



1970

**KEY EMPLOYEE
STOCK OPTION PLAN**

August 1, 1970

Beatrice Foods Co.

120 SOUTH LA SALLE STREET
CHICAGO 60603

WILLIAM G. KARNES, PRESIDENT

Dear Employee:

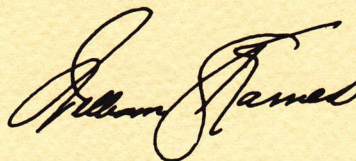
On June 3, 1970, the Stockholders of Beatrice Foods Co. approved the 1970 Key Employee Stock Option Plan at their Annual Meeting.

The purpose of the 1970 Option Plan is to provide key employees with an additional incentive to promote the success of the company as well as to encourage them to remain in the employ of Beatrice Foods Co.

The first section of this booklet is a summary of the objectives, benefits and principal provisions of the 1970 Key Employee Stock Option Plan. The second section is a full and complete copy of the Plan. In the event any conflict arises between the summary and the 1970 Key Employee Stock Option Plan, the latter is, of course, controlling.

Participation under the Option Plan is completely confidential and disclosure thereof is contrary to the wishes of the company.

Very truly yours,



William G. Karnes

August 1, 1970

BEATRICE FOODS CO.
1970 KEY EMPLOYEE STOCK OPTION PLAN

This section of the booklet contains supplementary information regarding various aspects of the Plan, but does not in any way supersede or modify any of the provisions of the Plan or any stock certificate issued thereunder. The discussion contained herein relating to federal taxes is based upon the law in effect on August 1, 1970, which, of course, is subject to change.

General Information

A. Administration

The Plan is administered by a Committee of at least three Directors of the Company. The Committee consists of Directors who are not, and have not been within one year prior to their appointment to the Committee, eligible to participate under any stock option plan of the Company.

B. Eligibility

The Committee determines, from time to time in its discretion, the key employees, including officers, of the Company and its subsidiaries to whom options under the Plan are to be granted and the number of shares to be covered by each option. No option may be granted to an employee after he has attained age sixty-three.

C. Types of Options

Options granted under the Plan will be of two types—"qualified options" which meet the requirements of Section 422 of the Internal Revenue Code of 1954, as amended, and "non-qualified options" which do not meet those statutory requirements. A non-qualified option may be granted only to a key employee who is concurrently granted a qualified option and for not to exceed the number of shares of Common Stock covered by such qualified option, and is exercisable only when and to the extent that such qualified option expires unexercised. The tax treatment will depend upon the type of option.

D. Option Price

All options will be granted to purchase Common Stock at a price of not less than the fair market value of the Common Stock on the date of grant.

E. Transferability

The options are non-assignable and non-transferable other than by will or the laws of descent and distribution, and during the lifetime of the optionee they may be exercised only by him.

F. Adjustments

In the event of any change in capitalization which affects the Company's Common Stock, such proportionate adjustments, if any, as the Board of Directors of the Company in its discretion deems appropriate to reflect such change, shall be made with respect to the Plan and options thereunder.

G. Conditions of Employment

The granting of an option to an employee in no way guarantees to him a right to continued employment with the Company or any subsidiary.

Exercise of Option

A. Exercise Periods

A qualified option is in no event exercisable more than sixty months after the date of grant. Subject to the foregoing—a qualified option is exercisable as to one-half of the optioned shares at any time after the expiration of twelve months from the date of grant, and as to the remaining one-half at any time after the expiration of twenty-four months from that date.

A non-qualified option is in no event exercisable more than one-hundred-twenty months after the date of grant. Subject to the foregoing—a non-qualified option is exercisable at any time after the expiration of the concurrently granted qualified option (that is—sixty months after the date of grant) as to the number of shares not purchased under such qualified option. Accordingly, a non-qualified option concurrently granted with a qualified option does not increase the aggregate number of shares which may be purchased, but, to the extent the optionee does not exercise his qualified option, he will have an additional five year period to purchase the balance of the shares under his concurrently granted non-qualified option. The following is an illustration of how concurrently granted options will operate.

Concurrent Options (Based on 500 Optioned Shares)

<i>Five Year Qualified Option Granted January 1, 1971</i>		<i>Ten Year Non-Qualified Option Granted January 1, 1971</i>	
<i>Date First Exercisable</i>	<i>No. of Shares</i>	<i>Date First Exercisable</i>	<i>No. of Shares</i>
January 1, 1972	250	January 1, 1976	Number of Shares not purchased under the Qualified Option
January 1, 1973	250		
Terminates—Dec. 31, 1975		Terminates—Dec. 31, 1980	

An option may not be exercised after the termination of the optionee's employment with the Company and all of its subsidiaries except in the following cases :

1. Retirement or Disability. In the event an optionee's employment by the Company and every subsidiary terminates by reason of physical or mental disability or retirement under his employer's established policies after (i) the expiration of twelve months from the date of grant in the case of a qualified option, or (ii) the expiration of sixty months from the date of grant in the case of a non-qualified option, his option rights may be exercised by him within three months after the date of such termination of employment, but not later than the expiration date of the option, for the total number of shares covered by the option and not theretofore purchased by him, irrespective of whether the optionee was entitled to purchase all such shares at the time his employment terminates.
2. Discharge. In the event an optionee is discharged from the employ of the Company and every subsidiary for any reason other than gross misconduct after (i) the expiration of twelve months from the date of grant in case of a qualified option, or (ii) the expiration of sixty months from the date of grant in the case of a non-qualified option, his option rights may be exercised by him within three months after the date of such discharge, but not later than the expiration date of the option, for only that number of shares covered by the option and not theretofore purchased by him which the optionee was entitled to purchase at the time of his discharge. The determination of the cause of discharge shall be made by the Committee and its decision shall be final.
3. Death. In the event of the death of an optionee after (i) the expiration of twelve months from the date of grant in the case of a qualified option, or (ii) the expiration of sixty months after the date of grant in the case of a non-qualified option, and while an employee of the Company or a subsidiary, his option rights may be exercised during the twelve month period following the date of his death, but not later than the expiration date of the option, by his legatee, executor or administrator for the total number of shares covered by the option and not theretofore purchased by him, irrespective of whether the optionee was entitled to purchase all such shares immediately prior to his death.

An optionee may not exercise his option after his resignation or discharge for gross misconduct.

B. *Manner of Exercise*

The Common Stock purchased upon any exercise of an option must be paid for in cash at the time of exercise. An option shall be deemed to be exercised when the appropriate option certificate, with the appended subscription agreement duly filled

out and signed by the optionee, has been delivered to the Company at its principal offices in Chicago, accompanied by payment of the full purchase price of the Common Stock then being purchased.

No optionee is entitled to any privileges of stock ownership except as to those shares of Common Stock which shall have been fully paid for and actually delivered to him by the Company.

C. *Order of Exercise*

A qualified option may not be exercised at any time while the optionee has any unexpired and unexercised qualified or restricted options previously granted to purchase Common Stock of the Company at a higher price per share or to purchase any other class of stock of the Company. Options granted under the 1959 Key Employee Stock Option Plan constitute "restricted options" and options granted under the 1965 Key Employee Qualified Stock Option Plan constitute "qualified options."

Federal Tax Treatment

A. *Qualified Options*

An optionee does not realize any income for federal income tax purposes at the time a qualified stock option is granted or at the time of exercise of such an option except to the extent that an exercise may result in an "item of tax preference" which may be subject to a minimum tax. If an optionee sells or exchanges the shares of Common Stock of the Company acquired upon exercise of a qualified stock option after the three year period beginning on the day after the day such shares are transferred to him, and if at all times from the date of the granting of the qualified stock option to a date not more than three months before the date of exercise of such qualified option the optionee has been an employee of the Company or a subsidiary, any amount realized in excess of his cost will be taxed as long-term capital gain, and may also result in an "item of tax preference," and any loss sustained will be a long-term capital loss.

If the optionee makes a "disposition" of his stock prior to the end of the three-year holding period, the difference between (1.) the fair market value of the stock at the date the option was exercised or the amount realized on sale or exchange, if less, and (2.) the option price, will be deemed ordinary income taxable to the optionee. If the amount realized on the sale or exchange is greater than the fair market value of the stock on the date the option was exercised, the optionee will realize capital gain to the extent of the difference between the amount realized and such market value, which capital gain will constitute short-term capital gain, if the period between the exercise of the option and the sale or the exchange of the stock is six months or less, and long-term capital gain if such period is greater than six months and may also result in an "item of tax preference" which may be subject to a minimum tax.

Gifts, as well as sales, are considered "dispositions" of stock. A mere pledge of stock (as collateral for a loan), will not be considered a disposition, but any sale of the pledged shares by the lending institution is considered a sale by the optionee. Therefore, an optionee may involuntarily forfeit the tax or other advantages if such a sale of shares acquired under a "qualified" option is made within the required holding period.

B. *Non-Qualified Options*

Non-qualified options will not be subject to the federal income tax treatment described in A. No income for federal income tax purposes will result to an optionee upon the granting of a non-qualified option, but upon his exercise of such an option he will realize ordinary income in an amount equal to the excess of the aggregate fair market value at the date of exercise of the shares of Common Stock of the Company acquired by such exercise over the aggregate option exercise price. Such exercise will not result in an "item of tax preference." In the event of any sale or exchange thereafter, any amount realized in excess of such fair market value will constitute short-term capital gain, if the period between the exercise of the option and the sale or the exchange of the stock is six months or less, and long-term capital gain if such period is greater than six months, and may also result in an "item of tax preference" which may be subject to a minimum tax.

Although the grant of a non-qualified option is not a taxable event, the optionee must include with his federal income tax return for any year in which he receives a non-qualified option a statement indicating, among other things, the number of shares which he is entitled to purchase under the option and the periods during which such option may be exercised. A form for use in preparing this statement will be furnished to each optionee by the Company.

C. *Holding Periods*

Since violation of any applicable holding period with respect to shares acquired under options even by a day would result in forfeiting the tax advantages, it is important to understand how the holding periods are measured. The general rule is that the day of the first transaction is excluded from measurement and the day of the second transaction is included.

For qualified options the expression "three years" means the period ending on the third anniversary of the day after the day of the issue of shares.

"Six Months" means six calendar months regardless of the number of days included. For example, if shares were issued on April 30, a sale on October 31 would not comply but a sale on November 1 would. If shares were issued on March 3, a sale on September 3, would not comply, but a sale on September 4 would. If shares were issued on April 1, a sale on October 1 would not be more than six months, but

a sale on October 2 would. If shares were issued either August 28, 29, 30 or 31, a sale on the following February 28 would not be more than six months after the issue, but a sale on March 1 would.

D. *Federal Estate Taxes*

Option shares purchased and held at an optionee's death are considered part of his gross estate for federal estate tax purposes. The estate tax is based on the market value of the shares at the time of the optionee's death, or at an alternative date, usually one year from death, if elected by his executor.

If there are unexercised rights under option at the time of the optionee's death, the value of these rights must be determined and are added to his estate for estate tax purposes.

E. *Registration in Joint Names*

As indicated in A, a disposition of shares purchased under a qualified option can produce ordinary income. The Internal Revenue Code provides that joint registration with right of survivorship will not itself be considered a "disposition" of the shares. If the optionee should die after such joint registration and within the holding period, the resulting transfer will not be deemed a disposition of the shares. There are, however, disadvantages under various tax provisions in registering stock purchased under option in joint names.

If an optionee registers the stock jointly, the stock nevertheless will be included as part of his gross estate for federal estate tax purposes, except to the extent that the other person can prove to the satisfaction of the taxing authorities that the purchase price was not derived directly or indirectly from the optionee. Similarly, if the other joint owner dies before the optionee, the stock will be included as part of his or her gross estate for federal estate tax purposes, unless the optionee can prove that he actually furnished the purchase price. Such proof is often difficult. Thus, joint ownership provides no relief from federal estate taxes.

In most instances, the registration of stock in joint names will constitute a gift for federal tax purposes of one-half of the market value of the stock at the time of such registration except to the extent the joint holder has contributed to the purchase price. Likewise, it will be considered a gift to the optionee if he did not contribute half of the purchase price. Whether or not such a gift is subject to federal gift tax depends upon the amount of such a gift and of other gifts made by the same donor to the joint holder or others.

S.E.C. Registration

The Common Stock issuable upon exercise of options has been registered with the Securities and Exchange Commission under the Securities Act of 1933 and the

offering of shares pursuant to the Plan may be made only through the use of a current Prospectus. A copy has been sent to each optionee. Copies of updated Prospectuses will be sent to each optionee from time to time during the term of his option. The Prospectus also covers the offer and sale on the New York Stock Exchange of Common Stock purchased pursuant to an option. Any optionee who decides to sell any shares of option stock should make such sales domestically only through the New York Stock Exchange in order to avoid liability on his part or criticism under the Securities Act of 1933.

Confidential Nature

The fact that an employee has been granted an option is confidential. Any disclosure that an employee has received an option or of the amount granted is contrary to the wishes of management.

BEATRICE FOODS CO.

1970 KEY EMPLOYEE STOCK OPTION PLAN

The purpose of this Plan, which shall be known as the "Beatrice Foods Co. 1970 Key Employee Stock Option Plan" (the "Plan"), is to promote the interests of Beatrice Foods Co. (the "Company") by providing a method whereby present and future key employees of the Company and of any present or future "Parent" or "Subsidiary" thereof (as defined in Section 425 of the Internal Revenue Code of 1954, as amended) may be encouraged to invest in, or to increase their investment in, the common stock of the Company, no par value ("Common Stock"), on reasonable terms by means of stock options, and thereby increase their proprietary interest in the Company's business, encouraging them to remain in the employ of the Company, a Parent or a Subsidiary and to increase their personal interest in the Company's continued success and progress.

The terms and provisions of the Plan are as follows:

1. (a) This Plan will be administered by a Committee of not less than three directors of the Company, who shall from time to time be appointed by, and shall serve at the pleasure of, the Board of Directors of the Company (the "Board"). No director may be a member of the Committee who is eligible to participate in, or within twelve months prior to his appointment to the Committee was eligible to participate in, this Plan or any other stock option plan of the Company, a Parent or a Subsidiary.

(b) The Committee shall have and exercise all of the powers and authorities granted to it by the provisions of this Plan. Subject to the express provisions and limitations of this Plan, the Committee shall from time to time establish, and may from time to time amend and rescind, such rules, regulations and procedures with respect to this Plan as it deems appropriate.

(c) All questions arising under this Plan, any option certificate, or any rule, regulation or procedure adopted by the Committee shall be determined by the Committee and its determination shall be conclusive.

(d) No member of the Committee shall be liable for any action or determination made by him in good faith with respect to this Plan or any option granted hereunder.

2. (a) Key employees, including officers (whether or not directors), of the Company, a Parent or any Subsidiary shall be eligible to be granted options under this Plan; provided, however, that except for options which may be granted under

Paragraph 7 of this Plan, no employee may be granted any option under this Plan after he has attained age 63 or within twelve months from the date of an award to him of any Units in the Beatrice Foods Co. Management Incentive Deferred Compensation Plan. The Committee shall determine the key employees to whom options under this Plan are to be granted and the number of shares of Common Stock to be covered by such option.

(b) Except for options which may be granted under Paragraph 7 of this Plan and subject to the provisions of Paragraph 10 of this Plan, the aggregate number of shares of Common Stock purchasable by any single employee under options granted to him under this Plan shall not, when added to the aggregate number of Units awarded to him to the time of reference under Section 2.01 of the Beatrice Foods Co. Management and Incentive Deferred Compensation Plan, exceed 25,000 (subject to adjustment as provided in Paragraph 5).

(c) Options may be granted under this plan at any time prior to April 1, 1980, on which date this Plan will terminate except with respect to options then outstanding, which options shall remain in effect until they have been fully exercised, are surrendered, or by their terms expire.

3. (a) The total number of shares of Common Stock in respect of which options may be granted under this Plan shall not, when added to the aggregate number of Units awarded to the time of reference under Section 2.01 of the Beatrice Foods Co. Management Incentive Deferred Compensation Plan, exceed 750,000, but said total number of shares shall be subject to adjustment as provided in Paragraph 5; provided, however, that for the purpose of applying the limitation of this Paragraph 3(a), the number of shares covered by a Non-Qualified Option (as hereinafter defined) shall not be deemed to be shares in respect of which an option has been granted until such Non-Qualified Option becomes exercisable. Shares will be made available for purposes of this Plan from authorized but unissued, or reacquired, stock. The proceeds received by the Company from the sale of Common Stock pursuant to this Plan will be used for general corporate purposes.

(b) All options granted under this Plan shall be nonassignable and nontransferable other than by will or the laws of descent and distribution, and during the lifetime of the optionee named therein may be exercised only by him. Except as provided in Paragraph 10, if any option so granted shall terminate, or expire unexercised in whole or in part, the shares thereby released from option may again be made the subject of options granted under this Plan; provided, however, that shares so released from a Qualified Option (as hereinafter defined) which continue to be covered under a Non-Qualified Option concurrently granted to the same optionee shall not be deemed to be released from option until and only to the extent that such Non-Qualified Option shall terminate, or expire unexercised in whole or in part.

(c) Options granted under this Plan shall be (i) options which meet the requirements of Section 422 of the Internal Revenue Code of 1954, as amended ("Qualified Options"), and (ii) options which do not meet the requirements of said Section 422 ("Non-Qualified Options"). Non-Qualified Options may be granted only to an optionee who is concurrently granted a Qualified Option, and the number of shares of Common Stock covered under any Non-Qualified Option (i) shall not exceed the number of shares of Common Stock covered under the Qualified Option concurrently granted to the same optionee, and (ii) shall be reduced from time to time to the extent of the shares purchased upon exercise of the concurrently granted Qualified Option.

(d) Qualified Options shall expire and terminate not later than sixty months after the date of their grant, and shall not be exercisable during the first twelve months after the date of their grant. Non-Qualified Options shall expire and terminate not later than one hundred twenty months after the date of their grant, and shall not be exercisable during the first sixty months after the date of their grant. No Qualified Option granted under this Plan may be exercised at any time while there is outstanding (as defined in Section 422 of the Internal Revenue Code of 1954, as amended) any qualified stock option or restricted stock option theretofore granted to the optionee to purchase stock in the Company or in a corporation which (at the time of granting such Qualified Option) is a Parent or a Subsidiary of the Company, or is a predecessor corporation of the Company or of a Parent or a Subsidiary of the Company, unless every such prior option is to purchase shares of the Company's Common Stock at a price per share not higher than the purchase price per share specified in such Qualified Option.

(e) The Qualified Option of any optionee whose employment by the Company and every Parent and Subsidiary is terminated for any cause within twelve months after the date such option was granted shall automatically terminate and become void on the date of such termination of employment. The Non-Qualified Option of any optionee whose employment by the Company and every Parent and Subsidiary is terminated for any cause within sixty months after the date such option was granted shall automatically terminate and become void on the date of such termination of employment. No optionee may exercise any of the option rights granted him unless at the time of exercise such optionee is an employee of the Company, a Parent or a Subsidiary, and has been in such employ continuously since the granting of the option. Provided, however, if an optionee's employment by the Company and every Parent and Subsidiary terminates by reason of physical or mental disability, retirement under his employer's established policies or discharge by his employer for any reason other than gross misconduct after (i) the expiration of twelve months from the date of grant in the case of a Qualified Option, or (ii) the expiration of sixty months from the date of grant in the case of a Non-Qualified Option, his option rights may be exercised by him within three months after the date of such ter-

mination of employment, subject to the applicable provisions of (d) of this Paragraph 3, as follows:

(A) in each case other than a termination by reason of discharge, for the total number of shares covered by his option and not theretofore purchased by him, irrespective of whether the optionee was entitled under the terms of his option to purchase all such shares at the time his employment terminated; and

(B) in the case of a termination by discharge for any reason other than gross misconduct, for only that number of shares covered by his option and not theretofore purchased by him which the optionee was entitled under the terms of his option to purchase at the time of his discharge.

The determination of the cause of a discharge of an optionee by his employer shall be made by the Committee in its sole discretion, and its decision shall be final and conclusive in each case.

(f) If any optionee dies within twelve months after the date a Qualified Option was granted to him, such option shall by that fact automatically terminate and become void. If any optionee dies within sixty months after the date a Non-Qualified Option was granted to him, such option shall by that fact automatically terminate and become void. In the event of the death of an optionee after (i) the expiration of twelve months from the date of grant in the case of a Qualified Option, or (ii) the expiration of sixty months from the date of grant in the case of a Non-Qualified Option, and while an employee of the Company, a Parent or a Subsidiary, his option rights may, subject to the applicable provisions of (d) of this Paragraph 3, be exercised, during the twelve month period following the date of death, by his legatee, executor or administrator, for the total number of shares covered by his option and not theretofore purchased by him, irrespective of whether the deceased optionee was entitled under the terms of his option to purchase all of such shares at the time of his death.

(g) Subject to the specific provisions hereinabove set forth with respect to exercise and termination of Qualified and Non-Qualified Options granted under this Plan, (i) each such Qualified Option shall be exercisable with respect to one-half of the number of shares covered thereby at any time after the expiration of twelve months following the date of its grant, and shall be exercisable with respect to the remaining one-half of such shares at any time after the expiration of twenty-four months following the date of its grant, and (ii) each such Non-Qualified Option shall be exercisable with respect to all of the shares then covered thereby (as may be reduced pursuant to (c) (ii) of this Paragraph 3) at any time after the expiration of sixty months following the date of its grant.

(h) The exercise of each option granted under this Plan shall be subject to the requirement that if at any time the Board, in its sole discretion, shall determine

that the listing, registration or qualification of the shares covered thereby upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable with respect to such option, such option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not acceptable to the Board.

(i) At the time of any exercise of any option, the Company may, if it shall deem it necessary or desirable for any reason, (i) require the optionee (or his legatee, executor or administrator, as the case may be) to make a written representation to, and agreement with, the Company to the effect that the shares then being purchased by him pursuant to his option are being purchased for investment with no present intention of reselling or otherwise effecting a distribution thereof, and (ii) place, or cause to be placed, on the stock certificate or certificates issuable upon such exercise such legend as the Company, in its sole discretion, deems necessary or appropriate to comply with the Securities Act of 1933 and with the matters referred to in (h) of this Paragraph 3.

4. The price or prices for shares of Common Stock of the Company purchasable under any option granted under this Plan shall be fixed by the Committee in its sole direction, but shall in no event be less than the fair market value of the Common Stock on the date of the granting of such option. The price or prices so fixed, and the number of shares covered by any option, shall be subject to adjustment as provided in Paragraph 5.

5. In the event of any change in capitalization which affects the Common Stock of the Company, such as a stock dividend, a stock distribution, a stock split-up, a subdivision or combination of shares, or a merger or consolidation to which the Company is a party, such proportionate adjustments, if any, as the Board in its discretion deems appropriate to reflect such change shall be made with respect to the total number of shares of Common Stock in respect of which options may be granted under this Plan, the maximum number of shares which may be optioned to any employee, the number of shares covered by each outstanding option, and the price per share under each such option; provided, however, that any fractional shares resulting from any such adjustment shall be eliminated.

6. Common Stock purchased upon any exercise of an option shall be paid for in cash at the time of exercise. No optionee shall be entitled to any of the privileges of stock ownership except as to those shares of Common Stock which shall have been fully paid and actually issued and delivered to him.

7. Options may be granted under this Plan in substitution for stock options held by persons who become or are about to become key employees of the Company or a Subsidiary in any transaction to which Section 425(a) of the Internal Revenue

Code of 1954, as amended, applies. The terms and conditions of substitute options so granted may vary from the terms and conditions of this Plan to such extent as the Committee may deem appropriate to conform with the options in substitution for which they are granted and to meet the requirements of said Section 425(a).

8. Each option granted under this Plan shall be evidenced by an option certificate issued by the Company, which shall contain such provisions as the Committee in each instance shall deem to be appropriate and not inconsistent with any of the express provisions of this Plan applicable thereto or of any resolutions relating to this Plan adopted by the Board.

9. Except as otherwise expressly provided in this Paragraph 9, the Board, without approval by or notice to stockholders, may amend this Plan or any provision of this Plan at any time and from time to time in such manner and to such extent as the Board may in its discretion deem to be advisable and in the best interests of the Company, provided that (except to the extent provided by Paragraph 5) no such amendment shall (i) reduce the option price per share below the minimum price set forth in Paragraph 4, (ii) increase the aggregate number of shares of Common Stock of the Company which may be subject to options granted under this Plan, (iii) affect any unexercised option granted under this Plan (except to accelerate the time at which such option may be exercised), or (iv) change the class of employees eligible to be granted options under this Plan. A termination of the Beatrice Foods Co. Management Incentive Deferred Compensation Plan, for any reason, shall not operate or be construed in any manner to terminate, or require the termination of this Plan.

10. Any provision of this Plan to the contrary notwithstanding, in the event any optionee is entitled and elects to convert any part or all of its rights to purchase shares of Common Stock covered and not theretofore purchased under a Non-Qualified Option into Units under the Beatrice Foods Co. Management Incentive Deferred Compensation Plan, then upon each such conversion such Non-Qualified Option granted to such optionee shall, simultaneously with the delivery to the Committee of his election to so convert and the option certificate evidencing his Non-Qualified Option (as required by said Deferred Compensation Plan), automatically terminate and become void with respect to the number of shares so converted. In the case of a partial conversion of such a right a new option certificate evidencing the option rights not so converted shall be issued to the optionee by the Company. The shares of Common Stock with respect to which such conversion is made may not again be made the subject of options granted under this Plan, and shall constitute shares purchased by the respective optionee for purposes of Paragraph 2(b) of this Plan.

11. In addition to such other rights of indemnification as they may have as directors or as members of the Committee, members of the Committee shall be

indemnified by the Company against the reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with this Plan, or any option granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by legal counsel selected by the Company), or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee member is liable for gross misconduct in his duties; provided that within 60 days after the institution of such action, suit or proceeding, a Committee member shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same.

12. This Plan shall be submitted to the stockholders of the Company at their 1970 annual meeting, or any adjournment thereof, and shall become effective only if, and when, approved by the affirmative vote of a majority of the number of outstanding shares of stock of the Company entitled to vote at such meeting.

(Approved by Stockholders on June 3, 1970)

