

## **Equity Incentive Plan**

Equity Incentive Plan ("Plan") of [Insert Company Name] located at [Insert Company Address]

### **1. Purpose of Plan**

The purpose of this Plan is to strengthen [Insert Company Name] ("Company") by providing incentive stock options as a means to attract, retain, and motivate corporate personnel.

### **2. Administration of Plan**

This Plan shall be administered by a Compensation Committee ("Committee") composed of members selected by, and serving at the pleasure of, the Board of Directors. The Committee shall have the power to make all determinations necessary for the administration of the Plan.

### **3. Grant of Options**

[Insert Company Name] is authorized to grant incentive stock options as defined in Internal Revenue Code Section 422 to Full-time. Options may not be granted to any employee who owns stock that carries more than [Insert maximum employee stock amount]% of the total combined voting power of all classes of stock of the Company, or of its parent or subsidiary, except pursuant to the restrictions set forth in paragraph 6 and 7 of this Plan. Any option granted under this Plan shall be granted within 5 years from the date this Plan is adopted or the date this Plan is approved by the shareholders, whichever is earlier.

### **4. Stock Subject to Plan**

The aggregate number of shares that may be issued pursuant to options granted under this Plan shall be [Insert number] shares of the Company's voting common stock

### **5. Aggregate Fair Market Value**

The aggregate fair market value of the stock, as determined in good faith by the Committee at the time the option is granted, with respect to which incentive stock options are exercisable for the first time by an employee during any calendar year (under all incentive stock option plans of the Company and its parent and subsidiaries) shall not exceed \$[Insert amount].

### **6. Exercise of Option**

Any option granted pursuant to this Plan shall contain provisions, established by the Committee, setting forth the manner of exercising the option. However, no option granted under this Plan shall be exercisable by its terms after the expiration of 5 years from the grant of the option, and no option granted to a person who owns stock possessing more than 5% of the total combined

voting of all classes of the Company's stock shall be exercisable by its terms after the expiration of [Insert number of years] from the date of the grant. The option may be subject to earlier termination as provided in this Plan.

The Employee exercising this option shall have the right to receive property at the time of exercising the option, as long as the property is subject to inclusion in income under Internal Revenue Code Section 83.

## **7. Option Price**

The price for a share of stock subject to an option granted pursuant to this Plan shall not be less than the fair market value for the stock at the time the option is granted, as determined in good faith by the Committee at the time the option is granted. However, when an option is granted to a person who owns stock carrying more than [Insert maximum employee stock amount]% of the total combined voting power of all classes of the Company's stock, the purchase price per share of the stock subject to the option shall not be less than [Insert number] percentage of the fair market value of the stock at the time the option is granted, as determined by the Committee in good faith at the time the option is granted.

## **8. Options Non-Transferable**

The terms of any option granted under this Plan shall make the option non-transferable by the Employee except by will or the laws of descent and distribution, and exercisable only by the Employee during his or her lifetime.

## **9. Termination of Employment**

An Employee's option shall expire [Insert number] months after termination of employment for reasons other than death or disability, subject to earlier expiration pursuant to this Plan. An Employee's option shall expire 0 months after termination of employment due to permanent and total disability. If an Employee should die while employed by the Company or its parent, subsidiary, or successor as defined in Section 424(a) of the Internal Revenue Code, or within the three-month period after termination of employment, the person to whom the Employee's rights pass by will or the laws of descent and distribution may exercise the option for any of the shares not previously exercised during the employee's lifetime, within one year after the Employee's death, subject to earlier expiration pursuant to this Plan.

## **10. Stock Subject to Option**

The Company shall at all times during the term of this Plan reserve the number of shares required to meet the requirements of this Plan, and shall pay all fees and expenses necessarily incurred by the Company in connection with the exercise of options under this Plan.

In the event of a stock split, reverse stock split, stock dividend, combination, or reclassification of the Company's stock, an appropriate and proportionate adjustment shall be made in the

number of shares to which stock options may be granted. A corresponding change shall be made to the number and kind of shares, and the exercise price per share, of unexercised options.

### **11. Merger, Consolidation, or Dissolution of Company**

Following the merger of one or more Companies into the Company, or any consolidation of the Company and one or more Companies in which the Company is the surviving Company, the exercise of options under this Plan shall apply to the shares of the surviving Company.

Notwithstanding any other provision of this Plan, all options under this Plan shall terminate on the dissolution or liquidation of the Company, or on any merger or consolidation in which the Company is not the surviving Company.

### **12. Other Option Terms**

Any option granted pursuant to this Plan shall contain any other terms that the Board of Directors, the Company's legal counsel, or the Committee deems necessary.

### **13. Amendment and Termination of Plan**

The Board of Directors may at any time amend or terminate this Plan. No option may be granted after termination. However, the amendment or termination of the Plan shall not alter any Employee's rights or obligations under an option previously granted, unless the Employee consents to that alteration.

Effective: [Insert Effective Date]

SIGNED:

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[Insert Company Representative Name] on behalf of [Insert Company Name]