hypothecation shall be void and unenforceable against the Company or any Affiliate. Should the Committee permit transferability of an Award, it may do so on a general or a specific basis, and may impose conditions and limitations on any permitted transferability. Any permitted transfer of an Award shall not be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. An Incentive Stock Option may be exercised by a Participant only during his or her lifetime. Unless transferability is permitted, Nonqualified Stock Options and Stock Appreciation Rights may be exercised by a Participant only during his or her lifetime. If the Committee permits any Nonqualified Stock Option or Stock Appreciation Right to be transferred, references in the Plan to the exercise of a Stock Option or Stock Appreciation Right by the Participant or payment of any amount to the Participant shall be deemed to include the Participant's transferee.

15.6 Termination of Service; Forfeiture Events.

(a) **Termination of Service.** Each Award Agreement shall specify the effect of a Participant's termination of service with the Company and any of its Subsidiaries or Affiliates, including specifically whether the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment, in addition to the effect on any otherwise applicable vesting or performance conditions of an Award. Such provisions shall be determined in the Committee's sole discretion, need not be uniform and may reflect distinctions based on the reasons for termination.

(b) **Forfeiture Events.** An Award Agreement may also specify other events that may cause a Participant's rights, payments and benefits with respect to an Award to be subject to reduction, cancellation, forfeiture, or recoupment, or which may affect any otherwise applicable vesting or performance conditions of an Award.

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15.7 **Deferrals.** Subject to Article 16, the Committee may permit or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of any Award.

15.8 **Conditions and Restrictions on Shares.** The Committee may impose such other conditions or restrictions on any Shares received in connection with an Award as it may deem advisable or desirable. These restrictions may include, but shall not be limited to, a requirement that the Participant hold the Shares received for a specified period of time or a requirement that a Participant represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares. The certificates for Shares may include any legend which the Committee deems appropriate to reflect any conditions and restrictions applicable to such Shares.

15.9 **Share Certificates.** If an Award provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on an uncertificated basis, to the extent not prohibited by applicable law or the rules of the New York Stock Exchange or any stock exchange on which the Shares are admitted to trading or listed. Shares issued in connection with Awards of Restricted Stock may, to the extent deemed appropriate by the Committee, be retained in the Company's possession until such time as all conditions or restrictions applicable to such Shares have been satisfied or lapse.

15.10 **Compliance with Law.** The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies, the New York Stock Exchange or stock exchanges on which the Shares are admitted to trading or listed, as may be required. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable national, state or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

The restrictions contained in this Section 15.10 shall be in addition to any conditions or restrictions that the Committee may impose pursuant to Section 15.8. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company, its Subsidiaries and Affiliates, and all of their directors, employees and representatives of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15.11 **Rights as a Shareholder.** Except as otherwise provided herein or in the applicable Award Agreement, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

15.12 **Awards to Non-U.S. Employees.** To comply with the laws in countries other than the United States in which the Company or any of its Subsidiaries or Affiliates operates or has Employees, Directors, or Third Party Service Providers, the Committee, in its sole discretion, shall have the power and authority to:

- (a) Determine which Subsidiaries or Affiliates shall be covered by the Plan;
- (b) Determine which Employees, Directors and Third Party Service Providers outside the United States are eligible to participate in the Plan;
- (c) Modify the terms and conditions of any Award granted to Employees, Directors and Third Party Service Providers outside the United States to comply with applicable foreign laws;

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(d) Establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 15.12 by the Committee shall be attached to this Plan document as appendices; and

(e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

15.13 No Right to Continued Service. Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or any of its Subsidiaries or Affiliates to terminate any Participant's employment or service at any time or for any reason not prohibited by law, nor confer upon any Participant any right to continue his or her employment or service for any specified period of time. Neither any Award nor any benefits arising under the Plan shall constitute an employment or consulting contract with the Company or any of its Subsidiaries or Affiliates and, accordingly, subject to Article 14 the Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Board of Directors or Committee, as applicable, without giving rise to any liability on the part of the Company or any of its Subsidiaries or Affiliates or their respective directors, employees or representatives.

15.14 Beneficiary Designation. Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, amounts due under the Plan remaining unpaid at the Participant's death shall be paid to the Participant's estate.

15.15 Other Compensation Plans or Arrangements. The Committee shall have the authority to grant Awards as an alternative to or as the form of payment for grants or rights earned or due under other compensation plans or arrangements of the Company.

15.16 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

15.17 Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

15.18 Unfunded Plan. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company or any of its Subsidiaries or Affiliates may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company or its directors, employees or representatives, on the one hand, and any Participant, beneficiary, legal representative, or any other Person, on the other hand. To the extent that any Person acquires a right to receive payments from the Company or any of its Subsidiaries or Affiliates under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company, a Subsidiary or an Affiliate, as the case may be. All payments to be made hereunder shall be paid from the general funds of the Company, a Subsidiary or an Affiliate, as the case may be, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts. The Plan is not subject to the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

15.19 Nonexclusivity of the Plan. The adoption of the Plan shall not be construed as creating any limitations on the power of the Board of Directors or Committee to adopt such other compensation arrangements as it may deem desirable for any Participant.

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15.20 **No Constraint on Corporate Action.** Nothing in the Plan shall be construed to (a) limit, impair, or otherwise affect the Company's or any Subsidiary's or Affiliate's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, amalgamate, participate in a statutory share exchange or dissolve, liquidate, sell, or transfer all or any part of its business or assets, or (b) limit the right or power of the Company or any Subsidiary or Affiliate to take any action which such entity deems to be necessary or appropriate.

15.21 **Successors.** All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

15.22 **Governing Law.** The Plan and each Award Agreement shall be governed by the laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

15.23 **Data Protection.** By participating in the Plan, the Participant consents to the collection, processing, transmission and storage by the Company in any form whatsoever, of any data of a professional or personal nature which is necessary for the purposes of administering or operating the Plan. The Company may share such information with any Subsidiary or Affiliate, the trustee of any employee benefit trust, its registrars, trustees, brokers, other third-party administrator or any Person who obtains control of the Company or acquires the Company, or may acquire control of or an interest in the Company, a Subsidiary or an Affiliate.

ARTICLE 16

COMPLIANCE WITH SECTION 409A OF THE CODE AND SECTION 457A OF THE CODE

16.1 **General.** The Company intends that all Awards be structured in compliance with, or to satisfy an exemption from, Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder (Section 409A), such that there are no adverse tax consequences, interest, or penalties as a result of the Awards. Notwithstanding the Company's intention, in the event any Award is subject to Section 409A, the Committee may, in its sole discretion and without a Participant's prior consent, but shall not be required to, amend the Plan and/or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to (i) exempt the Plan and/or any Award from the application of Section 409A, (ii) preserve the intended tax treatment of any such Award, or (iii) comply with the requirements of Section 409A, including without limitation any such regulations guidance, compliance programs and other interpretative authority that may be issued after the date of grant of an Award.

16.2 **Payments to Specified Employees.** Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under the Plan to a specified employee (as defined under Section 409A) as a result of his or her separation from service (other than a payment that is not subject to Section 409A) shall be delayed for the first six months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) on the payment date that immediately follows the end of such six-month period or as soon as administratively practicable within 90 days thereafter, but in no event later than the end of the applicable taxable year.

16.3 **Separation from Service.** A termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan or any Award Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of employment, unless such termination is also a separation from service within the meaning of Section 409A and the payment thereof prior to a separation from service would violate Section 409A. For purposes of any such provision of the Plan or any Award Agreement relating to any such payments or benefits, references to a termination, termination of employment or like terms shall mean separation from service.

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16.4 **Section 457A.** In the event any Award is subject to Section 457A of the Code (Section 457A), the Committee may, in its sole discretion and without a Participant s prior consent, but shall not be required to, amend the Plan and/or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to (i) exempt the Plan and/or any Award from the application of Section 457A, (ii) preserve the intended tax treatment of any such Award, or (iii) comply with the requirements of Section 457A, including without limitation any such regulations, guidance, compliance programs and other interpretative authority that may be issued after the date of the grant.

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Electronic Voting Instructions

You can vote by Internet or telephone!

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on May 8, 2012.

Vote by Internet

Log on to the Internet and go to www.envisionreports.com/DAR

Follow the steps outlined on the secured website.

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

X

Follow the instructions provided by the recorded message.

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

A The Board of Directors recommends a vote **FOR** all the nominees and **FOR** Proposals 2, 3 and 4.

| 1. Election of Directors: | | | For Against Abstain | | | For Against Abstain | | | For Against Abstain | | | |
|--|----|----|---------------------|-------------------------|----|---------------------|--|----------------------|---------------------|----|----|----------|
| 01 - Randall C. Stuewe | .. | .. | .. | 02 - O. Thomas Albrecht | .. | .. | .. | 03 - D. Eugene Ewing | .. | .. | .. | + |
| 04 - Charles Macaluso | .. | .. | .. | 05 - John D. March | .. | .. | .. | 06 - Michael Rescoe | .. | .. | .. | |
| 07- Michael Urbut | .. | .. | .. | | | | | | | | | |
| | | | | For Against Abstain | | | | For Against Abstain | | | | |
| 2. Proposal to ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 29, 2012. | | | | .. | .. | .. | 3. Advisory vote to approve named executive officer compensation. | | | .. | .. | .. |
| 4. Proposal to approve the 2012 Omnibus Incentive Plan. | | | | .. | .. | .. | 5. In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the Annual Meeting. | | | | | |

B Non-Voting Items

Change of Address Please print new address below.

C Authorized Signatures This section must be completed for your vote to be counted. — Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) — Please print date below. Signature 1 — Please keep signature within the box. Signature 2 — Please keep signature within the box.

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON 05/8/12 FOR DARLING INTERNATIONAL INC. THE FOLLOWING MATERIAL IS AVAILABLE AT WWW.ENVISIONREPORTS.COM/DAR

PROXY STATEMENT AND ANNUAL REPORT

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

Proxy Darling International Inc.

Proxy for Annual Meeting of Stockholders

MAY 8, 2012

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

KNOW ALL MEN BY THESE PRESENTS, that the undersigned stockholder of DARLING INTERNATIONAL INC., a Delaware corporation (the Company), does hereby constitute and appoint John F. Sterling and Brad Phillips, or either one of them, with full power to act alone and to designate substitutes, the true and lawful proxies of the undersigned for and in the name and stead of the undersigned, to vote all shares of Common Stock of the Company which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders to be held at the Rosewood Crescent Hotel at 400 Crescent Court, Dallas, Texas 75201, on May 8, 2012 at 10:00 a.m., local time, and at any and all adjournments and postponements thereof (the Annual Meeting), on all matters that may come before such Annual Meeting. Said proxies are instructed to vote on the following matters in the manner herein specified.

IF THIS PROXY IS PROPERLY EXECUTED, THE SHARES OF COMMON STOCK COVERED HEREBY WILL BE VOTED AS SPECIFIED HEREIN. IF NO SPECIFICATION IS MADE, SUCH SHARES WILL BE VOTED FOR PROPOSALS 1, 2, 3 AND 4 AND AS THE PROXIES DEEM ADVISABLE ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING.

The undersigned hereby revokes all previous Proxies.

Important notice regarding the availability of proxy materials for the Annual Meeting:

The Notice and Proxy Statement and 2011 Annual Report are available at www.envisionreports.com/DAR

(CONTINUED AND TO BE MARKED, DATED AND SIGNED ON THE OTHER SIDE)