, INC. STOCK OPTION AGREEMENT

AGREEMENT, dated this day of , , between , INC., a corporation (hereinafter called the "Company"), and (hereinafter called the "Optionee").

# WITNESSETH:

WHEREAS, the Board of Directors of the Company has this day granted to the Optionee an option ("Option") to purchase the number of shares of Common Stock, par value $ per share ("Common Stock"), of the Company, and at the option price, all as hereinafter stated, such Option to be exercisable not more than five years from the date hereof and to be subject to all of the terms and conditions set forth herein; and

WHEREAS, the Optionee is willing to accept said Option and to be bound by the terms and conditions set forth herein; and

WHEREAS, the execution and delivery of this Agreement has been duly authorized by the Board of Directors of the Company;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein contained and other good and valuable consideration, the receipt whereof is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

# GRANT OF OPTION: ADJUSTMENT OF SHARES COVERED BY OPTION

* 1. The Company hereby grants to the Optionee an Option to purchase from the Company, upon the terms and conditions hereinafter set forth, shares of Common Stock for a cash consideration of $ per share, the fair market value of the Common Stock on the date hereof.
  2. The number of shares of Common Stock above stated, and the purchase price thereof, shall be subject to adjustment from time to time as provided herein.

# PAYMENT FOR SHARES

**2.1** The option price of the Common Stock to be purchased pursuant to each exercise of the within Option shall be paid to the Company by the Optionee in full in cash or by certified or bank cashier's check at the time of such exercise of the Option.

# EXERCISE OF OPTION

* 1. The within Option is exercisable immediately during the lifetime of the Optionee and following his death only as provided herein. Said Option shall be exercisable in whole or in part only to the extent provided herein during the term of this Option, which shall be for a period of

years, terminating at the close of business on , , subject to earlier termination as provided herein.

* 1. The Option is immediately exercisable for up to % of the Common Stock into which the Option is exercisable; provided, that the balance of the Option shall only be exercisable at such time that the Company either lists such additional shares of Common Stock necessary for the exercise of the balance of the Option or repurchases sufficient Common Stock to satisfy the necessary reserve for the Common Stock upon exercise of the balance of the Option. The Company may delay the exercise of any Option if it determines that the Common Stock is required to be listed, registered or qualified on any securities exchange or under any law. The Company shall not be obligated to deliver any shares of Common Stock for the exercise of the balance of the % of the Option until such shares of Common Stock have been so listed, registered or qualified on any securities exchange (or authorized for listing, registration or qualification upon official notice of such exchange). No delay under this Section 3.2 shall extend or otherwise affect the date of the expiration of this Option.
  2. Notwithstanding anything herein to the contrary, with respect to any exercise of the Option, including but not limited to the exercise into the initial % of the Common Stock, the Optionee understands that similar Options have been granted to officers, directors and key employees of the Company and that in accordance with the rules and regulations of the American Stock Exchange and in particular, Rule 711(b)(ii) of the American Stock Exchange, absent shareholder approval of the Options, which has not been obtained and which the Company is not seeking in the immediate future, only % of the outstanding shares of Common Stock may be issued under the Options in the aggregate within any one year period and

% of the outstanding stock in any five year period; therefore, you, as the Optionee are

restricted to such % exercise in any one year period and % in any

year

period in the aggregate together with all other Optionees, and any further exercises of your Option will be invalid and not accepted by the Company until shareholder approval is obtained for such Options. The Company shall make all such determinations as to the extent of Option exercises and shall not be obligated to recognize or accept any exercise in excess of % in any one year or % in any five year period by all Optionees; nor shall the Company be obligated to issue certificates for Common Stock upon any such unacceptable and invalid exercise of an Option in excess of the % of outstanding Common Stock in any one year and ­\_\_\_\_% in any five year period in accordance with the rules of the American Stock Exchange as provided herein.

* 1. If the Optionee should die during the term of this Agreement, whether or not the Optionee is then affiliated with the Company, except as otherwise provided for herein, this Option shall continue to be exercisable by the person designated in such Optionee's last will and testament, or in default of such designation, by the Optionee's estate, to the full extent that such Option could have been exercised by such deceased Optionee immediately prior to the Optionee's death, in

accordance with the provisions and conditions herein, provided the Option is so exercised within

months of the Optionee's death; except that this Option shall immediately terminate and be of no force or effect if the Optionee is terminated by the Company for fraud, embezzlement or any other act or omission of a criminal or deceptive nature. Its the event of any other termination, whether by retirement, resignation, disability, or lay-off, the Option may be exercised to the full extent such Option could have been exercised by the Optionee immediately prior to such termination in accordance with the provisions and conditions herein, provided the Option is so exercised within months of such termination.

* 1. At least days prior to the date upon which any portion of the within Option is to be exercised, the Optionee shall deliver to the Company written notice of his or her election to exercise a part of the Option, subject to the limitations provided herein, which notice shall specify (i) the date and time for the exercise of the Option, (ii) the number of shares of Common Stock in respect of which the Option is to be so exercised, and (iii) the address to which Common Stock certificates are to be mailed. The date specified in such notice shall be a business day and the time specified shall be during the regular business hours of the Company.
  2. The Optionee shall, at the date and time specified in such notice, pay to the Company in cash or other consideration acceptable to the Company, at the principle office of the Company, the option price of the shares of Common Stock in respect of which the Option is being exercised, to wit, the amount of the product of $ (or such then adjusted exercise price) times the number of shares of Common Stock into which the Option is being exercised. The notice and payment shall be delivered in person or shall be sent by registered mail, return receipt requested,

to the Secretary of the Company, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_ \_ \_\_\_\_\_\_\_\_\_\_. The Company shall as

soon as practicable and with all due expedition deliver to the Optionee, who shall so have properly exercised the Option, certificates registered in the name of such person representing the number of shares of Common Stock in respect of which the Option was exercised, subject to approval of any governmental or regulatory authority required in connection with the authorization, issuance, sale or transfer of such shares. Delivery shall be deemed effected for all purposes when the Company's stock transfer agent shall have deposited such Common Stock certificate or certificates in the United States mail, addressed as per the Optionee's notice. If the Option is only exercised in part, a new Option for the balance of the unexercised shares of Common Stock will be issued by the Company to the Optionee.

* 1. The Optionee shall not have any of the rights and privileges of a shareholder of the Company in respect of any of the shares of Common Stock underlying the Options unless and until and only to the extent he or she shall have properly exercised the Option and paid for the Common Stock in accordance with the terms and provisions of this Option Agreement. The Option shall be considered exercised on the date the notice and payment are delivered to or received by the Secretary of the Company; provided if payment is by check, the exercise date shall be the date such check clears payment. The Optionee shall have no rights with respect to such Common Stock not expressly conferred by this Option Agreement.

# RESTRICTIONS ON EXERCISE OF OPTION AND SALE OF STOCK

**4.1 In addition** to the limitations on the exercise of an Option as provided in Sections 3.2 and

3.3 hereof, the within Option shall not be exercisable if:

1. The exercise thereof will involve a violation of any applicable federal or state securities law; or
2. The exercise thereof will require registration under the Securities Act of 1933, as amended, (the "Act") of the shares of Common Stock or other securities of the Company to be purchased by the Optionee pursuant to such exercise.
   1. (a) The Optionee acknowledges that the Option and underlying shares of Common Stock are not transferable without compliance with registration requirements of the federal and state securities laws or an opinion of counsel to the Company has been received by the Company to the effect that such registration is not required; any determination in this connection by the Company **shall be final,** binding and conclusive; that the Optionee has no right to transfer either the Option or the underlying Common Stock and that the Optionee has no contractual right to require the registration of the Option or underlying Common Stock; and

(b) The Optionee understands that the securities are being issued to him pursuant to a nonpublic offering exemption under the Act, that the Common Stock issued upon exercise of the Option shall have a legend on the face thereof indicating the restrictive nature of the shares in pertinent part as follows: "The shares of Common Stock represented by this certificate have not been registered under the Securities Act of 1933 or under the securities laws of any state and may not be sold or transferred except upon such registration or upon receipt by the Company of an opinion of counsel satisfactory to the Company that registration is not required"; and that such Common Stock and the Option shall have stop transfer instruction issued against the same.

* 1. At the time of any exercise of the within Option, the Optionee shall represent to and agree with the Company in writing that he is acquiring the shares in respect of which the Option is being exercised for the purpose of investment and not with a view to distribution.
  2. The Optionee agrees that he will not sell or otherwise dispose of any shares of Common Stock or other securities of the Company purchased by him or her pursuant to the exercise of all or any portion of the within Option at any time under circumstances which would require the filing of a registration statement in respect of such shares or other securities under the provisions of the Act.
  3. The Company shall not be obligated to take any other affirmative action in order to cause or facilitate the exercise of the Option or the issuance of shares of Common Stock pursuant thereto to comply with any state or federal law, rule or regulation.

# CHANGES IN CAPITAL STRUCTURE

* 1. Existence of this Option shall not impair the right of the Company or its shareholders to make or effect any adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company or

the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock of the Company, or any grant of options on its stock through any qualified or non-qualified stock plan or otherwise, or any other corporate act or proceeding, whether of a similar character or otherwise.

* 1. Except as hereinafter expressly provided, the issuance by the **Company of shares of Common Stock of any class, for** cash or property, or for labor or services, either upon sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company converted into such shares or other securities, shall not affect, and no adjustment by reason thereof **shall be** made with respect to, the number, class or price of shares of Common Stock then subject to the Option.

1. If at any time or from time to time after the date of this Option Agreement, the Company shall distribute to the holders of its Common Stock, with respect to the Common Stock, without payment therefor, securities or property, other than shares of the Common Stock, other than rights to purchase shares of the Common Stock which terminate prior to the exercise of this Option, and other than cash, then, and in each such case, the Optionee upon the exercise of this Option shall be entitled to receive the securities and properties to which he would have been entitled had he or she been a shareholder of record of the Common Stock received upon such exercise of the Option at the time the Company made such distribution of securities or property and had, during the period from the date of this Option to and including the date of such exercise, retained such shares and the securities and properties receivable by him or her during such period. Notice of each such distribution shall be forthwith mailed to the Optionee.
2. If at any time or from time to time after the date of this Option, the Company shall issue shares of its Common Stock by way of a stock dividend, or it shall increase the outstanding shares of Common Stock by way of a stock split, or it shall decrease the outstanding shares of the Common Stock by way of a combination of shares, all of which without receiving compensation therefor in money, services, or property, then, and in each such case, the per share option price shall be increased or decreased, as the case may be, to a price (to the nearest cent) to reflect proportionately the increase or decrease in the number of outstanding shares of the Common Stock resulting from such stock dividend, stock split or combination. Upon each such increase or decrease in the per share option price, the number of shares of Common Stock underlying the Option shall be adjusted by dividing the aggregate option price by the per share option price in effect immediately after such increase or decrease. Notice of each such increase or decrease shall be forthwith mailed to the Optionee.
3. If the Company shall be consolidated with or merged into another corporation or shall sell all or substantially all of its assets as part of a reorganization within the meaning of the Internal Revenue Code or shall reclassify or organize its capital structure (except a stock split or combination covered by subparagraph (b) hereof), and in such transactions holders of the Common Stock exchange their Common Stock for shares of stock or other securities ("Transaction Securities") of the Company or another corporation, receive additional Common Stock or other securities, or surrender a portion of their Common Stock, then:
   1. Except as provided in Section 5.2(c)(2) hereof, the Optionee shall be entitled, in lieu of the Option, to an Option or Options to purchase Transaction Securities in an amount (if any) equal to the Transaction Securities that the Optionee would have received if the Optionee had exercised the Option in full and held the shares of Common Stock to which the Option related at the time of such transaction. The option price per share or other unit of such Transaction Securities shall be determined by dividing the option price per share of Common Stock subject to the Option by the number of shares or other units (or the fraction of a share or other unit) of Transaction Securities into which each share of Common Stock is converted or for which Common Stock is exchanged in such transaction.
   2. Notwithstanding any other provision hereof, the Board of Directors of the Company may cancel the Option as of the effective date of any transaction described in this Section 5.2(c); provided that (A) notice of such cancellation shall have been given to the Optionee at least

days before the effective date of such transaction, and (B) the Optionee shall have the right to exercise the Option in full during the thirty (30) day period immediately preceding the effective date of such transaction.

1. If the Company shall sell all or substantially all of its assets, other than as part of a reorganization within subparagraph (c) above, or shall distribute to the holders of its Common Stock securities pursuant to Section 355 of the Internal Revenue Code or shall distribute its assets in dissolution or liquidation, the Company shall mail notice of its intention thereof to the Optionee and shall make no distribution to shareholders until the expiration of days from the date of mailing of said notice and then only to shareholders of record as of a date at least thirty days from the date of mailing of said notice.
2. If the Board of Directors of the Company shall declare any dividend or other distribution in cash with respect to the Common Stock, other than out of earned surplus, the Company shall mail notice thereof to the Optionee not less than \_\_\_\_\_\_\_\_\_\_\_\_\_ days prior to the record date fixed for determining shareholders entitled to participate in such dividend or other distribution.

# MISCELLANEOUS

* 1. The granting of this Option shall not impose upon the Company any obligation to employ or become affiliated with or continue to employ or be affiliated with the Optionee. This Option Agreement shall not be construed as preventing nor shall it prevent the Company from terminating any employment agreement or other affiliation with the Company or its affiliated companies that might exist with the Optionee.
  2. This Option Agreement shall be binding upon and inure to the benefit of the Company and its successors and upon the Optionee and his successors, assigns, including without limitation the estate of the Optionee and the executors, administrators and/or trustees of such estate, and any creditor, receiver, trustee in bankruptcy or representative of any such Optionee; provided that the within Option shall be non-transferable by the Optionee otherwise than by will or by the laws of descent and distribution, shall not be encumbered in whole or in part, and during the lifetime of the Optionee the Option shall be exercisable only by him or her.
  3. This Option Agreement shall be deemed to be made under and shall be construed in accordance with the laws of the State of .
  4. This Option Agreement shall become effective as of the date hereof and, unless sooner terminated in accordance with the terms hereof, shall remain in effect for a period of \_\_\_\_ years from the date hereof. No modification or amendment of this Option Agreement shall become effective until such modification or amendment shall have been approved by the Board of Directors of the Company.
  5. The Company's obligation to deliver shares of Common Stock is subject to all the terms and conditions of this Option Agreement and shall be subject to applicable federal, state and local tax withholding and reporting requirements.

IN WITNESS WHEREOF, the Company has caused this Option Agreement to be executed by its President, Vice President, or Secretary thereunto duly authorized, and the Optionee has executed this Option Agreement, the day and year first above written.

, INC.

By , its President

The Optionee hereby accepts and agrees to be bound by all the terms and conditions hereof.

Date