

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1
ON
FORM S-8
TO
FORM S-4
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

MSCI Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

13-4038723

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

**88 Pine Street
New York, NY 10005
(212) 804-3900**

(Address of Principal Executive Offices)

RISKMETRICS GROUP, INC. 2000 STOCK OPTION PLAN

RISKMETRICS GROUP, INC. 2004 STOCK OPTION PLAN

INSTITUTIONAL SHAREHOLDER SERVICES HOLDINGS, INC. EQUITY INCENTIVE PLAN

RISKMETRICS GROUP, INC. 2007 OMNIBUS INCENTIVE COMPENSATION PLAN

(each as amended from time to time)

(Full Titles of the Plan(s))

**Frederick W. Bogdan
General Counsel
MSCI Inc.**

**88 Pine Street
New York, NY 10005**

(Name and Address of Agent for Service)

(212) 804-3990

(Telephone Number, Including Area Code, of Agent for Service)

With a copy to:

**Jean M. McLoughlin
Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017
(212) 450-4000**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to Be Registered (1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Class A Common Stock of MSCI, par value \$0.01 per share, to be issued under the RiskMetrics Group, Inc. 2000 Stock Option Plan (3)	543,558	(2)	(2)	(2)
Class A Common Stock of MSCI, par value \$0.01 per share, to be issued under the RiskMetrics Group, Inc. 2004 Stock Option Plan (3)	1,274,978	(2)	(2)	(2)
Class A Common Stock of MSCI, par value \$0.01 per share, to be issued under the Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan (3)	3,270	(2)	(2)	(2)
Class A Common Stock of MSCI, par value \$0.01 per share, to be issued under the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (4)	2,435,973	(2)	(2)	(2)
Total Shares	4,257,779			

- (1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the “Securities Act”), the number of shares of Class A Common Stock, par value \$0.01 per share, of the Registrant (“Common Stock”) to be registered hereunder includes such indeterminate number of additional shares of Common Stock as may be offered or issued under the plans to prevent dilution by reason of any stock dividend, stock split, or similar transactions.
- (2) This Post-Effective Amendment No. 1 covers shares of Common Stock that were originally registered on the Registrant’s registration statement on Form S-4 (File No. 333-165888), as amended by Amendment No. 1 to Form S-4 registration statement. All filing fees payable in connection with the issuance of these securities were previously paid in connection with the filing of the Form S-4 registration statement.
- (3) Represents shares issuable pursuant to outstanding options under the respective incentive plans.
- (4) Represents shares issuable pursuant to outstanding options and restricted shares issued under the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan.

PART I

This Post-Effective Amendment No. 1 on Form S-8 to the Form S-4 registration statement is filed by MSCI Inc. (the “Company” or the “Registrant”), and relates to a total of 4,257,779 shares of Common Stock, all of which were originally registered by the Registrant on the Form S-4 registration statement filed on April 2, 2010, as amended by Amendment No. 1 to the Form S-4 registration statement filed by the Registrant on April 27, 2010 (the date on which the Form S-4 became effective).

In connection with the merger (the “Merger”) of Crossway, Inc., a wholly-owned subsidiary of the Registrant (the “Merger Sub”), with and into RiskMetrics Group, Inc. (“RMG”) pursuant to the Agreement and Plan of Merger dated as of February 28, 2010 (the “Merger Agreement”) among the Registrant, RMG and the Merger Sub, options and other equity awards based on, measured by or payable in common stock of RMG granted under the plans and outstanding at the effective time of the merger will be converted into corresponding awards covering the Class A Common Stock of the Registrant.

The information specified in Item 1 and Item 2 of Part I of Form S-8 is omitted from this filing in accordance with the provisions of Rule 428 under the Securities Act and the introductory note to Part I of the Form S-8 instructions. The documents containing the information specified in Part I have been delivered to the participants in the plans as required by Rule 428(b)(1).

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents are incorporated herein by reference:

- (a) The Registrant’s Annual Report on Form 10-K for the fiscal year ended November 30, 2009;
- (b) All reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) subsequent to the filing of the form referred to in (a) above; and
- (c) The description of the Registrant’s capital stock contained in the Registrant’s Registration Statement on Form S-4 (File No. 333-165888), including any amendments or supplements thereto.

In addition, all documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of the filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein, (or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein), modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

The following is only a general summary of certain aspects of Delaware law and MSCI's amended and restated certificate of incorporation and amended and restated bylaws, referred to as the MSCI charter and MSCI bylaws, respectively, related to indemnification of directors and officers, and does not purport to be complete. It is qualified in its entirety by reference to the detailed provisions of Sections 145 and 102(b)(7) of the General Corporation Law of the State of Delaware, or the DGCL, Articles 8 and 9 of the MSCI charter and Section 6.07 of the MSCI bylaws.

Section 145 of the DGCL generally provides that all directors and officers (as well as other employees and individuals) may be indemnified by the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with certain specified actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation, or a derivative action), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard of care is applicable in the case of derivative actions, except that indemnification extends only to expenses (including attorneys' fees) incurred in connection with defense or settlement of an action, and the DGCL requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The MSCI charter and MSCI bylaws provide that MSCI will indemnify to the fullest extent permitted by the DGCL, and any other laws in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was a director or officer of MSCI or a director or officer of a subsidiary of MSCI; provided that MSCI will indemnify such person in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors or is a proceeding to enforce such person's claim to indemnification pursuant to the rights granted in the MSCI charter and MSCI bylaws.

Section 145 of the DGCL also provides that the rights conferred thereby are not exclusive of any other right to which any person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, and permits a corporation to advance expenses to or on behalf of a person entitled to be indemnified upon receipt of an undertaking to repay the amounts advanced if it is determined that the person is not entitled to be indemnified. The MSCI bylaws provide that MSCI will advance expenses incurred by any person who may seek indemnification under the MSCI bylaws in defending any threatened or pending action, suit or proceeding in advance of its final disposition upon receipt of an undertaking to repay such amounts (unless the MSCI board of directors waives the requirement to the extent permitted by applicable law) if it is ultimately determined that the indemnified person is not entitled to indemnification.

The MSCI charter and the MSCI bylaws provide that no amendment or repeal of the provisions of the MSCI charter and the MSCI bylaws relating to indemnification and the advancement of expenses, nor to the fullest extent permitted by applicable law, any modification of law, will adversely affect any right or protection existing at, or with respect to any events that occurred prior to, such amendment, repeal or modification.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except (i) for liability for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions, or (iv) for any transaction from which the director derived an improper personal benefit. The MSCI charter provides that, to the fullest extent permitted by Delaware law, no director will be liable to MSCI or its stockholders for monetary damages for breach of fiduciary duty as a director. The MSCI charter additionally

provides that if the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, the liability of directors of MSCI will be eliminated or limited to the fullest extent permitted by the DGCL, as amended.

The Merger Agreement provides that, for the later to occur of (i) six years following the completion of the Merger and (ii) the expiration of any statute of limitations applicable to any claim, action, suit, proceeding or investigation with respect to an act or omission referred to below, RMG (as the surviving corporation in the Merger) will (and the Registrant will cause RMG to) indemnify and hold harmless, and provide advancement of expenses to, the present and former officers and directors of RMG in respect of acts or omissions occurring at or prior to the completion of the Merger to the fullest extent permitted by DGCL or any other applicable law or provided under RMG certificate of incorporation and bylaws in effect on the date of the Merger Agreement or indemnification agreements with directors of RMG in effect on the date of the Merger Agreement. MSCI and RMG have further agreed that, for a period of six years after the completion of the Merger, the certificate of incorporation and bylaws of RMG (as the surviving corporation in the Merger) will contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of former or present directors and officers than are set forth in the RMG certificate of incorporation and bylaws as of the date of the Merger Agreement.

Section 145(g) of the DGCL provides, in general, that a corporation may purchase or maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agents of any other enterprise, against any liability asserted against, and incurred by, such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under Section 145 of the DGCL.

MSCI maintains standard policies of insurance that insure directors and officers of MSCI against liability asserted against such persons, whether or not such directors or officers have the right to indemnification pursuant to the MSCI charter, the MSCI bylaws or otherwise.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

See Exhibit Index, which is incorporated herein by reference.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the

Registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the third day of June, 2010.

MSCI INC.

By: /s/ Henry A. Fernandez
Name: Henry A. Fernandez
Title: Chief Executive Officer, President and Director

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed this third day of June, 2010 by the following persons in the following capacities.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
* _____ Henry A. Fernandez	Chief Executive Officer, President and Director (Principal Executive Officer)	_____ June 3, 2010
* _____ David Obstler	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	_____ June 3, 2010
* _____ Benjamin F. duPont	Director	_____ June 3, 2010
* _____ Alice W. Handy	Director	_____ June 3, 2010
* _____ Catherine Kinney	Director	_____ June 3, 2010
* _____ Linda H. Riefler	Director	_____ June 3, 2010
* _____ George W. Siguler	Director	_____ June 3, 2010
* _____ Scott M. Sippelle	Director	_____ June 3, 2010
* _____ Rodolphe M. Vallee	Director	_____ June 3, 2010

*By: /s/ Frederick W. Bogdan

Frederick W. Bogdan
Attorney-in-Fact

EXHIBIT INDEX

<u>Exhibit Number</u>	
4.1	Amended and Restated Certificate of Incorporation of MSCI Inc. (incorporated herein by reference to Exhibit 3.1 to MSCI Inc.'s Annual Report on Form 10-K for the year ended November 30, 2007)
4.2	Amended and Restated By-laws of MSCI, Inc. (incorporated herein by reference to Exhibit 3.2 to MSCI Inc.'s Annual Report on Form 10-K for the year ended November 30, 2007)
5	Opinion of Davis Polk & Wardwell
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm of MSCI Inc.
23.2	Consent of Davis Polk & Wardwell (included in Exhibit 5)
24	Powers of Attorney
99.1	RiskMetrics Group, Inc. 2000 Stock Option Plan
99.2	RiskMetrics Group, Inc. 2004 Stock Option Plan
99.3	Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan
99.4	RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan

New York
Menlo Park
Washington DC
London
Paris

Madrid
Tokyo
Beijing
Hong Kong

Davis Polk

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017

June 1, 2010

MSCI Inc.
88 Pine Street
New York, NY 10005
(212) 804-3990

Ladies and Gentlemen:

We have acted as special counsel for MSCI Inc. (the “Company”) in connection with the filing of a Registration Statement on Form S-8 under the Securities Act of 1933, as amended, relating to 4,257,779 shares (the “Shares”) of the Company’s Class A common stock, par value \$0.01 per share, deliverable pursuant to the RiskMetrics Group, Inc. 2000 Stock Option Plan, the RiskMetrics Group, Inc. 2004 Stock Option Plan, the Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan and the RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (the “Plans”).

We have examined such documents and such matters of fact and law as we have deemed necessary for the purposes of rendering the opinion expressed herein.

Upon the basis of the foregoing, we are of the opinion that the Shares deliverable pursuant to the Plans have been duly authorized and, when and to the extent issued pursuant to the terms of the Plans, will be validly issued, fully paid and nonassessable.

We consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Davis Polk & Wardwell
Davis Polk & Wardwell LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
MSCI Inc.

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports dated January 29, 2010, relating to the consolidated financial statements of MSCI Inc., and the effectiveness of MSCI's internal control over financial reporting, appearing in the Annual Report on Form 10-K of MSCI Inc. for the year ended November 30, 2009.

DELOITTE & TOUCHE LLP
New York, NY
June 3, 2010

POWER OF ATTORNEY AND SIGNATURES

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Gary Retelny and Frederick W. Bogdan, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power to act separately and full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and to file the same, with all Exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or h er or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

This Power of Attorney shall not revoke any powers of attorney previously executed by the undersigned. This Power of Attorney shall not be revoked by any subsequent power of attorney that the undersigned may execute, unless such subsequent power of attorney specifically provides that it revokes this Power of Attorney by referring to the date of the undersigned's execution of this Power of Attorney. For the avoidance of doubt, whenever two or more powers of attorney granting the powers specified herein are valid, the agents appointed on each shall act separately unless otherwise specified.

NOTE: Individuals executing this document in the State of New York should note the New York statutory disclosures included below and have a notary public complete the acknowledgements following.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities, in the locations and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>City, State</u>	<u>Date</u>
<u>/s/ Henry A. Fernandez</u> Henry A. Fernandez	Chief Executive Officer, President and Director		May 27, 2010
<u>/s/ David Obstler</u> David Obstler	Chief Financial Officer	Edison, NJ	June 3, 2010
<u>/s/ Benjamin F. duPont</u> Benjamin F. duPont	Director	Wilmington, DE	May 28, 2010
<u>/s/ Alice W. Handy</u> Alice W. Handy	Director	Charlottesville, VA	May 28, 2010
<u>/s/ Catherine Kinney</u> Catherine Kinney	Director	San Francisco, CA	May 28, 2010
<u>/s/ Linda H. Riefler</u> Linda H. Riefler	Director	New York, NY	May 27, 2010
<u>/s/ George W. Siguler</u> George W. Siguler	Director	Shanghai, China	May 28, 2010
<u>/s/ Scott M. Sippelle</u> Scott M. Sippelle	Director	Princeton, NJ	May 21, 2010
<u>/s/ Rodolphe M. Vallee</u> Rodolphe M. Vallee	Director	Colchester, VT	May 28, 2010

**STATUTORY DISCLOSURES AND ACKNOWLEDGEMENTS FOR INDIVIDUALS EXECUTING POWERS OF ATTORNEY IN THE
STATE OF NEW YORK**

The statutory disclosures entitled “CAUTION TO THE PRINCIPAL” and “IMPORTANT INFORMATION FOR THE AGENT” are included below solely for the purpose of ensuring compliance with Section 5-1501B of the New York General Obligations Law governing the execution of a power of attorney by an individual, if applicable, and, except for ensuring the validity of this power of attorney, shall not form part of, or in any way affect the interpretation of, this Power of Attorney or this Registration Statement. For the sake of clarity, notwithstanding anything to the contrary herein, this Power of Attorney DOES NOT grant the attorneys-in-fact authority to spend the principal’s money or sell or dispose of the principal’s property during the principal’s lifetime.

CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the “principal,” you give the person whom you choose (your “agent”) authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. “Important Information for the Agent” at the end of this document describes your agent’s responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a “Health Care Proxy” to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record or all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

ACKNOWLEDGMENT OF PRINCIPAL:

STATE OF NEW YORK)
) ss.:
COUNTY OF RICHMOND)

On the 27 day of May in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared Henry A. Fernandez, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Sabuwrat Kennedy

Notary Public
Sabuwrat Kennedy
Notary Public – State of New York
No. 01KE6213407
Qualified in Richmond County
My Commission Expires November 09, 2013

ACKNOWLEDGMENT OF PRINCIPAL:

STATE OF)
) ss.:
COUNTY OF)

On the ____ day of June in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared David Obstler, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

ACKNOWLEDGMENT OF PRINCIPAL:

STATE OF)
) ss.:
COUNTY OF)

On the ____ day of May in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared Benjamin F. duPont, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

ACKNOWLEDGMENT OF PRINCIPAL:

STATE OF)
) ss.:
COUNTY OF)

On the ____ day of May in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared Alice W. Handy, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

ACKNOWLEDGMENT OF PRINCIPAL:

STATE OF)
) ss.:
COUNTY OF)

On the ____ day of May in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared Catherine Kinney, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

ACKNOWLEDGMENT OF PRINCIPAL:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 27 day of May in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared Linda H. Riefler, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Vanessa San Pedro
Notary Public

Vanessa San Pedro
Notary Public, State of New York
Registration No. 01SA6159600
Qualified in Rockland County
Commission Expires Jan. 22, 2011

ACKNOWLEDGMENT OF PRINCIPAL:

STATE OF)
) ss.:
COUNTY OF)

On the ____ day of May in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared George W. Siguler, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

ACKNOWLEDGMENT OF PRINCIPAL:

STATE OF)
) ss.:
COUNTY OF)

On the ____ day of May in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared Scott M. Sipprelle, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

ACKNOWLEDGMENT OF PRINCIPAL:

STATE OF)
) ss.:
COUNTY OF)

On the ____ day of May in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared Rodolphe M. Vallee, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

Acceptance of Authority Granted by Individuals Executing Powers of Attorney in New York

The undersigned does hereby accept its appointment as attorney-in-fact by each of the individuals who executed the within instrument in the State of New York.

/s/ Gary Retelny
Gary Retelny

Date: June 3, 2010

The undersigned does hereby accept its appointment as attorney-in-fact by each of the individuals who executed the within instrument in the State of New York.

/s/ Frederick W. Bogdan
Frederick W. Bogdan

Date: June 3, 2010

ACKNOWLEDGMENT OF AGENT:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 3rd day of June in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared Gary Retelny, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Sabuwrat Kennedy

Notary Public

Sabuwrat Kennedy
Notary Public – State of New York
No. 01KE6213407
Qualified in Richmond County
My Commission Expires November 09, 2013

ACKNOWLEDGMENT OF AGENT:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 3rd day of June in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared Frederick W. Bogdan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Sabuwrat Kennedy
Notary Public

Sabuwrat Kennedy
Notary Public – State of New York
No. 01KE6213407
Qualified in Richmond County
My Commission Expires November 09, 2013

RISKMETRICS GROUP, INC.

2000 STOCK OPTION PLAN

TABLE OF CONTENTS

ARTICLE I	PURPOSE	1
ARTICLE II	DEFINITIONS	1
ARTICLE III	ADMINISTRATION	7
ARTICLE IV	SHARE AND OTHER LIMITATIONS	9
ARTICLE V	ELIGIBILITY	11
ARTICLE VI	STOCK OPTIONS	12
ARTICLE VII	NON-TRANSFERABILITY AND TERMINATION	15
ARTICLE VIII	CHANGE IN CONTROL PROVISIONS	16
ARTICLE IX	TERMINATION OR AMENDMENT OF PLAN	17
ARTICLE X	RIGHTS OF FIRST OFFER AND REPURCHASE	18
ARTICLE XI	UNFUNDED PLAN	18
ARTICLE XII	GENERAL PROVISIONS	18
ARTICLE XIII	EFFECTIVE DATE OF PLAN	22
ARTICLE XIV	TERM OF PLAN	22

RiskMetrics Group, Inc.

2000 STOCK OPTION PLAN

ARTICLE I

PURPOSE

The purpose of RiskMetrics Group, Inc. 2000 Stock Option Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer Eligible Employees of, Consultants to, and Non-Employee Directors of, the Company and its Affiliates stock-based incentives in the Company, thereby creating a means to raise the level of equity ownership by such individuals in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders.

ARTICLE II

DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

2.1 "Acquisition Events" has the meaning set forth in Section 4.2(d).

2.2 "Affiliate" means each of the following: (a) any Subsidiary; (b) any Parent; (c) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; and (d) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an "Affiliate" by resolution of the Committee.

2.3 “Board” means the Board of Directors of the Company.

2.4 “Cause” means, with respect to a Participant’s Termination, the following: (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Stock Option (or where there is such an agreement but does not define “cause” (or words of like import)) (i) any action by such individual which constitutes dishonesty relating to the Company, a willful violation of law (other than traffic offenses and similar minor offenses) or a fraud against the Company; (ii) the individual is charged by indictment or information for, is convicted of or pleads guilty to, a felony or other crime; (iii) gross negligence or willful misconduct by the individual relating to the Company or his or her services to the Company; (iv) any

1

violation by the individual of his or her fiduciary obligations to the Company; (v) in the case of an employee of the Company, willful failure to comply with any material instruction of the Board or any senior executive of the Company who supervises such employee; and (vi) in the case only of a member of the Board, the Disability of such individual; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Stock Option that defines “cause” (or words of like import), “cause” as defined under such agreement; provided, however, that with regard to any agreement that conditions “cause” on occurrence of a change in control, such definition of “cause” shall not apply until a change in control actually takes place and then only with regard to a termination thereafter.

2.5 “Change in Control” has the meaning set forth in Article VIII.

2.6 “Change in Control Price” has the meaning set forth in Section 8.1(b).

2.7 “Code” means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision and any Treasury Regulation promulgated thereunder.

2.8 “Committee” means: (a) with respect to the application of this Plan to Eligible Employees and Consultants, a committee or subcommittee of the Board appointed from time to time by the Board, except that on or after a Public Offering, the Committee shall be a committee or subcommittee of the Board appointed from time to time which shall consist solely of two or more non-employee directors, each of whom is intended to be, to the extent required by Rule 16b-3, a “non-employee director” as defined in Rule 16b-3; and (b) with respect to the application of this Plan to Non-Employee Directors, the Board shall be the Committee. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3, such noncompliance with the requirements of Rule 16b-3 shall not affect the validity of grants, interpretations or other actions of the Committee. Notwithstanding the foregoing, if, and to the extent that no Committee exists which has the authority to administer this Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed to be references to the Board.

2.9 “Common Stock” means the shares of common stock, par value \$.01 per share, of the Company.

2.10 “Company” means RiskMetrics Group, Inc., a Delaware corporation, and its successors by operation of law.

2.11 “Consultant” means any Person who is an advisor or consultant to the Company or its Affiliates.

2.12 “Detrimental Activity” means: (a) the disclosure to anyone outside the Company or its Affiliates, or the use in any manner other than in the furtherance of the Company’s or its Affiliate’s business, without written authorization from the Company, of any confidential information or proprietary information, relating to the business of the Company or its Affiliates that is acquired by a Participant prior to the Participant’s Termination; (b) activity while employed or performing services that results, or if known

2

could result, in the Participant’s Termination that is classified by the Company as a Termination for Cause; (c) any attempt, directly or indirectly, to solicit, induce or hire (or the identification for solicitation, inducement or hire) any non-clerical employee of the Company or its Affiliates to be employed by, or to perform services for, the Participant or any Person with which the Participant is associated (including, but not limited to, due to the Participant’s employment by, consultancy for, equity interest in, or creditor relationship with such Person) or any Person from which the Participant receives direct or indirect compensation or fees as a result of such solicitation, inducement or hire (or the identification for solicitation, inducement or hire) without, in all cases, written authorization from the Company; (d) any attempt, directly or indirectly, to solicit in a competitive manner any current or prospective customer of the Company or its Affiliates without, in all cases, written authorization from the Company; (e) the Participant’s Disparagement, or inducement of others to do so, of the Company or its Affiliates or their past and present officers, directors, employees or products; (f) without written authorization from the Company, the rendering of services for any organization, or engaging, directly or indirectly, in any business, which is competitive with the Company or its Affiliates, or the rendering of services to such organization or business if such organization or business is otherwise prejudicial to or in conflict with the interests of the Company or its Affiliates; or (g) breach of any agreement between the Participant and the Company or an Affiliate (including, without limitation, any employment agreement or non-competition or non-solicitation agreement). Unless otherwise determined by the Committee at grant, Detrimental Activity shall not be deemed to occur after the end of the one year period following the Participant’s Termination. For purposes of sub-sections (a), (c), (d) and (f) above, the Chief Executive Officer and the Executive Director of the Company shall each have authority to provide the Participant with written authorization to engage in the activities contemplated thereby and no other person shall have authority to provide the Participant with such authorization.

2.13 “Disability” means, with respect to a Participant’s Termination, the inability of an employee or member of the Board to perform all or a substantial part of his or her services, or in the case of a Board member, any of his or her material duties, as a result of mental or physical defect or illness for a period of 90 consecutive days or 120 non-consecutive days during any 12 month period as determined by the Board in good faith, which determination shall be made by the members of the Board who are not the subject of such determination.

2.14 “Disparagement” means making comments or statements to the press, the Company’s or its Affiliates’ employees, consultants or any individual or entity with whom the Company or its Affiliates has a business relationship which could reasonably be expected to adversely affect in any manner: (a) the conduct of the business of the Company or its Affiliates (including, without limitation, any products or business plans or prospects); or (b) the business reputation of the Company or its Affiliates, or any of their products, or their past or present officers, directors or employees.

2.15 “Effective Date” means the effective date of this Plan as defined in Article XIII.

2.16 “Eligible Employee” means each employee of the Company or an Affiliate. An individual classified by the Company or Affiliate, as applicable, at the time

3

services are provided as either an independent contractor or an individual who is not classified by the Company or Affiliate, as applicable, as an employee but who provides services to the Company or Affiliate through another entity shall not be an Eligible Employee during the period that the individual is so initially classified, even if such individual is later retroactively reclassified as an employee during all or any part of such period pursuant to applicable law or otherwise.

2.17 “Exchange Act” means the Securities Exchange Act of 1934, as amended. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

2.18 “Fair Market Value” means, for purposes of this Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date, the last sales price reported for the Common Stock on the applicable date: (a) as reported on the principal national securities exchange in the United States on which it is then traded or The Nasdaq Stock Market; or (b) if not traded on any such national securities exchange or The Nasdaq Stock Market, as quoted on an automated quotation system sponsored by the National Association of Securities Dealers, Inc. or if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted; provided, that the Committee may modify the definition of Fair Market Value to reflect any changes in the trading practices of any exchange on which the Common Stock is listed or traded. If the Common Stock is not readily tradable on a national securities exchange, The Nasdaq Stock Market or any automated quotation system sponsored by the National Association of Securities Dealers, Inc., its Fair Market Value shall be set in good faith by the Committee. Notwithstanding anything herein to the contrary, for purposes of granting Incentive Stock Options, “Fair Market Value” means the price for Common Stock set by in good faith by the Committee based on reasonable methods set forth under Section 422 of the Code and the regulations thereunder including, without limitation, a method utilizing the average of prices of the Common Stock reported on the principal national securities exchange on which it is then traded during a reasonable period designated by the Committee. For purposes of the grant of any Stock Option, the applicable date shall be the date for which the last sales price is available at the time of grant.

2.19 “Family Member” means, solely to the extent provided for in Rule 701 under the Securities Act or, following the filing of a Securities Act Form S-8 with respect to the Plan, solely to the extent provided for in Securities Act Form S-8, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employee’s household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the employee) control the management of assets, and any other entity in which these persons (or the employee) own more than 50% of the voting interests or as otherwise defined in Rule 701 under the Securities Act or Securities Act Form S-8, as applicable.

2.20 “Incentive Stock Option” means any Stock Option awarded to an Eligible Employee under this Plan intended to be and designated as an “Incentive Stock Option” within the meaning of Section 422 of the Code.

4

2.21 “Non-Employee Director” means a member of the Board who is not an active employee of the Company or an Affiliate or a member of a board of directors of an Affiliate who is not an active employee of the Company or an Affiliate.

2.22 “Non-Qualified Stock Option” means any Stock Option awarded under this Plan that is not an Incentive Stock Option.

2.23 “Parent” means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.24 “Participant” means any Eligible Employee, Non-Employee Director or Consultant to whom a Stock Option has been granted under this Plan.

2.25 “Person” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, incorporated organization, governmental or regulatory or other entity.

2.26 “Plan” means RiskMetrics Group, Inc. 2000 Stock Option Plan, as amended from time to time.

2.27 “Public Offering” means the Company’s sale of Common Stock in a bona fide, firm commitment underwriting pursuant to a registration statement on Form S-1 (or a successor form) under the Securities Act or other registration of shares of Common Stock under Section 12 of the Exchange Act.

2.28 “Retirement” means a Termination of a Participant’s employment or consultancy (other than a Termination for Cause or a voluntary termination within 90 days after an event which would be grounds for a Termination for Cause) on or after age 65 or such earlier date after age 50 as may be approved by the Committee with regard to such Participant. With respect to a Participant’s Termination of Directorship, Retirement means the failure to stand for reelection or the failure to be reelected on or after a Participant has attained age 65 or, with the consent of the Board, before age 65 but after age 50.

2.29 “Rule 16b-3” means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provisions.

2.30 “Securities Act” means the Securities Act of 1933, as amended and all rules and regulations promulgated thereunder. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

2.31 “Stockholders Agreement” means the stockholders agreement dated August 24, 2000 among the Company and the stockholders of the Company, as may be amended from time to time.

2.32 “Stock Option” or “Option” means any option to purchase shares of Common Stock granted to Eligible Employees, Non-Employee Directors or Consultants under Article VI.

2.33 “Subsidiary” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

5

2.34 “Ten Percent Stockholder” means a person owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.35 “Termination” means a Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

2.36 “Termination of Consultancy” means: (a) that the Consultant is no longer acting as a consultant to the Company or an Affiliate; or (b) when an entity which is retaining a Participant as a Consultant ceases to be an Affiliate unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that a Consultant becomes an Eligible Employee or a Non-Employee Director upon the termination of his or her consultancy, unless otherwise determined by the Committee, in its sole discretion, no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant, an Eligible Employee or a Non-Employee Director. The Committee may otherwise define Termination of Consultancy in the Stock Option agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter.

2.37 “Termination of Directorship” means that the Non-Employee Director has ceased to be a director of the Company or a member of a board of directors of an Affiliate; except that if a Non-Employee Director becomes an Eligible Employee or a Consultant upon the termination of his or her directorship, the date he or she ceased to be a director of the Company or a member of a board of directors of an Affiliate and becomes an Eligible Employee or Consultant shall not be treated as a Termination of Directorship unless and until the Participant has a Termination of Employment or Termination of Consultancy, as the case may be.

2.38 “Termination of Employment” means: (a) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (b) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that an Eligible Employee becomes a Consultant or a Non-Employee Director upon the termination of his or her employment, unless otherwise determined by the Committee, in its sole discretion, no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee, a Consultant or a Non-Employee Director. The Committee may otherwise define Termination of Employment in the Stock Option agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.

2.39 “Transfer” means (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in a Person), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in a Person) whether for value or for no value

6

and whether voluntarily or involuntarily (including by operation of law). “Transferred”, “Transferable” and “Transferability” shall have a correlative meaning.

ARTICLE III

ADMINISTRATION

3.1 The Committee. The Plan shall be administered and interpreted by the Committee. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3 following a Public Offering, such noncompliance with the requirements of Rule 16b-3 shall not affect the validity of Stock Options, grants, interpretations or other actions of the Committee.

3.2 Grants of Stock Options. The Committee shall have full authority to grant Stock Options to Eligible Employees and Consultants and the Board shall have the full authority to grant Stock Options to Non-Employee Directors pursuant to the terms of this Plan. All Stock Options shall be granted by, confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant. In particular, the Committee (and, the Board, with respect to Non-Employee Directors) shall have the authority:

(a) to select the Eligible Employees, Consultants and Non-Employee Directors to whom Stock Options may from time to time be granted hereunder;

(b) to determine whether and to what extent Stock Options, or any combination thereof, are to be granted hereunder to one or more Eligible Employees, Consultants and Non-Employee Directors;

(c) to determine, in accordance with the terms of this Plan, the number of shares of Common Stock to be covered by each Stock Option granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Stock Option granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof and any forfeiture restrictions or waiver thereof, regarding any Stock Option and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

(e) to determine whether and under what circumstances a Stock Option may be settled in cash, Common Stock and/or restricted stock under Section 6.3(d);

(f) to determine whether, to what extent and under what circumstances to provide loans (which shall be on a recourse basis and bear interest at the rate the Committee shall provide) to Participants in order to exercise Stock Options under this Plan;

(g) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;

7

(h) to determine whether to require an Eligible Employee, Consultant or Non-Employee Director, as a condition of the granting of any Stock Option, not to sell or otherwise dispose of shares of Common Stock acquired pursuant to the exercise of an Option for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Stock Option;

(i) to modify, extend or renew a Stock Option, subject to Article IX herein, provided, however, that if an Option is modified, extended or renewed and thereby deemed to be the issuance of a new Option under the Code or the applicable accounting rules, the exercise price of a Option may continue to be the original exercise price even if less than the Fair Market Value of the Common Stock at the time of such modification, extension or renewal; and

(j) to offer to buy out an Option previously granted, based on such terms and conditions as the Committee shall establish and communicate to the Participant at the time such offer is made.

3.3 Guidelines. Subject to Article IX hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Stock Option issued under this Plan (and any Stock Option agreements relating thereto); and to otherwise supervise the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any Stock Option agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of this Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws and may impose any limitations and restrictions that it deems necessary to comply with the applicable tax and securities laws of such domestic or foreign jurisdictions. To the extent applicable, this Plan is intended to comply with the applicable requirements of Rule 16b-3 and shall be limited, construed and interpreted in a manner so as to comply therewith.

3.4 Decisions Final. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with this Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 Procedures. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the By-Laws of the Company, shall be fully as

8

effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6 Designation of Consultants/Liability.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of this Plan and may grant authority to officers to execute Stock Option agreements or other documents on behalf of the Committee.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or the Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to sub-section (a) above shall not be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to this Plan or any Stock Option granted under it.

3.7 Indemnification. To the maximum extent permitted by applicable law and the Certificate of Incorporation and By-Laws of the Company and to the extent not covered by insurance directly insuring such person, each officer and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of this Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Stock Options granted to him or her under this Plan.

ARTICLE IV

SHARE AND OTHER LIMITATIONS

4.1 Shares. The aggregate number of shares of Common Stock which may be issued or used for reference purposes under this Plan or with respect to which Stock Options maybe granted under this Plan shall not exceed 5,000,000 shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2), which may be either

9

authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both; provided, however, no more than 1,600,000 shares of Common Stock can be issued or used for reference purposes under this Plan or with respect to which Stock Options may be granted under this Plan in any calendar year. If any Stock Option granted under this Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Common Stock underlying such unexercised Stock Option shall again be available for the purposes of Stock Options under this Plan.

4.2 Changes.

(a) The existence of this Plan and the Stock Options granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead for affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate or (vi) any other corporate act or proceeding.

(b) Subject to the provisions of Section 4.2(d), in the event of any such change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, or other change in the capital structure of the Company, merger, consolidation, spin-off, reorganization, partial or complete liquidation, issuance of rights or warrants to purchase any Common Stock or securities convertible into Common Stock, any sale or transfer of all or part of the Company's assets or business, or any other corporate transaction or event having an effect similar to any of the foregoing and the Committee determines in good faith that an adjustment is necessary or appropriate under the Plan to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under the Plan, then the aggregate number and kind of shares which thereafter may be issued under this Plan, the number and kind of shares or other property (including cash) to be issued upon exercise of an outstanding Stock Option or other Stock Options granted under this Plan and the purchase price thereof shall be appropriately adjusted consistent with such change in such manner as the Committee may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under this Plan, and any such adjustment determined by the Committee in good faith shall be final, binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns. In connection with any event described in this paragraph, the Committee may provide, in its sole discretion, for the cancellation of any outstanding Stock Options and payment in cash or other property in exchange therefor. Except as provided in this Section 4.2, a Participant shall have no rights by reason of any issuance by the Company of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend,

10

any other increase or decrease in the number of shares of stock of any class, any sale or transfer of all or part of the Company's assets or business or any other change affecting the Company's capital structure or business.

(c) Fractional shares of Common Stock resulting from any adjustment in Stock Options pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Stock Option has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of this Plan.

(d) In the event of a merger or consolidation in which the Company is not the surviving entity or in the event of any transaction that results in the acquisition of substantially all of the Company's outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of all or substantially all of the Company's assets (all of the foregoing being referred to as "Acquisition Events"), then the Committee may, in its sole discretion, terminate all outstanding Stock Options, effective as of the date of the Acquisition Event, by delivering notice of termination to each Participant at least 20 days prior to the date of consummation of the Acquisition Event, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each such Participant shall have the right to exercise in full all of his or her Stock Options that are then outstanding (without regard to any limitations on exercisability otherwise contained in the Stock Option agreements),

but any such exercise shall be contingent upon and subject to the occurrence of the Acquisition Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void.

If an Acquisition Event occurs but the Committee does not terminate the outstanding Stock Options pursuant to this Section 4.2(d), then the provisions of Section 4.2(b) and Article VIII shall apply.

4.3 Minimum Purchase Price. Notwithstanding any provision of this Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under this Plan, such shares shall not be issued for a consideration which is less than as permitted under applicable law.

ARTICLE V

ELIGIBILITY

5.1 Non-Qualified Stock Options. All Eligible Employees, Consultants and Non-Employee Directors and prospective employees of and Consultants to the Company and its Affiliates are eligible to be granted Non-Qualified Stock Options. Eligibility for

11

the grant of Stock Options and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.2 Incentive Stock Options. All Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under this Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.3 General Requirement. The vesting and exercise of Stock Options granted to a prospective employee or Consultant are conditioned upon such individual actually becoming an Eligible Employee or Consultant.

ARTICLE VI

STOCK OPTIONS

6.1 Stock Options. Each Stock Option granted hereunder shall be one of two types: (a) an Incentive Stock Option intended to satisfy the requirements of Section 422 of the Code; or (b) a Non-Qualified Stock Option.

6.2 Grants. Subject to the provisions of Article V, the Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non-Qualified Stock Options or both types of Stock Options. Subject to the provisions of Section 6.3(e) below, to the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option, or the portion thereof which does not qualify, shall constitute a separate Non-Qualified Stock Option. The Committee shall have the authority to grant any Consultant or Non-Employee Director one or more Non-Qualified Stock Options. Notwithstanding any other provision of this Plan to the contrary or any provision in a Stock Option agreement to the contrary, any Stock Option granted to an Eligible Employee of an Affiliate (other than an Affiliate which is a Parent or a Subsidiary) shall be a Non-Qualified Stock Option.

6.3 Terms of Stock Options. Stock Options granted under this Plan shall be subject to the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem desirable:

(a) *Exercise Price.* The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee at the time of grant, but shall not be less than 100% of the Fair Market Value of a share of Common Stock at the time of grant; provided, however, that if an Incentive Stock Option is granted to a Ten Percent Stockholder, the exercise price per share shall be no less than 110% of the Fair Market Value of the Common Stock.

(b) *Stock Option Term.* The term of each Stock Option shall be fixed by the Committee; provided, however, that no Stock Option shall be exercisable more than 10 years after the date such Stock Option is granted; and further provided that the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed 5 years.

12

(c) *Exercisability.* Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that such Stock Option is exercisable only in installments or within certain time periods), the Committee may waive such limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Stock Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion. Unless otherwise determined by the Committee at grant, (i) in the event the Participant engages in Detrimental Activity prior to any exercise of the Stock Option, all Stock Options held by the Participant shall thereupon terminate and expire, (ii) as a condition of the exercise of a Stock Option, the Participant shall be required to certify (or shall be deemed to have certified) at the time of exercise in a manner acceptable to the Company that the Participant is in compliance with the terms and conditions of the Plan and that the Participant has not engaged in, and does not intend to engage in, any Detrimental Activity, and (iii) in the event the Participant engages in Detrimental Activity during the one year period commencing on the date the Stock Option is exercised, the Company shall be entitled to recover from the Participant at any time, and the Participant shall pay over to the Company, an amount equal to any gain realized as a result of the exercise (whether at the time of exercise or thereafter). The foregoing provisions relating to Detrimental Activity shall cease to apply upon a Change in Control.

(d) *Method of Exercise.* Subject to whatever installment exercise, waiting period and vesting provisions apply under sub-section (c) above, a Stock Option may be exercised in whole or in part at any time and from time to time during the Stock Option term by giving written notice of exercise to the Committee specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) if the Common Stock is traded on a national securities exchange, The Nasdaq Stock Market, Inc. or quoted on a national quotation system sponsored by the National Association of Securities Dealers, and the Committee authorizes, through a “cashless exercise” procedure whereby the Participant delivers irrevocable instructions to a broker approved by the Committee to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, the relinquishment of Stock Options or by payment in full or in part in the form of Common Stock owned by the Participant for a period of at least 6 months or such other period necessary to avoid a charge, for accounting purposes, against the Company’s earnings as reported in the Company’s financial statements (and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of the Common Stock on the payment date as determined by the Committee). No shares of Common Stock shall be issued until

13

payment therefor, as provided herein, has been made or provided for and the conditions of Section 12.6 are satisfied.

(e) *Incentive Stock Option Limitations.* To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under this Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until 3 months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of this Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend this Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(f) *Form, Modification, Extension and Renewal of Stock Options.* Subject to the terms and conditions and within the limitations of this Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may (i) modify, extend or renew outstanding Stock Options granted under this Plan (provided that the rights of a Participant are not reduced without the Participant’s consent), and (ii) accept the surrender of outstanding Stock Options (up to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, an outstanding Stock Option may not be modified to reduce the exercise price thereof nor may a new Stock Option at a lower exercise price be substituted for a surrendered Stock Option, provided that the foregoing shall not apply to adjustments or substitutions made in accordance with Section 4.2 hereof.

(g) *Deferred Delivery of Common Shares.* The Committee may in its discretion permit Participants to defer delivery of Common Stock acquired pursuant to a Participant’s exercise of an Option in accordance with the terms and conditions established by the Committee.

(h) *Early Exercise.* The Committee may provide that a Stock Option include a provision whereby the Participant may elect at any time before the Participant’s Termination to exercise the Stock Option as to any part or all of the shares of Common Stock subject to the Stock Option prior to the full vesting of the Stock Option. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Committee determines to be appropriate.

(i) *Other Terms and Conditions.* Stock Options may contain such other provisions, which shall not be inconsistent with any of the terms of this Plan, as the Committee shall deem appropriate.

14

ARTICLE VII

NON-TRANSFERABILITY AND TERMINATION

7.1 Non-Transferability.

(a) Except as otherwise specifically provided herein, no Stock Option or Common Stock acquired pursuant to the exercise of a Stock Option shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution. All Stock Options shall be exercisable, during the Participant’s lifetime, only by the Participant. Any attempt to Transfer any such Stock Option shall be void and immediately cancelled, and no such Stock Option shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Stock Option, nor shall it be subject to attachment or legal process for or against such person.

(b) Notwithstanding the foregoing, (i) the Committee may determine at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable pursuant to this Section 7.1 is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee and (ii) unless otherwise determined at the time of grant or thereafter, Common Stock acquired upon exercise of a Non-Qualified Stock Option is Transferable in accordance with the provisions of Article X. A Non-Qualified Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently Transferred otherwise than by will or by the laws of descent and distribution and (ii) remains subject to the terms of this Plan and the Stock Option agreement. Any shares of Common Stock acquired upon the exercise of a Stock Option by a permissible transferee of a Stock Option or a permissible transferee pursuant to a Transfer after the exercise of the Stock Option shall be subject to the terms of this Plan and the Stock Option agreement, including, without limitation, the provisions of Article X hereof.

7.2 Termination. The following rules apply with regard to the Termination of a Participant. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter:

(a) *Termination Other than for Cause*. If a Participant's Termination is for any reason other than for Cause, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at anytime within a period of 30 days from the date of such Termination, but in no event beyond the expiration of the stated terms of such Stock Options.

(b) *Termination for Cause*. If a Participant's Termination (x) is for Cause or (y) is a voluntary Termination at any time within a period of 90 days after the Company's discovery of an event which would be grounds for a Termination for Cause, all Stock Options, whether vested or not vested, that are

15

held by such Participant shall be forfeited and shall thereupon terminate and expire as of the date of such Termination.

(c) *Unvested Stock Options*. Stock Options that are not vested as of the date of a Participant's Termination for any reason shall be forfeited and shall terminate and expire as of the date of such Termination.

ARTICLE VIII

CHANGE IN CONTROL PROVISIONS

8.1 Benefits. In the event of a Change in Control of the Company, except as otherwise provided by the Committee in a Stock Option agreement, a Participant's employment agreement with the Company or an Affiliate, as approved by the Committee, or other written agreement approved by the Committee (as such agreement may be amended from time to time), a Participant's unvested Stock Options shall not vest and a Participant's Stock Option shall be treated in accordance with one of the following methods as determined by the Committee:

(a) Stock Options, whether or not then vested, shall be continued, assumed, have new rights substituted therefor or treated in accordance with Section 4.2 hereof, as determined by the Committee.

(b) The Committee, in its sole discretion, may provide for the purchase of any Stock Option for an amount of cash equal to the excess of the Change in Control Price (as defined below) of the shares of Common Stock covered by such Stock Options, over the aggregate exercise price of such Stock Options. For purposes of this Section 8.1, Change in Control Price shall mean the highest price per share of Common Stock paid in any transaction related to the applicable Change in Control of the Company.

(c) Notwithstanding anything else herein, the Committee may, in its sole discretion, provide for accelerated vesting of a Stock Option at any time.

(d) If the Company and the other party to a transaction constituting a Change in Control agree that such transaction shall be treated as a "pooling of interests" for financial reporting purposes, and if the transaction is in fact so treated, then the acceleration of exercisability, vesting or lapse of the vesting period of a Stock Option or of the applicable Restriction Period shall not occur to the extent that the Company's independent public accountants determine in good faith that such acceleration would preclude "pooling of interests" accounting.

8.2 Change in Control. Unless otherwise determined by the Committee in the applicable Stock Option agreement or other written agreement approved by the Committee, a "Change in Control" shall be deemed to have occurred:

(a) upon any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company),

16

becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities;

(b) a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (other than those covered by the exceptions in (a) above) acquires more than 50% of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control of the Company; or

(c) upon the stockholders of the Company approval of a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

ARTICLE IX

TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of this Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of this Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XII), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Stock Options granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant and, provided further, without the approval of the stockholders of the Company in accordance with the laws of the State of Delaware, solely to the extent required by the applicable provisions of Rule 16b-3, or, solely to the extent applicable to Incentive Stock Options, Section 422 of the Code, no amendment may be made which would (i) increase the aggregate number of shares of Common Stock that may be issued under this Plan; (ii) change the classification of employees, Consultants or Non-Employee Directors eligible to receive Stock Options under this Plan; (iii) decrease the minimum option price of any Stock Option; or (iv) extend the maximum Stock Option period under Section 6.3. In no event may this Plan be amended without the approval of the stockholders of the Company in accordance with the applicable laws of the State of Delaware to increase the aggregate number of shares of Common

17

Stock that may be issued under this Plan, decrease the minimum exercise price of any Stock Option, or to make any other amendment that would require stockholder approval under the rules of any exchange or system on which the Company's securities are listed or traded at the request of the Company.

The Committee may amend the terms of any Stock Option theretofore granted, prospectively or retroactively, but, subject to Article IV above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

ARTICLE X

RIGHTS OF FIRST OFFER AND REPURCHASE

To the extent provided in the Stockholders Agreement, the shares of Common Stock acquired by a Participant pursuant to the exercise of a Stock Option are subject to rights of first offer and other Transfer restrictions contained in the Stockholders Agreement and the Company's right to repurchase all or a portion of the shares of Common Stock upon a Participant's Termination.

ARTICLE XI

UNFUNDED PLAN

This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XII

GENERAL PROVISIONS

12.1 Legend. The Committee may require each person receiving shares pursuant to a Stock Option under this Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof and such other securities law related representations as the Committee shall request. In addition to any legend required by this Plan, the certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on Transfer.

All certificates for shares of Common Stock delivered under this Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate

18

law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

12.2 Other Plans. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases. In the event of any conflict between the provisions of this Plan and any agreement (including any Stock Option agreement) approved by the Board or the Committee, between the Company and any Eligible Employee, Consultant or Non-Employee Director, the provisions of such agreement shall govern.

12.3 No Right to Employment/Directorship/Consultancy. Neither this Plan nor the grant of any Stock Option hereunder shall give any Participant or other employee, Consultant or Non-Employee Director any right with respect to continuance of employment, consultancy or directorship by the Company or any Affiliate, nor shall they be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed or a Consultant or Non-Employee Director is retained to terminate his or her employment or consultancy at anytime.

12.4 Withholding of Taxes. The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any Federal, state or local taxes required by law to be withheld.

Any statutorily required withholding obligation with regard to any Eligible Employee may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

12.5 Listing and Other Conditions.

(a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issue of any shares of Common Stock pursuant to a Stock Option shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Stock Option with respect to such shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to a Stock Option is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise with respect to shares of Common Stock or Stock Options, and the right to exercise any Stock Option shall be suspended until, in

19

the opinion of said counsel, such sale or delivery shall be lawful and will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 12.5, a Stock Option affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Stock Option.

(d) A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

12.6 Stockholders Agreement and Other Requirements. Notwithstanding anything herein to the contrary, as a condition to the receipt of shares of Common Stock pursuant to a Stock Option under this Plan, to the extent required by the Committee, the Participant shall execute and deliver the Stockholders Agreement or such other documentation which shall set forth certain restrictions on Transferability of the shares of Common Stock acquired upon exercise or purchase with respect to a Stock Option, a right of repurchase of the Company with respect to shares and such other terms as the Board or Committee shall from time to time establish. Such Stockholders Agreement shall apply to all Common Stock acquired under the Plan and covered by such Stockholders Agreement or other documentation. The Company may require, as a condition of exercise, the Participant to become a party to any other existing stockholder agreement.

12.7 Governing Law. This Plan shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

12.8 Construction. Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply. To the extent applicable, this Plan shall be limited, construed and interpreted in a manner so as to comply with the applicable requirements of Rule 16b-3; however, noncompliance with Rule 16b-3 shall have no impact on the effectiveness of a Stock Option under this Plan.

12.9 Other Benefits. No Stock Option payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its subsidiaries nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

20

12.10 Costs. The Company shall bear all expenses included in administering this Plan, including expenses of issuing Common Stock pursuant to any Stock Options hereunder.

12.11 No Right to Same Benefits. The provisions of Stock Options need not be the same with respect to each Participant, and such Stock Options to individual Participants need not be the same in subsequent years.

12.12 Death/Disability. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the Transfer of a Stock Option. The Committee may also require that the agreement of the transferee to be bound by all of the terms and conditions of this Plan.

12.13 Section 16(b) of the Exchange Act. On and after a Public Offering, all elections and transactions under this Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule

16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of this Plan and the transaction of business thereunder.

12.14 Severability of Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included; provided, however, that if the provisions set forth in Article X shall be held invalid or unenforceable, the Stock Options granted under the Plan shall be cancelled and terminated.

12.15 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

12.16 Securities Act Compliance. Except as the Company or Committee shall otherwise determine, this Plan is intended to comply with Section 4(2) or Rule 701 under the Securities Act, and any provisions inconsistent with such Section or Rule of the Securities Act shall be inoperative and shall not affect the validity of the Plan.

12.17 Successors and Assigns. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

12.18 Payment to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.

12.19 Agreement. As a condition to the grant of a Stock Option, if requested by the Company and the lead underwriter of any Public Offering of the Common Stock (the

"Lead Underwriter"), a Participant shall irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of, any interest in any Common Stock or any securities convertible into, derivative of, or exchangeable or exercisable for, or any other rights to purchase or acquire Common Stock (except Common Stock included in such Public Offering or acquired on the public market after such offering) during such period of time following the effective date of a registration statement of the Company filed under the Securities Act that the Lead Underwriter shall specify (the "Lock-up Period"). The Participant shall further agree to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agree that the Company may impose stop-transfer instructions with respect to Common Stock acquired pursuant to a Stock Option until the end of such Lock-up Period.

ARTICLE XIII

EFFECTIVE DATE OF PLAN

The Plan shall become effective upon adoption by the Board or such later date as provided in the adopting resolution, subject to the approval of this Plan by the stockholders of the Company within 12 months before or after adoption of the Plan by the Board in accordance with the requirements of the laws of the State of Delaware.

ARTICLE XIV

TERM OF PLAN

No Stock Option shall be granted pursuant to this Plan on or after the tenth anniversary of the earlier of the date this Plan is adopted or the date of stockholder approval, but Stock Options granted prior to such tenth anniversary may, and the Committee's authority to administer the terms of such Stock Options shall, extend beyond that date.

RISKMETRICS GROUP, INC.

2004 STOCK OPTION PLAN

TABLE OF CONTENTS

ARTICLE I	PURPOSE	1
ARTICLE II	DEFINITIONS	1
ARTICLE III	ADMINISTRATION	8
ARTICLE IV	SHARE AND OTHER LIMITATIONS	11
ARTICLE V	ELIGIBILITY	13
ARTICLE VI	STOCK OPTIONS	13
ARTICLE VII	NON TRANSFERABILITY AND TERMINATION	17
ARTICLE VIII	CHANGE IN CONTROL PROVISIONS	18
ARTICLE IX	TERMINATION OR AMENDMENT OF PLAN	21
ARTICLE X	RIGHTS OF FIRST OFFER AND REPURCHASE	21
ARTICLE XI	UNFUNDED PLAN	22
ARTICLE XII	GENERAL PROVISIONS	22
ARTICLE XIII	EFFECTIVE DATE OF PLAN	26
ARTICLE XIV	TERM OF PLAN	27

RiskMetrics Group, Inc.

2004 STOCK OPTION PLAN

ARTICLE I

PURPOSE

The purpose of RiskMetrics Group, Inc. 2004 Stock Option Plan is to enhance the profitability and value of the Company by retaining and attracting employees, consultants and directors of outstanding talent and ability and to raise the level of equity ownership by such individuals in order to strengthen the mutuality of interests between such individuals and the Company's stockholders.

ARTICLE II

DEFINITIONS

When used in this Plan, the following terms shall have the designated meanings, unless a different meaning is clearly required by the context:

- 2.1 "Affiliate" means each of the following: (a) any Subsidiary; (b) any Parent; (c) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or any Parent or Subsidiary; and (d) any other entity in which the Company or any Parent or Subsidiary has a majority equity interest and which is designated as an "Affiliate" by resolution of the Committee.
- 2.2 "Board" means the Board of Directors of the Company.

- 2.3 “Cause” means, with respect to a Participant’s Termination (other than a Participant that is an Investor Designee): (a) in the case where there is an employment, severance or other agreement governing the relationship between the Participant and the Company or Affiliate that includes a definition of “cause,” “cause” as defined in such agreement; or (b) in the case where there is no such agreement that defines “cause,” (i) any action by such individual which constitutes dishonesty relating to the Company, a willful violation of law (other than minor traffic offenses and similar

1

minor offenses) or a fraud against the Company; (ii) the individual is charged by indictment for, is convicted of or pleads guilty to, a felony or other crime; (iii) gross negligence or willful misconduct by the individual relating to the Company or his or her services to the Company; (iv) any violation by the individual of his or her fiduciary obligations to the Company; or (v) in the case of an employee of the Company, willful failure to comply with any material instruction of the Board or any senior executive of the Company who supervises such employee. Notwithstanding the foregoing, in determining whether a Participant’s Termination is for Cause pursuant to this Section 2.3, for the purposes of Article VIII (relating to a Participant’s Termination following a Change in Control), clause (v), above, shall be excluded.

- 2.4 “Change in Control” has the meaning set forth in Article VIII.
- 2.5 “Change in Control Price” has the meaning set forth in Section 8.1(b).
- 2.6 “Code” means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision and any Treasury Regulation promulgated thereunder.
- 2.7 “Committee” means: (a) with respect to the application of this Plan to Eligible Employees and Consultants, a committee or subcommittee of the Board appointed from time to time by the Board, except that on or after a Public Offering, the Committee shall be a committee or subcommittee of the Board appointed from time to time which shall consist solely of two or more non-employee directors, each of whom is intended to be, to the extent required by Rule 16b-3, a “non-employee director” as defined in Rule 16b-3 and (b) with respect to the application of this Plan to Non-Employee Directors, the Board shall be the Committee. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3, such noncompliance shall not affect the validity of grants, interpretations or other actions of the Committee. If the Committee does not exist, or for any other reason determined by the Board, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee and, in such a case, all references herein to the Committee shall refer to the Board.
- 2.8 “Common Stock” means the shares of common stock, par value \$.01 per share, of the Company.
- 2.9 “Company” means RiskMetrics Group, Inc., a Delaware corporation, and its successors by operation of law.

2

-
- 2.10 “Consultant” means, solely to the extent provided for in Rule 701 under the Securities Act or, following the filing of a Securities Act Form S-8 with respect to the Plan, solely to the extent provided for in Securities Act Form S-8, any Person who is an advisor or consultant to the Company or its Affiliates.
- 2.11 “Detrimental Activity” means: (a) the disclosure to anyone outside the Company or its Affiliates, or the use in any manner other than in the furtherance of the Company’s or its Affiliate’s business, without written authorization from the Company, of any confidential information or proprietary information relating to the business of the Company or its Affiliates that is acquired by a Participant prior to the Participant’s Termination; (b) activity while employed or performing services that results, or if known could result, in the Participant’s Termination that is classified by the Company as a Termination for Cause; (c) any attempt, directly or indirectly, to solicit, induce or hire (or the identification for solicitation, inducement or hire) any non-clerical employee of the Company or its Affiliates to be employed by, or to perform services for, the Participant or any Person with which the Participant is associated (including, but not limited to, employers, creditors, persons for whom the Participant performs consulting work, and entities in which the Participant is a partner or equity owner) or any Person from which the Participant receives direct or indirect compensation or fees as a result of such solicitation, inducement or hire (or the identification for solicitation, inducement or hire) without, in all cases, written authorization from the Company; (d) any attempt, directly or indirectly, to solicit in a competitive manner any current or prospective customer of the Company or its Affiliates without, in all cases, written authorization from the Company; (e) the Participant’s Disparagement, or inducement of others to do so, of the Company or its Affiliates or their past and present officers, directors, employees or products; (f) without written authorization from the Company, the rendering of services for any organization, or engaging, directly or indirectly, in any business, which is competitive with the Company or its Affiliates, or the rendering of services to such organization or business if such organization or business is otherwise prejudicial to or in conflict with the interests of the Company or its Affiliates; or (g) breach of any agreement between the Participant and the Company or an Affiliate (including, without limitation, any employment agreement or non-competition or non-solicitation agreement). Unless otherwise determined by the Committee at grant, Detrimental Activity shall not be deemed to occur after the end of the one year period following the Participant’s Termination. For purposes of sub-sections (a), (c), (d) and (f) above, the Committee shall have authority to provide the Participant with written authorization to engage in the activities contemplated thereby and no other person shall have authority to provide the Participant with such authorization.

3

- 2.12 “Disability” means, with respect to a Participant’s Termination, the inability of an employee or member of the Board to perform all or a substantial part of his or her services, or in the case of a Board member, any of his or her material duties, as a result of mental or physical defect or illness for a period of 90 consecutive days or 120 non-consecutive days during any 12 month period, as determined by the Board in good faith, which determination shall be made by the members of the Board who are not the subject of such determination.
- 2.13 “Disparagement” means making comments or statements to the press, the Company’s or its Affiliates’ employees, consultants or any individual or entity with whom the Company or its Affiliates has a business relationship which could reasonably be expected to adversely affect in any manner: (a) the conduct of the business of the Company or its Affiliates (including, without limitation, any products or business plans or prospects); or (b) the business reputation of the Company or its Affiliates, or any of their products, or their past or present officers, directors or employees.
- 2.14 “Effective Date” means the effective date of this Plan as defined in Article XIII.
- 2.15 “Eligible Employee” means each employee of the Company or an Affiliate. For purposes of this Plan, references to an employee of the Company or an Affiliate shall include an individual who is not classified by the Company or Affiliate, as applicable, as an employee but who provides services to the Company or Affiliate through another entity.
- 2.16 “Exchange Act” means the Securities Exchange Act of 1934, as amended. Any references to any section of the Exchange Act shall also be a reference to any successor provision.
- 2.17 “Fair Market Value” means, for purposes of this Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date, the last sales price reported for the Common Stock on the applicable date: (a) as reported on the principal national securities exchange in the United States on which it is then traded or The Nasdaq Stock Market; or (b) if not traded on any such national securities exchange or The Nasdaq Stock Market, as quoted on an automated quotation system sponsored by the National Association of Securities Dealers, Inc. or if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted; provided, that the Committee may modify the definition of Fair Market Value to reflect any changes in the trading practices of any exchange on which the Common Stock is listed or traded. If the Common Stock is not readily tradable on a national securities exchange, The Nasdaq Stock Market or any automated quotation system sponsored by the National Association of Securities Dealers, Inc., its Fair

4

Market Value shall be set in good faith by the Committee. Notwithstanding anything herein to the contrary, for purposes of granting Incentive Stock Options, “Fair Market Value” means the price for Common Stock set in good faith by the Committee based on reasonable methods set forth under Section 422 of the Code and the regulations thereunder including, without limitation, a method utilizing the average of prices of the Common Stock reported on the principal national securities exchange on which it is then traded during a reasonable period designated by the Committee.

- 2.18 “Family Member” means, solely to the extent provided for in Rule 701 under the Securities Act or, following the filing of a Securities Act Form S-8 with respect to the Plan, solely to the extent provided for in Securities Act Form S-8, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant’s household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests or as otherwise defined in Rule 701 under the Securities Act or Securities Act Form S-8, as applicable.
- 2.19 “Incentive Stock Option” means any Stock Option awarded to an Eligible Employee under this Plan intended to be and designated as an “Incentive Stock Option” within the meaning of Section 422 of the Code.
- 2.20 “Investor Designee” means each Non-Employee Director appointed by the Investors (as defined in the Stockholders Agreement) as set forth in Section 2.1(b) of the Investor Rights Agreement (as provided for in the definition of Stockholders Agreement below).
- 2.21 “Non-Employee Director” means a member of the Board who is not an employee of the Company or an Affiliate, or a member of a board of directors of an Affiliate who is not an employee of the Company or an Affiliate.
- 2.22 “Non-Qualified Stock Option” means any Stock Option awarded under this Plan that is not an Incentive Stock Option.
- 2.23 “Parent” means any parent corporation of the Company within the meaning of Section 424(e) of the Code.
- 2.24 “Participant” means any Eligible Employee, Non-Employee Director or Consultant to whom a Stock Option has been granted under this Plan.

5

- 2.25 “Person” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, incorporated organization, governmental or regulatory or other entity.
- 2.26 “Plan” means this RiskMetrics Group, Inc. 2004 Stock Option Plan, as amended from time to time.

- 2.27 “Public Offering” means the Company’s sale of shares of Common Stock in a bona fide, firm commitment underwriting pursuant to a registration statement on Form S-1 (or a successor or other applicable form) under the Securities Act or other registration of shares of Common Stock under Section 12 of the Exchange Act.
- 2.28 “Rule 16b-3” means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provisions.
- 2.29 “Securities Act” means the Securities Act of 1933, as amended and all rules and regulations promulgated thereunder. Any reference to any section of the Securities Act shall also be a reference to any successor provision.
- 2.30 “Stockholders Agreement” means the stockholders agreement, as amended and restated, dated as of June 14, 2004, among the Company and the stockholders of the Company, as the same may be amended from time to time, or any successor agreement; and the Investor Rights Agreement dated as of June 14, 2004, among the Company and the stockholders of the Company identified therein, as the same may be amended from time to time, or any successor agreement, to the extent by the terms of such agreement the Participant is required to sign the Investor Rights Agreement.
- 2.31 “Stock Option” or “Option” means any option to purchase shares of Common Stock granted to Eligible Employees, Non-Employee Directors or Consultants under Article VI.
- 2.32 “Subsidiary” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.
- 2.33 “Ten Percent Stockholder” means a person owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.
- 2.34 “Termination” means a Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

6

- 2.35 “Termination of Consultancy” means: (a) that the Consultant is no longer acting as a consultant to the Company or an Affiliate; or (b) when an entity which is retaining a Participant as a Consultant ceases to be an Affiliate unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that a Consultant becomes an Eligible Employee or a Non-Employee Director upon the termination of his or her consultancy, unless otherwise determined by the Committee, in its sole discretion, no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant, an Eligible Employee or a Non-Employee Director. The Committee may otherwise define Termination of Consultancy in the Stock Option agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter.
- 2.36 “Termination of Directorship” means that the Non-Employee Director has ceased to be a director of the Company or a member of a board of directors of an Affiliate; except that if a Non-Employee Director becomes an Eligible Employee or a Consultant upon the termination of his or her directorship, the date he or she ceased to be a director of the Company or a member of a board of directors of an Affiliate and becomes an Eligible Employee or Consultant shall not be treated as a Termination of Directorship unless and until the Participant has a Termination of Employment or Termination of Consultancy, as the case may be.
- 2.37 “Termination of Employment” means: (a) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (b) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that an Eligible Employee becomes a Consultant or a Non-Employee Director upon the termination of his or her employment, unless otherwise determined by the Committee, in its sole discretion, no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee, a Consultant or a Non-Employee Director. The Committee may otherwise define Termination of Employment in the Stock Option agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.
- 2.38 “Transfer” means (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in a Person), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of

7

(including the issuance of equity in a Person) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). “Transferred”, “Transferable” and “Transferability” shall have a correlative meaning.

ARTICLE III

ADMINISTRATION

- 3.1 The Committee. The Plan shall be administered and interpreted by the Committee.
- 3.2 Grants of Stock Options. The Committee shall have full authority to grant Stock Options to Eligible Employees and Consultants and the Board shall have the full authority to grant Stock Options to Non-Employee Directors pursuant to the terms of this Plan. All Stock Options shall be evidenced by and subject to the terms of a written agreement executed by the Company and the Participant. In particular, the Committee (and, the Board, with respect to Non-Employee Directors) shall have the authority:

- (a) to select the Eligible Employees, Consultants and Non-Employee Directors to whom Stock Options shall from time to time be granted hereunder;
- (b) to determine, in accordance with the terms of this Plan, the number of shares of Common Stock to be covered by each Stock Option granted hereunder;
- (c) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Stock Option granted hereunder (including, but not limited to, the purchase price, any restriction or limitation, any vesting schedule or acceleration thereof and any forfeiture restrictions or waiver thereof, regarding any Stock Option and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);
- (d) to determine whether and under what circumstances a Stock Option may be settled in cash, Common Stock and/or restricted stock under Section 6.3;
- (e) to determine whether, to what extent and under what circumstances to provide loans (which shall be on a recourse basis and bear interest at the rate the Committee shall provide) to Participants in order to exercise Stock Options under this Plan;

8

- (f) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;
- (g) to determine whether to require an Eligible Employee, Consultant or Non-Employee Director, as a condition of the granting of any Stock Option, not to sell or otherwise dispose of shares of Common Stock acquired pursuant to the exercise of the Option for a period of time as determined by the Committee in its sole discretion, following the date of the acquisition of such Stock Option;
- (h) to modify, extend or renew a Stock Option, subject to Article IX herein, provided, however, that if an Option is modified, extended or renewed and thereby deemed to be the issuance of a new Option under the Code or the applicable accounting rules, the exercise price of a Option may continue to be the original exercise price even if less than the Fair Market Value of the Common Stock at the time of such modification, extension or renewal; and
- (i) to offer to buy out an Option previously granted, based on such terms and conditions as the Committee shall establish and communicate to the Participant at the time such offer is made.

3.3 Guidelines. Subject to Article IX hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Stock Option issued under this Plan (and any Stock Option agreements relating thereto); and to otherwise supervise the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any Stock Option agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of this Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws and may impose any limitations and restrictions that it deems necessary to comply with the applicable tax and securities laws of such domestic or foreign jurisdictions. To the extent applicable, this Plan is intended to comply with the applicable requirements of Rule 16b-3 and shall be limited, construed and interpreted in a manner so as to comply therewith.

9

3.4 Decisions Final. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with this Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 Procedures. If the Committee is appointed, all determinations of the Committee shall be made by a majority of its members. The Committee or the Board shall establish additional appropriate procedures for the operation of the Committee.

3.6 Designation of Consultants/Liability.

- (a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of this Plan and may grant authority to officers to execute Stock Option agreements or other documents on behalf of the Committee.
- (b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or the Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any Person designated pursuant to sub-section (a) above shall not be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer or former officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to this Plan or any Stock Option granted under it.

- 3.7 Indemnification. To the maximum extent permitted by applicable law and the Certificate of Incorporation and by-laws of the Company, each officer and former officer and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of this Plan, except to the extent arising out of such officer's, former officer's, member's or former member's own

fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or by-laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual in his individual capacity and not as an officer or member of the Committee or Board with regard to Stock Options granted to him or her under this Plan.

ARTICLE IV

SHARE AND OTHER LIMITATIONS

- 4.1 Shares. The aggregate number of shares of Common Stock which may be issued or used for reference purposes under this Plan or with respect to which Stock Options may be granted under this Plan shall not exceed 3,000,000 shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2). Such shares may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both. If any Stock Option granted under this Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Common Stock underlying such unexercised Stock Option shall again be available for the purposes of Stock Options under this Plan. Shares of Common Stock acquired through the exercise of a Stock Option and tendered as full or partial payment of the exercise price in accordance with the terms of a Stock Option grant shall again be available for issuance under the Plan.

- 4.2 Changes.

- (a) The existence of this Plan and the Stock Options granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock that affects the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate or (vi) any other corporate act or proceeding.

- (b) Subject to the provisions of Section 8.1, in the event of any such change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, cash dividend determined by the Committee to be extraordinary and non-recurring, combination or reclassification of shares, recapitalization, or other change in the capital structure of the Company, merger, consolidation, spin-off, reorganization, partial or complete liquidation, issuance of rights or warrants to purchase any Common Stock or securities convertible into Common Stock, any sale or transfer of all or a substantial part of the Company's assets or business, or any other corporate transaction or event having an effect similar to any of the foregoing, the Committee may determine in good faith that an adjustment is necessary or appropriate under the Plan to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan, and may then adjust the aggregate number and kind of shares which thereafter may be issued under this Plan, the number and kind of shares or other property (including cash) to be issued upon exercise of an outstanding Stock Option or other Stock Options granted under this Plan and the purchase price thereof, in such manner as the Committee may deem equitable. Any such adjustment by the Committee shall be final, binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns. In connection with any event described in this paragraph, the Committee may provide, in its sole discretion, for the cancellation of any outstanding Stock Options and payment in cash or other property in exchange therefor. Except as provided in this Section 4.2, a Participant shall have no rights by reason of any issuance by the Company of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend, any other increase or decrease in the number of shares of stock of any class, any sale or transfer of all or part of the Company's assets or business or any other change affecting the Company's capital structure or business.
- (c) Fractional shares of Common Stock resulting from any adjustment in Stock Options pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half, provided that with respect to Incentive Stock Options all fractional share amounts shall be rounded down to the nearest whole share and all purchase price amounts shall be rounded up to the nearest whole cent. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Stock Option has been

adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of this Plan.

- 4.3 Minimum Purchase Price. Notwithstanding any provision of this Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under this Plan, such shares shall not be issued for a consideration which is less than as permitted under applicable law.

ARTICLE V

ELIGIBILITY

- 5.1 Non-Qualified Stock Options. All Eligible Employees, Consultants and Non-Employee Directors and prospective employees of and Consultants to the Company and its Affiliates are eligible to be granted Non-Qualified Stock Options. Actual grants of Stock Options shall be determined by the Committee in its sole discretion.
- 5.2 Incentive Stock Options. All Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under this Plan, provided that Incentive Stock Options may not be granted to an Eligible Employee who is not classified by the Company, its Subsidiary or Parent, as applicable, as an employee but who provides services to the Company, Subsidiary or Parent through another entity. Actual grants of Incentive Stock Options shall be determined by the Committee in its sole discretion.
- 5.3 General Requirement. The vesting and exercise of Stock Options granted to a prospective employee or Consultant, and the grant of Incentive Stock Options to a prospective employee, shall be conditioned upon such individual actually becoming an Eligible Employee or Consultant. The grant date any such Incentive Stock Option shall be deemed to be no earlier than the date employment commences.

ARTICLE VI

STOCK OPTIONS

- 6.1 Stock Options. Each Stock Option granted hereunder shall be one of two types: (a) an Incentive Stock Option intended to satisfy the requirements of Section 422 of the Code; or (b) a Non-Qualified Stock Option.

13

- 6.2 Grants. Subject to the provisions of Article V, the Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non-Qualified Stock Options or both types of Stock Options. Subject to the provisions of Section 6.3(e) below, to the extent that any Stock Option intended to be an Incentive Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option, or the portion thereof which does not qualify, shall constitute a separate Non-Qualified Stock Option. The Committee shall have the authority to grant any Consultant or Non-Employee Director one or more Non-Qualified Stock Options. Notwithstanding any other provision of this Plan to the contrary or any provision in a Stock Option agreement to the contrary, any Stock Option granted to an Eligible Employee of an Affiliate (other than an Affiliate which is a Parent or a Subsidiary) shall be a Non-Qualified Stock Option.
- 6.3 Terms of Stock Options. Stock Options granted under this Plan shall be subject to the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem desirable:
- (a) Exercise Price. The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee at the time of grant, but shall not be less than 100% of the Fair Market Value of a share of Common Stock at the time of grant; provided, however, that if an Incentive Stock Option is granted to a Ten Percent Stockholder, the exercise price per share shall be no less than 110% of the Fair Market Value of the Common Stock.
 - (b) Stock Option Term. The term of each Stock Option shall be fixed by the Committee; provided, however, that no Stock Option shall be exercisable more than 10 years after the date such Stock Option is granted; and further provided that the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed 5 years.
 - (c) Exercisability. Unless the Committee provides otherwise, Stock Options shall be exercisable as follows: (i) Stock Options granted to Eligible Employees in connection with their commencement of employment shall become exercisable in four substantially equal installments on each of the first four anniversaries of the date of grant; and (ii) annual incentive grants shall become exercisable in 36 substantially equal installments on the first day of each of the thirty-six (36) calendar months subsequent to the date of grant. Unless otherwise determined by the Committee at grant, (a) in the event that a Participant other than a Non-Employee Director engages in Detrimental Activity, as determined by the Committee,

14

prior to any exercise of the Stock Option, all Stock Options held by such Participant shall thereupon terminate and expire, (b) as a condition of the exercise of a Stock Option, a Participant other than a Non-Employee Director shall be required to certify (or shall be deemed to have certified) at the time of exercise in a manner acceptable to the Company that such Participant is in compliance with the terms and conditions of the Plan and that such Participant has not engaged in, and does not intend to engage in, any Detrimental Activity, and (c) in the event that a Participant other than a Non-Employee

Director engages in Detrimental Activity during the one year period commencing on the date the Stock Option is exercised, the Company shall be entitled to recover from such Participant at any time, and such Participant shall pay over to the Company, an amount equal to any gain realized as a result of the exercise (whether at the time of exercise or thereafter). The foregoing provisions relating to Detrimental Activity shall cease to apply upon a Change in Control and shall be in addition to any and all other remedies available to the Company or an Affiliate.

- (d) *Method of Exercise.* Subject to whatever installment exercise, waiting period and vesting provisions apply under subsection (c) above, a Stock Option may be exercised in whole or in part at any time and from time to time during the Stock Option term by giving written notice of exercise to the Committee specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) if the Common Stock is traded on a national securities exchange, The Nasdaq Stock Market, Inc. or quoted on a national quotation system sponsored by the National Association of Securities Dealers, and the Committee authorizes, through a “brokered cashless exercise” procedure approved by the Committee; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, the relinquishment of Stock Options or by payment in full or in part in the form of Common Stock owned by the Participant for a period of at least 6 months or such other period necessary to avoid a charge, for accounting purposes, against the Company’s earnings as reported in the Company’s financial statements (and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of the Common Stock on the payment date as determined by the Committee). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for and the conditions of Section 12.6 are satisfied.

15

- (e) *Incentive Stock Option Limitations.* To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under this Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until 3 months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option.
- (f) *Form, Modification, Extension and Renewal of Stock Options.* Subject to the terms and conditions and within the limitations of this Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may (i) modify, extend or renew outstanding Stock Options granted under this Plan (provided that the rights of a Participant are not reduced without the Participant’s consent), and (ii) accept the surrender of outstanding Stock Options (up to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, except as otherwise approved by the Company’s stockholders, an outstanding Stock Option may not be modified to reduce the exercise price thereof nor may a new Stock Option at a lower exercise price be substituted for a surrendered Stock Option, provided that the foregoing shall not apply to adjustments or substitutions made in accordance with Section 4.2 hereof.
- (g) *Deferred Delivery of Common Shares.* The Committee may in its discretion permit Participants to defer delivery of Common Stock acquired pursuant to a Participant’s exercise of an Option in accordance with the terms and conditions established by the Committee.
- (h) *Early Exercise.* The Committee may provide that a Stock Option include a provision whereby the Participant may elect at any time before the Participant’s Termination to exercise the Stock Option as to any part or all of the shares of Common Stock subject to the Stock Option prior to the full vesting of the Stock Option. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Committee determines to be appropriate.

16

- (i) *Other Terms and Conditions.* Stock Options may contain such other provisions, which shall not be inconsistent with any of the terms of this Plan, as the Committee shall deem appropriate.

ARTICLE VII

NON-TRANSFERABILITY AND TERMINATION

7.1 Non-Transferability.

- (a) Except as otherwise specifically provided herein, no Stock Option or Common Stock acquired pursuant to the exercise of a Stock Option shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution. All Stock Options shall be exercisable, during the Participant’s lifetime, only by the Participant. Any attempt to Transfer any such Stock Option shall be void and immediately cancelled, and no such Stock Option shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Stock Option, nor shall it be subject to attachment or legal process for or against such person.
- (b) Notwithstanding the foregoing, (i) the Committee may determine at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable pursuant to this Section 7.1 is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee and (ii) Common Stock

acquired upon exercise of a Stock Option is Transferable in accordance with the provisions of Article X. A Non-Qualified Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently Transferred otherwise than by will or by the laws of descent and distribution and (ii) remains subject to the terms of this Plan and the Stock Option agreement. Any shares of Common Stock acquired upon the exercise of a Stock Option by a permissible transferee of a Stock Option or a permissible transferee pursuant to a Transfer after the exercise of the Stock Option shall be subject to the terms of this Plan and the Stock Option agreement, including, without limitation, the provisions of Article X hereof.

- 7.2 Termination. The following rules apply with regard to the Termination of a Participant (other than a Participant who is an Investor Designee). Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter:

17

- (a) *Termination Other than for Cause*. If a Participant's Termination is for any reason other than for Cause, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a period of 30 days from the date of such Termination, but in no event beyond the expiration of the stated terms of such Stock Options.
- (b) *Termination for Cause*. If a Participant's Termination is for Cause all Stock Options, whether vested or not vested, that are held by such Participant shall be forfeited and shall thereupon terminate and expire without consideration as of the date of such Termination. If it is discovered that a Participant's Termination could be, or could have been for Cause, the Committee may deem such Participant's Termination to have been a Termination for Cause. A Participant's Termination for Cause shall be effective as of the date of the occurrence of the event giving rise to Cause, regardless of when the determination of Cause is made.
- (c) *Unvested Stock Options*. Stock Options that are not vested as of the date of a Participant's Termination for any reason shall be forfeited and shall terminate and expire without consideration as of the date of such Termination.

ARTICLE VIII

CHANGE IN CONTROL PROVISIONS

- 8.1 Benefits. Notwithstanding any provision of this Plan to the contrary, in the event of a Change in Control of the Company, except as otherwise provided by the Committee in a Stock Option agreement, employment agreement or other written agreement approved by the Committee, a Participant's Stock Option may be treated in accordance with one of the following methods as determined by the Committee, in its sole discretion:

- (a) Stock Options, whether or not then vested, may be continued, or be assumed, or have new rights substituted therefor or be treated in accordance with Section 4.2 hereof.
- (b) The Committee may provide for the purchase of any Stock Option, for an amount of cash equal to the excess of the Change in Control Price of the shares of Common Stock covered by such Stock Options, over the aggregate exercise price of such Stock Options. Change in Control Price shall mean the highest price per share of

18

Common Stock paid in any transaction related to the applicable Change in Control of the Company.

- (c) The Committee may terminate all outstanding Stock Options, effective as of the date of the Change in Control, by delivering notice of termination to each Participant at least 20 days prior to the effective date of the Change in Control (or in the case of 8.3(c), the date of the consummation of such transaction), in which case during the period from the date on which such notice of termination is delivered until the effective date of the Change in Control (or in the case of 8.3(c), the date of the consummation of such transaction), each such Participant shall have the right to exercise in full all of his or her Stock Options that are then outstanding (without regard to any limitations on exercisability otherwise contained in the Stock Option agreements), but any such exercise shall be contingent upon and subject to the occurrence of the Change in Control, and, provided that, if the Change in Control does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void.
- 8.2 Notwithstanding anything else contained herein, the Committee may, in its sole discretion, provide for accelerated vesting of a Stock Option upon a Change in Control.
- 8.3 Change in Control. Unless otherwise determined by the Committee in the applicable Stock Option agreement or other written agreement approved by the Committee, a "Change in Control" shall be deemed to have occurred:
- (a) upon any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (i) any Person who is a beneficial owner of Common Stock of the Company as of the date immediately following the effective date hereof or any affiliates of such Person, (ii) the Company, (iii) any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or (iv) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities;

- (b) upon a merger or consolidation of the Company with any other corporation or entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (other than those covered by the exceptions in (a) above) acquires more than 50% of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control of the Company;
- (c) upon the stockholders of the Company approval of a plan of complete liquidation of the Company or upon the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale; or
- (d) upon a majority of directors being elected to the Board without having previously been nominated and approved by a majority of the members of the Board incumbent on the day immediately preceding such election, it being understood that the inclusion of any person in a consent solicitation or proxy statement approved by the Board shall constitute nomination and approval by the Board.
- 8.4 Public Offering not a Change in Control. For purposes of the Plan, a Public Offering shall not be deemed to be a Change in Control.

ARTICLE IX

TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of this Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of this Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XII), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Stock Options granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant. Any amendment that is intended to preserve the status of Stock Options as Incentive Stock Options or otherwise to obtain favorable tax treatment for Stock Options shall not be considered an impairment of the rights of a Participant. To the extent required by (i) the applicable provisions of Rule 16b-3, (ii) Section 422 of the Code, as applicable, or (iii) by the rules of any exchange on which the Company's Common Stock is listed, no material amendment may be made without stockholder approval, including amendments which would increase the aggregate number of shares of Common Stock that may be issued under this Plan; change the classification of employees, Consultants or Non-Employee Directors eligible to receive Stock Options under this Plan; decrease the minimum option price of any Stock Option; or extend the maximum Stock Option period under Section 6.3.

The Committee may amend the terms of any Stock Option theretofore granted, prospectively or retroactively, but, subject to Article IV above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

ARTICLE X

RIGHTS OF FIRST OFFER AND REPURCHASE; TRANSFERABILITY

To the extent provided in the Stockholders Agreement, the shares of Common Stock acquired by a Participant pursuant to the exercise of a Stock Option are subject to rights of first offer and other Transfer restrictions, obligations and other provisions contained in the Stockholders Agreement and the Company's right or obligation to repurchase all or a portion of the shares of Common Stock upon a Participant's Termination. Notwithstanding any provision of this Plan to the contrary, this Plan shall not restrict or limit the Company's obligation to purchase Marc Ethan Berman's shares of capital stock (including without limitation vested Stock Options) pursuant to Section 7 of the Amended and Restated Services Agreement dated as of June 14, 2004 between the Company and Mr. Berman, as the same may be amended or supplemented from time to time, or a similar provision in any successor agreement between the Company and Mr. Berman.

ARTICLE XI

UNFUNDED PLAN

This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XII

GENERAL PROVISIONS

- 12.1 Legend. The Committee may require each person receiving shares pursuant to a Stock Option under this Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof and such other securities law related representations as the Committee shall request. In addition to any legend required by this Plan, any certificate representing Common Stock acquired upon exercise of a Stock Option may bear such legends as the Company deems advisable to assure compliance with all applicable laws and regulations.

All certificates for shares of Common Stock delivered under this Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

- 12.2 Other Plans. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases. In the event of any conflict between the provisions of this Plan and any agreement (including any Stock Option agreement) approved by the Board or the Committee, between the Company and any Eligible Employee, Consultant or Non-Employee Director, the provisions of this Plan shall govern.

22

- 12.3 No Right to Employment/Directorship/Consultancy. Neither this Plan nor the grant of any Stock Option hereunder shall give any Participant or other employee, Consultant or Non-Employee Director any right with respect to continuance of employment, consultancy or directorship by the Company or any Affiliate, nor shall the Plan or any Stock Option granted hereunder interfere in any way with the right of the Company to terminate a person's employment, consultancy, or directorship by the Company or any Affiliate.

- 12.4 Withholding of Taxes. The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any Federal, state or local taxes required by law to be withheld.

Any statutorily required withholding obligation with regard to any Eligible Employee may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

- 12.5 Listing and Other Conditions.

- (a) Unless otherwise determined by the Committee, at the point and as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issue of any shares of Common Stock pursuant to a Stock Option shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Stock Option with respect to such shares shall be suspended until such listing has been effected.
- (b) If at any time counsel to the Company shall advise that any sale or delivery of shares of Common Stock pursuant to a Stock Option is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise with respect to shares of Common Stock or Stock Options, and the right to exercise any Stock Option shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful and will not result in the imposition of excise taxes on the Company.

23

- (c) Upon termination of any period of suspension under this Section 12.5, a Stock Option affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Stock Option.
- (d) A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

- 12.6 Stockholders Agreement and Other Requirements. Notwithstanding anything herein to the contrary, as a condition to the receipt of shares of Common Stock pursuant to a Stock Option under this Plan, to the extent required by the Committee, the Participant shall execute and deliver the Stockholders Agreement or such other documentation which shall set forth certain restrictions on Transferability of the shares of Common Stock acquired upon exercise or purchase with respect to a Stock Option, a right of

repurchase of the Company with respect to shares and such other terms as the Board or Committee shall from time to time establish. Such Stockholders Agreement shall apply to all Common Stock acquired under the Plan and covered by such Stockholders Agreement or other documentation. The Company may require, as a condition of exercise, the Participant to become a party to any other existing stockholder agreement.

- 12.7 Governing Law. This Plan shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable principles of conflict of laws).
- 12.8 Construction. Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply. To the extent applicable, this Plan shall be limited, construed and interpreted in a manner so as to comply with the applicable requirements of Rule 16b-3; however, noncompliance with Rule 16b-3 shall have no impact on the effectiveness of a Stock Option under this Plan.

24

- 12.9 Other Benefits. No Stock Option payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its subsidiaries nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.
- 12.10 Costs. The Company shall bear all expenses included in administering this Plan, including expenses of issuing Common Stock pursuant to any Stock Options hereunder.
- 12.11 No Right to Same Benefits. The provisions of Stock Options need not be the same with respect to each Participant, and such Stock Options to individual Participants need not be the same in subsequent years.
- 12.12 Death/Disability. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the Transfer of a Stock Option. The Committee may also require that the agreement of the transferee to be bound by all of the terms and conditions of this Plan and the Stockholders Agreement, including executing the Stockholders Agreement or such other agreements as determined by the Committee.
- 12.13 Section 16(b) of the Exchange Act. On and after a Public Offering, all elections and transactions under this Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemption condition under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of this Plan and the transaction of business thereunder.
- 12.14 Severability of Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included; provided, however, that if the provisions set forth in Article X shall be held invalid or unenforceable, the Stock Options granted under the Plan shall be cancelled and terminated.
- 12.15 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

25

- 12.16 Securities Act Compliance. Except as the Company or Committee shall otherwise determine, this Plan is intended to comply with Section 4(2) or Rule 701 under the Securities Act, and any provisions inconsistent with such Section or Rule of the Securities Act shall be inoperative and shall not affect the validity of the Plan.
- 12.17 Successors and Assigns. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.
- 12.18 Payment to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.
- 12.19 Agreement. As a condition to the grant of a Stock Option, if requested by the Company and the lead underwriter of any Public Offering of the Common Stock (the "Lead Underwriter"), a Participant shall irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of, any interest in any Common Stock or any securities convertible into, derivative of, or exchangeable or exercisable for, or any other rights to purchase or acquire Common Stock (except Common Stock included in such Public Offering or acquired on the public market after such offering) during such period of time following the effective date of a registration statement of the Company filed under the Securities Act that the Lead Underwriter shall specify (the "Lock-up Period"). The Participant shall further agree to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agree that the Company may impose stop-transfer instructions with respect to Common Stock acquired pursuant to a Stock Option until the end of such Lock-up Period.

EFFECTIVE DATE OF PLAN

The Plan shall become effective as of June 14, 2004, subject to the approval of this Plan by the stockholders of the Company within 12 months before or after adoption of the Plan by the Board in accordance with the requirements of the laws of the State of Delaware.

26

ARTICLE XIV

TERM OF PLAN

No Stock Option shall be granted pursuant to this Plan on or after the fifth anniversary of the earlier of the date this Plan is adopted or the date of stockholder approval, provided that, all such Stock Options awarded under the Plan prior to its termination shall remain in effect until such Stock Options have been satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable terms of such Stock Options. The Committee's authority to administer the terms of such Stock Options shall continue until all Stock Options have expired.

27

**INSTITUTIONAL SHAREHOLDER SERVICES HOLDINGS, INC.
EQUITY INCENTIVE PLAN**

WHEREAS the Board of Directors of The Proxy Monitor Inc. adopted this Equity Incentive Plan, (the “Plan”) on or about October 11, 2001; and

WHEREAS The Proxy Monitor Inc. changed its name to Institutional Shareholder Services Inc. on or about December 15, 2001; and

WHEREAS Institutional Shareholder Services Inc. authorized and completed a reverse stock split on or about March 19, 2002; and

WHEREAS Institutional Shareholder Services Inc. became a wholly-owned subsidiary of Institutional Shareholder Services Holdings, Inc. in accordance with an Agreement and Plan of Merger dated July 11, 2002, pursuant to which all outstanding options for common stock of Institutional Shareholder Services Inc. were automatically converted to options for common stock of Institutional Shareholder Services Holdings, Inc.; and

WHEREAS Section 8.6 of this Plan instructs the Plan Administrator to make adjustments to this Plan to account for, among other things, mergers and stock splits; and

WHEREAS the Plan Administrator seeks to make the adjustments to the Plan as required by the above-mentioned developments and other corporate actions between approximately October 11, 2001 and July 11, 2002, including without limitation, changes to name references, adjustments to the number or shares available under this Plan, and other adjustments;

NOW THEREFORE, in consideration of the foregoing, the Company (as herein defined) states its Equity Incentive Plan, as adjusted pursuant to Section 8.6 herein, as follows:

1. PURPOSE

The purpose of this Equity Incentive Plan (the “Plan”) is to advance the interests of INSTITUTIONAL SHAREHOLDER SERVICES HOLDINGS, INC. (the “Company”) and its subsidiaries by enhancing its ability to attract and retain employees and other persons or entities who are in a position to make significant contributions to the success of the Company and its subsidiaries through ownership of shares of the Company’s common stock (“Stock”).

The Plan is intended to accomplish these goals by enabling the Company to grant Awards in the form of Options, Stock Appreciation Rights, Restricted Stock or Unrestricted Stock Awards, Deferred Stock Awards, Performance Awards, Loans or Supplemental Grants, or combinations thereof, all as more fully described below.

The Plan was adopted by the Company as of the date indicated below.

2. ADMINISTRATION

The Plan will be administered by the Board of Directors of the Company (the “Board”), or by a committee of the Board designated for such purpose (the “Committee”) (the Board, in its capacity as administrator, and/or the Committee, the “Plan Administrator”). The Committee shall consist of at least three directors. A majority of the members of the Committee shall constitute a quorum, and all determinations of the Committee shall be made by a majority of its members. Any determination of the Committee under the Plan may be made without notice or meeting of the Committee by a writing signed by a majority of the Committee members. During such times as the Stock is registered under the Securities Exchange Act of 1934 (the “1934 Act”), all members of the Committee shall be disinterested persons within the meaning of Rule 16b-3 under the 1934 Act and “outside directors” within the meaning of Section 162(m)(4)(C)(i) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Plan Administrator will have authority, not inconsistent with the express provisions of the Plan and in addition to other authority granted under the Plan, to: (a) grant Awards at such time or times as it may choose; (b) determine the size of each Award, including the number of shares of Stock subject to the Award; (c) determine the type or types of each Award; (d) determine the terms and conditions of each Award; (e) waive compliance by a holder of an Award with any obligations to be performed by such holder under an Award and waive any terms or conditions of an Award; (f) amend or cancel an existing Award in whole or in part (and if an award is canceled, grant another Award in its place on such terms and conditions as the Plan Administrator shall specify), except that the Plan Administrator shall not, without the consent of the holder of an Award, take any action under this clause with respect to such Award if such action would adversely affect the rights of such holder; (g) prescribe the form or forms of instruments that are required or deemed appropriate under the Plan, including any written notices and elections required of Participants (as defined below), and change such forms from time to time; (h) adopt, amend and rescind rules and regulations for the administration of the Plan; and (i) interpret the Plan and decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Such determinations and actions of the Plan Administrator, and all other determinations and actions of the Plan Administrator made or taken under authority granted by any provision of the Plan, will be conclusive and will bind all parties. Nothing in this paragraph shall be construed as limiting the power of the Plan Administrator to make adjustments under Section 7.3 or Section 8.6.

With respect to persons subject to Section 16 of the 1934 Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act.

3. EFFECTIVE DATE AND TERM OF PLAN

The Plan will become effective following the approval of the Plan by the directors of the Company, subject to subsequent ratification by the shareholders of the Company. No Award may be granted under the Plan ten years following the date of approval by the directors, but Awards previously granted may extend beyond that date.

4. SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 8.6 below, the aggregate number of shares of Stock that may be delivered under the Plan will be Seven Thousand Two Hundred Eighty-Three (7,283) shares of common stock of the Company. If any Award requiring exercise by the Participant for delivery of Stock expires or terminates in accordance with its terms or is canceled without having been exercised in full, or if any Award payable in Stock or cash is satisfied in cash rather than Stock, the number of shares of Stock as to which such Award was not exercised or for which cash was substituted will be available for future grants.

Stock delivered under the Plan may be either authorized but unissued Stock or previously issued Stock acquired by the Company and held in treasury.

5. ELIGIBILITY AND PARTICIPATION

Each person in the employ of the Company or any of its subsidiaries (an "Employee") and each other person or entity (including without limitation non-Employee directors of the Company or a subsidiary of the Company) that provides services to the Company and who, in the opinion of the Plan Administrator, is in a position to make a significant contribution to the success of the Company or its subsidiaries will be eligible to receive Awards under the Plan (each such Employee, person or entity receiving an Award, a "Participant"). A "subsidiary" for purposes of the Plan will be a corporation in which the Company owns, directly or indirectly, stock possessing 50 % or more of the total combined voting power of all classes of stock.

6. TYPES OF AWARDS

6.1. Options

(a) Nature of Options. An Option is an Award giving the recipient the right on exercise thereof to purchase Stock.

Both "incentive stock options," as defined in Section 422 of the Internal Revenue of 1986, as amended (the "Code") (any Option intended to qualify as an incentive stock option being hereinafter referred to as an "ISO"), and Options that are not incentive stock options, may be granted under the Plan. ISOs shall be awarded only to Employees. Any Option not identified at the time of grant as being either an ISO or a non-incentive stock option shall be a non-incentive stock option.

(b) Exercise Price. The exercise price of an Option will be determined by the Plan Administrator subject to the following:

(1) Consistent with the Code, the exercise price of an ISO shall not be less than 100% of the fair market value of the Stock subject to the Option, determined as of the time the Option is granted, unless the Code is later amended to allow a lower exercise price, in which case the exercise

3

prices shall be at least the amount required by the Code to qualify for treatment as an ISO. In the event that an ISO is granted to a person then owning more than 10 percent of the voting power of all classes of the Company's stock, the exercise price for shares under the option shall not be less than One Hundred Ten percent (110%) of the fair market value of the shares on the date of grant of the option, unless the Code is later amended to allow a lower exercise price, in which case the exercise prices shall be at least the amount required by the Code to qualify for treatment as an ISO.

(2) In no case may the exercise price paid for Stock which is part of an original issue of authorized Stock be less than the par value per share of the Stock.

(c) Duration of Options. The latest date on which an Option may be exercised will be the tenth anniversary of the day immediately preceding the date the Option was granted, or such earlier date as may have been specified by the Plan Administrator at the time the Option was granted.

(d) Exercise of Options. An Option will become exercisable at such time or times, and on such conditions, as the Plan Administrator may specify. The Plan Administrator may at any time and from time to time accelerate the time at which all or any part of the Option may be exercised.

Any exercise of an Option must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by (1) any documents required by the Plan Administrator and (2) payment in full in accordance with paragraph (e) below for the number of shares for which the Option is exercised.

(e) Payment for Stock. Stock purchased on exercise of an Option must be paid for as follows: (1) in cash or by check (acceptable to the Company in accordance with guidelines established for this purpose), bank draft or money order payable to the order of the Company or (2) if so permitted by the Plan Administrator at or after the grant of the Option (with the consent of the optionee of an ISO if permitted after the grant) or by the instrument evidencing the Option, and to the extent permitted by law, (i) through the delivery of shares of Stock which have been outstanding for at least six months (unless the Plan Administrator approves a shorter period) and which have a fair market value equal to the exercise price, (ii) by delivery of a promissory note of the person exercising the Option to the Company, payable on such terms as are specified by the Plan Administrator, (iii) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price, (iv) by redemption of Stock Appreciation Rights, if any, as further provided herein, (v) through a cashless exercise program established by the Company, or (vi) by any combination of the foregoing permissible forms of payment.

(f) Discretionary Payments. The instrument evidencing any Option may provide that if (i) the market price of shares of Stock subject to an Option (other than an Option

4

which is in tandem with a Stock Appreciation Right as described in Section 6.2 below) exceeds the exercise price of the Option at the time of its exercise, and (ii) the person exercising the Option so requests the Plan Administrator in writing, the Plan Administrator may in its sole discretion cancel the Option and cause the Company to pay in cash or in shares of Common Stock (at a price per share equal to the fair market value per share) to the person exercising the Option an amount equal to the difference between the fair market value of the Stock which would have been purchased pursuant to the exercise (determined on the date the Option is canceled) and the aggregate exercise price which would have been paid.

6.2. Stock Appreciation Rights.

(a) Nature of Stock Appreciation Rights: A Stock Appreciation Right is an Award entitling the holder on exercise to receive an amount in cash or Stock or a combination thereof (such form to be determined by the Plan Administrator) determined in whole or in part by reference to appreciation in the fair market value of a share of Stock on the date of grant as compared to its fair market value on the date of exercise or any performance standard selected or established by the Plan Administrator.

(b) Grant of Stock Appreciation Rights. Stock Appreciation Rights may be granted in tandem with, or independently of, Options granted under the Plan. A Stock Appreciation Right granted in tandem with an Option which is not an ISO may be granted either at or after the time the Option is granted. The Plan Administrator may also grant Stock Appreciation Rights which provide that following a change of control (as defined in Section 7.4), the holder of such Right will be entitled to receive, with respect to each share of Stock subject to the Right, an amount equal to the excess of a specified value (which may include an average of values) for a share of Stock during a period preceding such change in control over the fair market value of a share of Stock on the date the Right was granted.

(c) Rules Applicable to Tandem Awards. When Stock Appreciation Rights are granted in tandem with Options, the following will apply:

(1) The Stock Appreciation Right will be exercisable only at such time or times, and to the extent, that the related Option is exercisable and will be exercisable in accordance with the procedure required for exercise of the related Option.

(2) The Stock Appreciation Right will terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a Stock Appreciation Right granted with respect to less than the full number of shares covered by an Option will not be reduced until the number of shares as to which the related Option has been exercised or has terminated exceeds the number of shares not covered by the Stock Appreciation Right.

(3) The Option will terminate and no longer be exercisable upon the exercise of the related Stock Appreciation Right.

5

(4) The Stock Appreciation Right will be transferable only with the related Option.

(5) A Stock Appreciation Right granted in tandem with an ISO may be exercised only when the market price of the Stock subject to the Option exceeds the exercise price of such option.

(d) Exercise of Independent Stock Appreciation Rights. A Stock Appreciation Right not granted in tandem with an Option will become exercisable at such time or times, and on such conditions, as the Plan Administrator may specify. The Plan Administrator may at any time accelerate the time at which all or any part of the Right may be exercised.

Any exercise of an independent Stock Appreciation Right must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by any other documents required by the Plan Administrator.

6.3. Restricted and Unrestricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Plan Administrator, at any time and from time to time, may grant shares of Restricted Stock in such amounts and upon such terms and conditions as the Plan Administrator shall determine subject to the restrictions described below.

(b) Restricted Stock Agreement. The Plan Administrator may require, as a condition to an Award, that a recipient of a Restricted Stock Award enter into a Restricted Stock Award Agreement, setting forth the terms and conditions of the Award. In lieu of a Restricted Stock Award Agreement, the Plan Administrator may provide the terms and conditions of an Award in a notice to the Participant of the Award, on the Stock certificate representing the Restricted Stock, in the resolution approving the Award, or in such other manner as it deems appropriate.

(c) Transferability and Other Restrictions. Except as otherwise provided in this Section 6.3, the shares of Restricted Stock granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable period or periods established by the Plan Administrator and the satisfaction of any other conditions or restrictions established by the Plan Administrator (such period during which a share of Restricted Stock is subject to such restrictions and conditions is referred to as the "Restricted Period"). Except as the Plan Administrator may otherwise determine, if a Participant ceases to be an Employee or otherwise suffers a Status Change (as defined at Section 7.2(a) below) for any reason during the Restricted Period, the Company may purchase the shares of Restricted Stock subject to such restrictions and conditions for the amount of cash paid by the Participant for such shares, or such shares of Restricted Stock shall be forfeited to the Company if no cash was paid by the Participant.

6

The Company shall also have the right to retain the certificates representing shares of Restricted Stock in the Company's possession during the Restricted Period.

(d) Removal of Restrictions. Except as otherwise provided in this Section 6.3, a share of Restricted Stock covered by a Restricted Stock grant shall become freely transferable by the Participant upon completion of the Restricted Period including the passage of any applicable period of time and satisfaction of any conditions to vesting. However, unless otherwise provided by the Plan Administrator, the Plan Administrator, in its sole discretion, shall have the right to immediately waive all or part of the restrictions and conditions with regard to all or part of the shares held by any Participant at any time.

(e) Voting Rights, Dividends and Other Distributions. During the Restricted Period, Participants holding shares of Restricted Stock granted hereunder may exercise full voting rights and shall receive all regular cash dividends paid with respect to such shares. Except as the Plan Administrator shall otherwise determine, any other cash dividends and other distributions paid to Participants with respect to shares of Restricted Stock including any dividends and distributions paid in shares shall be subject to the same restrictions and conditions as the shares of Restricted Stock with respect to which they were paid.

(f) Other Awards Settled with Restricted Stock. The Plan Administrator may, at the time any Award described in this Section 6 is granted, provide that any or all the Stock delivered pursuant to the Award will be Restricted Stock.

(g) Unrestricted Stock. The Plan Administrator may, in its sole discretion; sell to any Participant shares of Stock free of restrictions under the Plan for a price which is not less than the par value of the Stock.

(h) Notice of Section 83(b) Election. Any Participant making an election under Section 83(b) of the Code with respect to Restricted Stock must provide a copy thereof to the Company within 10 days of filing such election with the Internal Revenue Service.

6.4. Deferred Stock.

A Deferred Stock Award entitles the recipient to receive shares of Stock to be delivered in the future. Delivery of the Stock will take place at such time or times, and on such conditions, as the Plan Administrator may specify. The Plan Administrator may at any time accelerate the time at which delivery of all or any part of the Stock will take place. At the time any Award described in this Section 6 is granted, the Plan Administrator may provide that, at the time Stock would otherwise be delivered pursuant to the Award, the Participant will instead receive an instrument evidencing the Participant's right to future delivery of Deferred Stock.

6.5. Performance Awards; Performance Goals.

(a) Nature of Performance Awards. A Performance Award entitles the recipient to receive, without payment, an amount in cash or Stock or a combination thereof (such form to be determined by the Plan Administrator) following the attainment of performance goals.

7

Performance goals may be related to personal performance, corporate performance, departmental performance or any other category of performance established by the Plan Administrator. The Plan Administrator will determine the performance goals, the period or periods during which performance is to be measured and all other terms and conditions applicable to the Award.

(b) Other Awards Subject to Performance Condition. The Plan Administrator may, at the time any Award described in this Section 6 is granted, impose the condition (in addition to any conditions specified or authorized in this Section 6 or any other provision of the Plan) that Performance Goals be met prior to the Participant's realization of any payment or benefit under the Award.

6.6. Loans.

(a) Loans. The Company may, to the extent permitted by law, make a loan to a Participant ("Loan"), either on the date of or after the grant of any Award to the Participant. A Loan may be made either in connection with the purchase of Stock under the Award or with the payment of any Federal, state and local income tax with respect to income recognized as a result of the Award. The Plan Administrator will have full authority to decide whether to make a Loan and to determine the amount, terms and conditions of the Loan, including the interest rate (which may be zero), whether the Loan is to be secured or unsecured or with or without recourse against the borrower, the terms on which the Loan is to be repaid, and the conditions, if any, under which it may be forgiven. However, no Loan may have a term (including extensions) exceeding ten years in duration.

(a) Supplemental Grants. In connection with any Award, the Plan Administrator may at the time such Award is made or at a later date, provide for and grant a cash award to the Participant ("Supplemental Grant") not to exceed an amount equal to (1) the amount of any Federal, state and local income tax on ordinary income for which the Participant may be liable with respect to the Award, determined by assuming taxation at the highest marginal rate, plus (2) an additional amount on a grossed-up basis intended to make the Participant whole on an after-tax basis after discharging all the Participant's income tax liabilities arising from all payments under this Section 6. Any payments under this subsection (b) will be made at the time the Participant incurs Federal income tax liability with respect to the Award.

7. EVENTS AFFECTING OUTSTANDING AWARDS

7.1. Death or Disability.

Unless otherwise determined by the Plan Administrator at the time of grant or thereafter, if a Participant dies while employed by the Company or any of its subsidiaries or during the post-employment exercise period set forth in Section 7.2 below or if a Participant ceases to be an Employee or service provider to the Company or its subsidiaries, on account of a Disability (as defined in Section 7.4), the following will apply:

(a) All Options and Stock Appreciation Rights held by the Participant immediately prior to death or termination, as applicable, to the extent then exercisable, may be exercised by the Participant's executor or administrator or the person or persons to whom the

Option or Right is transferred by will or the applicable laws of descent and distribution, at any time within the one-year period ending with the first anniversary of the Participant's death or termination, as applicable, (or such shorter or longer period as the Plan Administrator may determine), and shall thereupon terminate. In no event, however, shall an Option or Stock Appreciation Right remain exercisable beyond the latest date on which it could have been exercised without regard to this Section 7. Except as otherwise determined by the Plan Administrator, all Options and Stock Appreciation Rights held by a Participant immediately prior to death or Disability termination that are not then exercisable shall terminate at death or termination, as applicable.

(b) Except as otherwise determined by the Plan Administrator, all Restricted Stock held by the Participant must be transferred to the Company (and, in the event the certificates representing such Restricted Stock are held by the Company, such Restricted Stock will be so transferred without any further action by the Participant) in accordance with Section 6.3(c) above.

(c) Any payment or benefit under a Deferred Stock Award, Performance Award, or Supplemental Grant to which the Participant was not irrevocably entitled prior to death will be forfeited and the Award canceled as of the time of death, unless otherwise determined the Plan Administrator.

7.2. Termination of Service (Other Than By Death).

Unless otherwise determined by the Plan Administrator at the time of grant or thereafter, if a Participant who is an Employee ceases to be an Employee for any reason other than death, or if there is a termination (other than by reason of death) of the consulting, service or similar relationship in respect of which a non-Employee Participant was granted an Award hereunder (such termination of the employment or other relationship being hereinafter referred to as a "Status Change"), the following will apply:

(a) Except as otherwise determined by the Plan Administrator, all Options and Stock Appreciation Rights held by the Participant that were not exercisable immediately prior to the Status Change shall terminate at the time of the Status Change. Any Options or Rights that were exercisable immediately prior to the Status Change will continue to be exercisable for a period of ninety 90 days (or such longer period as the Plan Administrator may determine), and shall thereupon terminate, unless the Award provides by its terms for immediate termination in the event of a Status Change (unless otherwise determined by the Plan Administrator) or unless the Status Change results from a discharge for cause which in the opinion of the Plan Administrator casts such discredit on the Participant as to justify immediate termination of the Award (unless otherwise determined by the Plan Administrator). In no event, however, shall an Option or Stock Appreciation Right remain exercisable beyond the latest date on which it could have been exercised without regard to this Section 7. For purposes of this paragraph, in the case of a Participant who is an Employee, a Status Change shall not be deemed to have resulted by reason of (i) a sick leave or other bona fide leave of absence approved for purposes of the Plan by the Plan Administrator, so long as the Employee's right to reemployment is guaranteed either by statute or by contract, or (ii) a transfer of employment between the Company and a subsidiary

or between subsidiaries, or to the employment of a corporation (or a parent or subsidiary corporation of such corporation) issuing or assuming an option in a transaction to which section 424(a) of the Code applies.

(b) Except as otherwise determined by the Plan Administrator, all Restricted Stock held by the Participant at the time of the Status Change must be transferred to the Company (and, in the event the certificates representing such Restricted Stock are held by the Company, such Restricted Stock will be so transferred without any further action by the Participant) in accordance with Section 6.3 (c) above.

(c) Any payment or benefit under a Deferred Stock Award, Performance Award, or Supplemental Grant to which the Participant was not irrevocably entitled prior to the Status Change will be forfeited and the Award cancelled as of the date of such Status Change unless otherwise determined by the Plan Administrator.

7.3. Certain Corporate Transactions.

Except as otherwise provided by the Plan Administrator at the time of grant, in the event of a consolidation or merger in which the Company is not the surviving corporation or which results in the acquisition of substantially all the Company's outstanding Stock by a single person or entity or by a group of persons and/or entities acting in concert, other than Warburg, a Current Shareholder, or a Parent Entity (each as defined in Section 7.4), or in the event of the sale or transfer of substantially all the Company's assets or a dissolution or liquidation of the Company (a "covered transaction"), the following rules shall apply:

(a) Subject to paragraph (b) below, all outstanding Awards requiring exercise will cease to be exercisable, and all other Awards to the extent not fully vested (including Awards subject to conditions not yet satisfied or determined) will be forfeited, as of the effective time of the covered transaction, provided that the Plan Administrator may in its sole discretion, on or prior to the effective date of the covered transaction, (1) make any outstanding Option and Stock Appreciation Right exercisable in full, (2) remove the restrictions from any Restricted Stock, (3) cause the Company to make any payment and provide any benefit under any Deferred Stock Award, Performance Award, or Supplemental Grant, (4) remove any performance or other conditions or restrictions on any Award, and (5) forgive all or any portion of the principal of or interest on a Loan; or

(b) With respect to an outstanding Award held by a participant who, following the covered transaction, will be employed by or otherwise providing services to a corporation which is a surviving or acquiring corporation in the covered transaction or an affiliate of such a corporation, the Plan Administrator shall, in lieu of the action described in paragraph (a) above: (i) if reasonably practicable, accelerate fifty percent (50%) of the outstanding portion of any Award by taking all actions reasonably necessary including, without limitation, immediately removing any restrictions not legally required and by accelerating all vesting and exercise dates; and (ii) arrange to have such surviving or acquiring corporation or affiliate assume the remaining fifty percent (50%) of the outstanding portion of any Award held by such participant.

7.4. Termination Following Change of Control.

(a) Notwithstanding any other provision of this Plan, if the Participant's employment terminates because of a "Qualified Termination" as defined in sub-section 7.4(b), all unvested Options and Stock Appreciation Rights then held by such person shall immediately become fully vested, all Options and Stock Appreciation Rights then held by such person shall remain exercisable until the earlier of (i) the fourth anniversary of such Qualified Termination and (ii) the latest date on which such Option or Right could have been exercised without regard to Section 7.1 and Section 7.2, and all other Awards shall immediately become fully vested and all restrictions, conditions and performance goals with respect to such Awards shall be deemed satisfied and shall no longer be applicable.

(b) Definitions. For purposes of this Section 7.4 of the Plan, the following terms shall have the following meanings:

"Base Salary" means Participant's annual base salary, exclusive of any bonus or other benefits the Participant may receive.

"Cause" means the following, determined by the Plan Administrator in its reasonable judgment:

- (i) willful failure to perform, or gross negligence in the performance of, Participant's duties and responsibilities to the Company or its subsidiaries; or
- (ii) fraud, embezzlement or other material dishonesty with respect to the Company or any of its subsidiaries; or
- (iii) conviction of, or plea of nolo contendere to, a felony or other crime involving moral turpitude; or
- (iv) other conduct by Participant that is materially harmful to the business, interests or reputation of the Company or any of its subsidiaries.

"Change of Control" means such time as:

- (i) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the 1934 Act), other than Warburg, a Current Shareholder, or a Parent Entity, becomes the ultimate "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act) of Voting Stock representing more than 50% of the total voting power of the Voting Stock of the Company on a fully diluted basis;
- (ii) Individuals who on the effective date of the Plan constitute the Board (the "Original Directors") cease for any reason to constitute

11

a majority of the members of the Board then in office; provided however, that an Original Director shall not cease to be a member of the Board if his or her replacement is elected or appointed for election by a majority of the Original Directors and in such event, any such replacement shall become an Original Director for purposes of applying this clause; or

- (iii) the merger or consolidation of the Company with or into another corporation; or the merger or consolidation of another corporation with and into the Company, in either case with the effect that, immediately after such transaction, the Voting Stock of the entity surviving such merger or consolidation received in such transaction by the shareholders of the Company immediately prior to such transaction represents the ultimate beneficial ownership of less than 50% of Voting Stock of the entity surviving such merger or consolidation.

"Current Shareholder" means any person or entity that owns stock as of the effective date of the Plan.

"Disability" has the meaning given it in any long-term disability plan of the Company in which Participant participates. Participant's employment shall be deemed terminated for Disability when Participant is entitled to receive long-term disability compensation pursuant to such long-term disability plan. If the Company does not maintain such a plan, Participant shall be deemed terminated for Disability if the Company terminates his employment due to illness, injury, accident or condition of either a physical or psychological nature as a result of which Participant is unable to perform substantially the duties and responsibilities of his position for 180 days during a period of 365 consecutive calendar days.

"Good reason" means the voluntary termination by Participant of his or her employment after the occurrence, without Participant's express written consent, of any of the following events:

- (i) assignment to Participant of duties materially adverse and inconsistent with his or her positions, duties, responsibilities, or reporting requirements with the Company (or a subsidiary) immediately prior to a Change of Control or a material adverse alteration in Participant's status or the nature of his or her responsibilities with the Company immediately prior to a Change of Control; or
- (ii) reduction in Participant's rate of Base Salary to less than 100 percent of the rate of Base Salary paid to the Participant immediately preceding the Change of Control, or reduction in Participant's total cash compensation opportunities, including salary, incentives and other benefits, for any fiscal year to less than 100 percent of the total cash

12

compensation opportunities made available to the Participant immediately preceding the Change of Control.

“Parent Entity” means an entity that acquires Stock of the Company with respect to which the majority of the Voting Stock of such entity is held in substantially the same proportion after the acquisition as was held by the holders of a majority of the Voting Stock of the Company immediately prior to such acquisition.

“Qualified Termination” means the termination of Participant’s employment or directorship during a Standstill Period (1) by the Company other than for Cause, death or Disability, or (2) in the case of a Participant who at the time of the Change of Control holds an office or directorship specifically designated by the Plan Administrator in its sole discretion to have such right, by Participant for Good Reason.

“Standstill Period” is the period commencing thirty (30) days prior to a Change of Control and continuing until the close of business on the last business day of the 12th calendar month following such Change of Control.

“Voting Stock” means the capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Warburg” means Warburg Pincus Private Equity VIII, LP or its affiliates.

8. GENERAL PROVISIONS

8.1. Documentation of Awards.

Awards will be evidenced by such written instruments, if any, as may be prescribed by the Plan Administrator from time to time. Such instruments may be in the form of agreements to be executed by both the Participant and the Company, or certificates, letters or similar instruments, which need not be executed by the Participant but acceptance of which will evidence agreement to the terms thereof.

8.2. Rights as a Shareholder, Dividend Equivalents.

Except as specifically provided by the Plan, the receipt of an Award will not give a Participant rights as a shareholder; the Participant will obtain such rights, subject to any limitations imposed by the Plan or the instrument evidencing the Award, upon actual receipt of Stock. However, the Plan Administrator may, on such conditions as it deems appropriate, provide that a Participant will receive a benefit in lieu of cash dividends that would have been payable on any or all Stock subject to the Participant’s Award had such Stock been outstanding. Without limitation, the Plan Administrator may provide for payment to the Participant of amounts representing such dividends, either currently or in the future, or for the investment of such amounts on behalf of the Participant.

13

8.3. Conditions on Delivery of Stock.

The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove restriction from shares previously delivered under the Plan (a) until all conditions of the Award have been satisfied or removed, (b) until, in the opinion of the Company’s counsel, all applicable Federal and state laws and regulation have been complied with, (c) if the outstanding Stock is at the time listed on any stock exchange or The Nasdaq National Market, until the shares to be delivered have been listed or authorized to be listed on such exchange or market upon official notice of notice of issuance, and (d) until all other legal matters in connection with the issuance and delivery of such shares have been approved by the Company’s counsel. If the sale of Stock has not been registered under the Securities Act of 1933, as amended, the Company may require, as a condition to exercise of the Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such Stock bear an appropriate legend restricting transfer.

If an Award is exercised by the Participant’s legal representative, the Company will be under no obligation to deliver Stock pursuant to such exercise until the Company is satisfied as to the authority of such representative.

8.4. Tax Withholding.

The Company will withhold from any cash payment made pursuant to an Award an amount sufficient to satisfy all federal, state and local withholding tax requirements (the “withholding requirements”).

In the case of an Award pursuant to which Stock may be delivered, the Plan Administrator will have the right to require that the Participant or other appropriate person remit to the Company an amount sufficient to satisfy the withholding requirements, or make other arrangements satisfactory to the Plan Administrator with regard to such requirements, prior to the delivery of any Stock. If and to the extent that such withholding is required, the Plan Administrator may permit the Participant or such other person to elect at such time and in such manner as the Plan Administrator provides to have the Company hold back from the shares to be delivered, or to deliver to the Company, Stock having a value calculated to satisfy the withholding requirement. The Plan Administrator may make such share withholding mandatory with respect to any Award at the time such Award is made to a Participant.

If at the time an ISO is exercised the Plan Administrator determines that the Company could be liable for withholding requirements with respect to a disposition of the Stock received upon exercise, the Plan Administrator may require as a condition of exercise that the person exercising the ISO agree (a) to inform the Company promptly of any disposition (within the meaning of section 424(c) of the Code) of Stock received upon exercise, and (b) to give such security as the Plan Administrator deems adequate to meet the potential liability of the Company for the withholding requirements and to augment such security from time to time in any amount reasonably deemed necessary by the Plan Administrator to preserve the adequacy of such security.

14

8.5. Nontransferability of Awards.

Unless otherwise permitted by the Plan Administrator, no Award (other than an Award in the form of an outright transfer of cash or Unrestricted Stock) may be transferred other than by will or by the laws of descent and distribution, and during a Participant's lifetime an Award requiring exercise may be exercised only by the Participant (or in the event of the Participant's incapacity, the person or persons legally appointed to act on the Participant's behalf).

8.6. Adjustments in the Event of Certain Transactions.

(a) In the event of a stock dividend, stock split or combination of shares, recapitalization, merger, acquisition, reorganization, or other change in the Company's capitalization, or other distribution to common shareholders other than normal cash dividends, after the effective date of the Plan, the Plan Administrator will make any appropriate adjustments to the maximum number of shares that may be delivered under the Plan under Section 4 above.

(b) In any event referred to in paragraph (a), the Plan Administrator will also make any appropriate adjustments to the number and kind of shares of stock or securities subject to Awards then outstanding or subsequently granted, any exercise prices relating to Awards and any other provision of Awards affected by such change. The Plan Administrator may also make such adjustments to take into account material changes in law or in accounting practices or principles, mergers, consolidations, acquisitions, dispositions or similar corporate transactions, or any other event, if it is determined by the Plan Administrator that adjustments are appropriate to avoid distortion in the operation of the Plan.

(c) In the case of ISOs or for purposes of the limits set forth in the second paragraph of Section 4, the adjustments described in (a) and (b) will be made only to the extent consistent with continued qualification of the option under Section 422 of the Code (in the case of an ISO) or Section 162(m) of the Code (in the case of the limits in Section 4).

8.7. Employment Rights, Etc.

Neither the adoption of the Plan nor the grant of Awards will confer upon any person any right to continued retention by the Company or any subsidiary as an Employee or otherwise, or affect in any way the right of the Company or subsidiary to terminate an employment, service or similar relationship at any time. Except as specifically provided by the Plan Administrator in any particular case, the loss of existing or potential profit in Awards granted under the Plan will not constitute an element of damages in the event of termination of an employment, service or similar relationship even if the termination is in violation of an obligation of the Company to the Participant.

15

8.8. Deferral of Payments.

The Plan Administrator may agree at any time, upon request of the Participant, to defer the date on which any payment under an Award will be made.

8.9. Past Services as Consideration.

Where a Participant purchases Stock under an Award for a price equal to the par value of the Stock the Plan Administrator may determine that such price has been satisfied by past services rendered by the Participant.

8.10. Qualification of Plan.

It is intended that each Incentive Stock Option to be issued under this Plan will qualify as and be subject to exercise only to the extent that it does qualify as an incentive stock option as defined in Section 422 of the Code. The Plan Administrator may make any amendment to the Plan which, in the opinion of the counsel for the Company, will be required to obtain or maintain such conformity.

8.11. Re-Pricing of Options Prohibited.

Except as allowed by Section 8.6 of this Plan, re-pricing of stock options issued or awarded under this Plan is prohibited. The Plan Administrator may not adjust the exercise price of any stock option except for those reasons expressly stated in Section 8.6 (stock splits, mergers, etc.).

8.12. Applicable Law; Severability.

The Plan here created will be construed, administered, and governed in all respects in accordance with the laws of the State of Delaware. If any provision of this instrument will be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan will continue to be fully effective.

9. EFFECT, AMENDMENT AND TERMINATION

Neither adoption of the Plan nor the grant of Awards to a Participant will affect the Company's right to grant to such Participant awards that are not subject to the Plan, to issue to such Participant Stock as a bonus or otherwise, or to adopt other plans or arrangements under which Stock may be issued to Employees.

The Plan Administrator may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by law, or may at any time terminate the Plan as to any further grants of Awards, provided that (except to the extent expressly required or permitted by the Plan) no such amendment will, without the approval of the shareholders of the Company, effectuate a change for which shareholder approval is required in order for the Plan to continue to qualify for the award of ISOs under section 422 of the Code, for

16

the award of performance-based compensation under Section 162(m) of the Code or under Rule 16b-3 promulgated under Section 16 of the 1934 Act. In addition, the Plan Administrator shall not, without the consent of the holder of an Award, take any action under this Section 9 with respect to such Award if such action would adversely affect the rights of such holder.

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors as of the 11th day of October, 2001.

/s/ James E. Heard
Name. JAMES E. HEARD
Title; CHIEF EXECUTIVE OFFICER

I hereby certify that the foregoing Plan was duly ratified by the Shareholders as of the first day of October, 2002.

/s/ James E. Heard
Name. JAMES E. HEARD
Title; CHIEF EXECUTIVE OFFICER

**AMENDMENT TO THE
INSTITUTIONAL SHAREHOLDER SERVICES HOLDINGS, INC.
EQUITY INCENTIVE PLAN**

This Amendment to the Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan (the "**Plan**") is effective as of October 12, 2004.

Section 4 of the Plan shall be amended to state in its entirety as follows:

"4. SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 8.6 below, the aggregate number of shares of Stock that may be delivered under the Plan will be Eight Thousand Four Hundred Fifty Three (8,453) shares of common stock of the Company. If any Award requiring exercise by the Participant for delivery of Stock expires or terminates in accordance with its terms or is canceled without having been exercised in full, or if any Award payable in Stock or cash is satisfied in cash rather than Stock, the number of shares of Stock as to which such Award was not exercised or for which cash was substituted will be available for future grants. Except as adjusted pursuant to Section 8.6, in no event shall more than Eight Thousand Four Hundred Fifty Three (8,453) shares of common stock be available for issuance pursuant to ISOs (as defined below).

Stock delivered under the Plan may be either authorized but unissued Stock or previously issued Stock acquired by the Company and held in treasury."

IN WITNESS OF THE FOREGOING, the undersigned Secretary of Institutional Shareholder Services Holdings, Inc. (the "**Corporation**"), certifies that the foregoing amendment to the Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan was duly adopted by the Board of Directors of the Corporation on October 12, 2004 and approved by the stockholders of the Corporation on October 12, 2004.

/s/ Steven Friedman
Steven Friedman, Secretary

**AMENDMENT TO THE
INSTITUTIONAL SHAREHOLDER SERVICES HOLDINGS, INC.
EQUITY INCENTIVE PLAN**

This Amendment to the Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan (the "**Plan**") is effective as of May 16, 2005.

Section 4 of the Plan shall be amended to state in its entirety as follows:

"4. SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 8.6 below, the aggregate number of shares of Stock that may be delivered under the Plan will be Eight Thousand Four Hundred Eighty Seven (8,487) shares of common stock of the Company. If any Award requiring exercise by the Participant for delivery of Stock expires or terminates in accordance with its terms or is canceled without having been exercised in full, or if any Award payable in Stock or cash is satisfied in cash rather than Stock, the number of shares of Stock as to which such Award was not exercised or for which cash was substituted will be available for future grants. Except as adjusted pursuant to Section 8.6, in no event shall more than Eight Thousand Four Hundred Eighty Seven (8,487) shares of common stock be available for issuance pursuant to ISOs (as defined below).

Stock delivered under the Plan may be either authorized but unissued Stock or previously issued Stock acquired by the Company and held in treasury.”

IN WITNESS OF THE FOREGOING, the undersigned Secretary of Institutional Shareholder Services Holdings, Inc. (the “*Corporation*”), certifies that the foregoing amendment to the Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan was duly adopted by the Board of Directors of the Corporation as of May 16, 2005 and approved by the stockholders of the Corporation as of May 16, 2005.

/s/ Steven Friedman

Steven Friedman, Secretary

**AMENDMENT TO THE
INSTITUTIONAL SHAREHOLDER SERVICES HOLDINGS, INC.
EQUITY INCENTIVE PLAN**

This Amendment to the Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan (the “*Plan*”) is effective as of December 14, 2005.

Section 4 of the Plan shall be amended to state in its entirety as follows:

“4. SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 8.6 below, the aggregate number of shares of Stock that may be delivered under the Plan will be Eight Thousand Eight Hundred Fifty Nine (8,859) shares of common stock of the Company, If any Award requiring exercise by the Participant for delivery of Stock expires or terminates in accordance with its terms or is canceled without having been exercised in full, or if any Award payable in Stock or cash is satisfied in cash rather than Stock, the number of shares of Stock as to which such Award was not exercised or for which cash was substituted will be available for future grants. Except as adjusted pursuant to Section 8,6, in no event shall more than Eight Thousand Eight Hundred Fifty Nine (8,859) shares of common stock be available for issuance pursuant to ISOs (as defined below).

Stock delivered under the Plan may be either authorized but unissued Stock or previously issued Stock acquired by the Company and held in treasury,”

IN WITNESS OF THE FOREGOING, the undersigned Secretary of Institutional Shareholder Services Holdings, Inc. (the “*Corporation*”), certifies that the foregoing amendment to the Institutional Shareholder Services Holdings, Inc. Equity Incentive Plan was duly adopted by the Board of Directors of the Corporation as of December 14, 2005 and approved by the stockholders of the Corporation as of May 4, 2006.

/s/ Steven Friedman

Steven Friedman, Secretary

RiskMetrics Group, Inc.
2007 Omnibus Incentive Compensation Plan

ARTICLE I
General

1.1 Purpose

The RiskMetrics Group, Inc. 2007 Omnibus Incentive Compensation Plan (the “Plan”) is designed to provide certain key persons, on whose initiative and efforts the successful conduct of the business of RiskMetrics Group, Inc. (the “Company”) depends, and who are responsible for the management, growth and protection of the business of the Company, with incentives to: (a) enter into and remain in the service of the Company, a Company subsidiary or a Company joint venture, (b) acquire a proprietary interest in the success of the Company, (c) maximize their performance and (d) enhance the long-term performance of the Company (whether directly or indirectly through enhancing the long-term performance of a Company subsidiary or a Company joint venture).

1.2 Administration

(a) Administration by Committee; Constitution of Committee. The Plan shall be administered by the Compensation Committee of the Board of Directors of the Company (the “Board”) or such other committee or subcommittee as the Board may designate or as shall be formed by the abstention or recusal of a non-Qualified Member (as defined below) of such committee (the “Committee”). The members of the Committee shall be appointed by, and serve at the pleasure of, the Board. While it is intended that at all times that the Committee acts in connection with the Plan, the Committee shall consist solely of Qualified Members, the number of whom shall not be less than two, the fact that the Committee is not so comprised will not invalidate any grant hereunder that otherwise satisfies the terms of the Plan. A “Qualified Member” is both a “non-employee director” within the meaning of Rule 16b-3 (“Rule 16b-3”) promulgated under the Securities Exchange Act of 1934 (the “1934 Act”) and an “outside director” within the meaning of section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). If the Committee does not exist, or for any other reason determined by the Board, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee.

(b) Committee’s Authority. The Committee shall have the authority to (i) exercise all of the powers granted to it under the Plan, (ii) construe, interpret and implement the Plan and any award certificates issued under the Plan, (iii) prescribe, amend and rescind rules and regulations relating to the Plan, including rules governing its own operations, (iv) make all determinations necessary or advisable in administering the Plan, (v) correct any defect, supply any omission and reconcile any inconsistency in the Plan, and (vi) amend the Plan to reflect changes in applicable law.

(c) Committee Action; Delegation. Actions of the Committee shall be taken by the vote of a majority of its members. Except as otherwise required by applicable law, any action may be taken by a written instrument signed by a majority of the Committee members, and action so taken shall be fully as effective as if it had been taken by a vote at a meeting. Notwithstanding the foregoing or any other provision of the Plan, the Committee (or the Board acting instead of the Committee), may delegate to one or more officers of the Company the authority to designate the individuals (other than such officer(s)), among those eligible to receive awards pursuant to the terms of the Plan, who will receive rights or options under the Plan and the size of each such grant, to the fullest extent permitted by Section 157 of the Delaware General Corporation Law (or any successor provision thereto), provided that the Committee shall itself grant awards to those individuals who could reasonably be considered to be subject to the insider trading provisions of section 16 of the 1934 Act or whose awards could reasonably be expected to be subject to the deduction limitations of section 162(m) of the Code.

(d) Determinations Final. The determination of the Committee on all matters relating to the Plan or any award under the Plan shall be final, binding and conclusive.

(e) Limit on Committee Members’ Liability. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any award thereunder.

1.3 Persons Eligible for Awards

The persons eligible to receive awards under the Plan are those officers, directors (whether or not they are employed by the Company), and executive, managerial, professional or administrative employees of, and consultants to, the Company, its subsidiaries and its joint ventures (collectively, “key persons”) as the Committee in its sole discretion shall select.

1.4 Types of Awards Under Plan

Awards may be made under the Plan in the form of (a) incentive stock options, (b) non-qualified stock options, (c) stock appreciation rights, (d) restricted stock, (e) restricted stock units, (f) unrestricted stock, and (g) performance shares, all as more fully set forth in Article II. The term “award” means any of the foregoing. No incentive stock option may be granted to a person who is not an employee of the Company or one of its subsidiary corporations on the date of grant.

1.5 Shares Available for Awards; Adjustments to Awards

(a) Aggregate Number Available; Certificate Legends. Subject to adjustment as provided under subparagraph (d)(i) below, the total number of shares of common stock of the Company (“Common Stock”) with respect to which awards may be granted pursuant to the Plan shall not exceed the sum of 2,600,000 shares. Shares issued pursuant to the Plan may be authorized but unissued Common Stock, authorized and issued Common Stock held in the Company’s treasury or Common Stock acquired by the Company for the purposes of the Plan. The Committee may direct that any stock certificate evidencing shares issued pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as may apply to such shares.

(b) Individual Limits. Except as provided in this paragraph (b), no provision of this Plan shall be deemed to limit the number or value of shares otherwise available for awards under the Plan with respect to which the Committee may make awards to any one eligible person. Subject to

adjustment as provided in subparagraph (d)(i) below, the total number of shares of Common Stock with respect to which awards may be granted to any one employee of the Company or a subsidiary during any one calendar year shall not exceed 750,000 shares. Stock options and stock appreciation rights granted and subsequently canceled or deemed to be canceled in a calendar year shall count against this limit even after their cancellation.

(c) Certain Shares to Become Available Again. The following shares of Common Stock shall again become available for awards under the Plan: (i) any shares that are subject to an award under the Plan and that remain unissued upon the cancellation or termination of such award for any reason whatsoever, and (ii) any shares of restricted stock forfeited pursuant to the terms of the Plan or the award, provided that any dividends paid on such shares are also forfeited.

(d) Adjustments to Available Shares and Existing Awards Upon Changes in Common Stock or Certain Other Events. Upon certain changes in Common Stock or other corporate events, the number of shares of Common Stock available for issuance with respect to awards that may be granted under the Plan, and that are the subject of existing awards, shall be adjusted or shall be adjustable, as follows:

(i) Shares Available for Grants. In the event of any change in the number of shares of Common Stock outstanding by reason of any stock dividend or split, reverse stock split, recapitalization, merger, consolidation, combination or exchange of shares or similar corporate change, the maximum number of shares of Common Stock with respect to which the Committee may grant awards under paragraph (a) above, and the individual annual limit described in paragraph (b) above, shall be appropriately adjusted by the Committee. In the event of any change in the number of shares of Common Stock outstanding by reason of any other event or transaction, the Committee may, but need not, make such adjustments in the maximum number and class of shares of Common Stock with respect to which the Committee may grant awards under paragraph (a) above and the annual individual limit described in paragraph (b) above, in each case as the Committee may deem appropriate.

2

(ii) Outstanding Restricted Stock, Restricted Stock Units and Performance Shares. Unless the Committee in its absolute discretion otherwise determines, any securities or other property (including dividends paid in cash) received by a grantee with respect to a share of restricted stock, which has not yet vested, as a result of any dividend, stock split, reverse stock split, recapitalization, merger, consolidation, combination, exchange of shares or otherwise, will not vest until such share of restricted stock vests, and shall be promptly deposited with the Company.

The Committee shall appropriately adjust outstanding grants of restricted stock units or performance shares payable in shares of Common Stock to reflect any dividend, stock split, reverse stock split, recapitalization, merger, consolidation, combination, exchange of shares or similar corporate change in order to prevent the enlargement or dilution of rights of grantees.

(iii) Outstanding Options and Stock Appreciation Rights — Increase or Decrease in Issued Shares Without Consideration. Subject to any required action by the stockholders of the Company, in the event of any increase or decrease in the number of issued shares of Common Stock resulting from a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend (but only on the shares of Common Stock), or any other increase or decrease in the number of such shares effected without receipt of consideration by the Company, the Committee shall proportionally adjust the number of shares of Common Stock subject to each outstanding option and stock appreciation right and the exercise price-per-share of Common Stock of each such option and stock appreciation right to the extent necessary to prevent the enlargement or dilution of rights with respect to such options and stock appreciation rights.

(iv) Outstanding Options and Stock Appreciation Rights — Certain Mergers. Subject to any required action by the stockholders of the Company, in the event that the Company shall be the surviving corporation in any merger or consolidation (except a merger or consolidation as a result of which the holders of shares of Common Stock receive securities of another corporation), each option and stock appreciation right outstanding on the date of such merger or consolidation shall pertain to and apply to the securities which a holder of the number of shares of Common Stock subject to such option or stock appreciation right would have received in such merger or consolidation.

(v) Outstanding Options and Stock Appreciation Rights — Certain Other Transactions. In the event of (1) a dissolution or liquidation of the Company, (2) a sale of all or substantially all of the Company's assets, (3) a merger or consolidation involving the Company in which the Company is not the surviving corporation or (4) a merger or consolidation involving the Company in which the Company is the surviving corporation but the holders of shares of Common Stock receive securities of another corporation and/or other property, including cash, the Committee shall, in its absolute discretion, either:

(A) cancel, effective immediately prior to the occurrence of such event, each option and stock appreciation right outstanding immediately prior to such event (whether or not then exercisable), and, in full consideration of such cancellation, pay to the grantee to whom such option or stock appreciation right was granted an amount in cash, for each share of Common Stock subject to such option or stock appreciation right, respectively, equal to the excess of (x) the value, as determined by the Committee in its absolute discretion, of the property (including cash) received by the holder of a share of Common Stock as a result of such event over (y) the exercise price of such option or stock appreciation right; or

(B) provide for the exchange of each option and stock appreciation right outstanding immediately prior to such event (whether or not then exercisable) for an option on or stock appreciation right with respect to, as appropriate, some or all of the property which a holder of the number of shares of Common Stock subject to such option or stock appreciation right would have received and, incident thereto, make an equitable

3

adjustment as determined by the Committee in its absolute discretion in the exercise price of the option or stock appreciation right, or the number of shares or amount of property subject to the option or stock appreciation right or, if appropriate, provide for a cash payment to the grantee to whom such option or stock appreciation right was granted in partial consideration for the exchange of the option or stock appreciation right.

(vi) Outstanding Options and Stock Appreciation Rights — Other Changes. In the event of any change in the capitalization of the Company or a corporate change other than those specifically referred to in subparagraphs (iii), (iv) or (v) above, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to options and stock appreciation rights outstanding on the date on which such change occurs and in the per-share exercise price of each such option and stock appreciation right as the Committee may consider appropriate to prevent dilution or enlargement of rights. In addition, if and to the extent the Committee determines it is appropriate, the Committee may elect to cancel each option and stock appreciation right outstanding immediately prior to such event (whether or not then exercisable), and, in full consideration of such cancellation, pay to the grantee to whom such option or stock appreciation right was granted an amount in cash, for each share of Common Stock subject to such option or stock appreciation right, respectively, equal to the excess of (x) the Fair Market Value of Common Stock on the date of such cancellation over (y) the exercise price of such option or stock appreciation right.

(vii) No Other Rights. Except as expressly provided in the Plan, no grantee shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger or consolidation of the Company or any other corporation. Except as expressly provided in the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to an award or the exercise price of any option or stock appreciation right.

1.6 *Definitions of Certain Terms*

(a) The “Fair Market Value” of a share of Common Stock on any day shall be the closing price on the New York Stock Exchange, American Stock Exchange or Nasdaq (whichever is applicable) as reported for such day in The Wall Street Journal or, if no such price is reported for such day, the average of the high bid and low asked price of Common Stock as reported for such day. If no quotation is made for the applicable day, the Fair Market Value of a share of Common Stock on such day shall be determined in the manner set forth in the preceding sentence using quotations for the next preceding day for which there were quotations, provided that such quotations shall have been made within the ten (10) business days preceding the applicable day. Notwithstanding the foregoing, if shares of Common Stock are not listed on the New York Stock Exchange, American Stock Exchange or Nasdaq, or if otherwise deemed necessary or appropriate by the Committee, the Fair Market Value of a share of Common Stock on any day shall be determined by the Committee. In no event shall the Fair Market Value of any share of Common Stock be less than its par value.

(b) The term “incentive stock option” means an option that is intended to qualify for special federal income tax treatment pursuant to sections 421 and 422 of the Code as now constituted or subsequently amended, or pursuant to a successor provision of the Code, and which is so designated in the applicable award certificate. Any option that is not specifically designated as an incentive stock option shall under no circumstances be considered an incentive stock option. Any option that is not an incentive stock option is referred to herein as a “non-qualified stock option.”

(c) A grantee shall be deemed to have a “termination of employment” upon (i) the date the grantee ceases to be employed by, or to provide consulting services for, the Company, any Company subsidiary or Company joint venture, or any corporation (or any of its subsidiaries) which assumes the grantee’s award in a transaction to which section 424(a) of the Code applies; or (ii) the date the grantee ceases to be a Board member, provided, however, that in the case of a grantee (x) who is, at the time of reference, both an employee or consultant

and a Board member, or (y) who ceases to be engaged as an employee, consultant or Board member and immediately is engaged in another of such relationships with the Company, any Company subsidiary or Company joint venture, the grantee shall be deemed to have a “termination of employment” upon the later of the dates determined pursuant to clauses (i) and (ii) above. For purposes of clause (i) above, a grantee who continues his or her employment or consulting relationship with: (A) a Company subsidiary subsequent to its sale by the Company, or (B) a Company joint venture subsequent to the Company’s sale of its interests in such joint venture, shall have a termination of employment upon the date of such sale. The Committee may in its discretion determine whether any leave of absence constitutes a termination of employment for purposes of the Plan and the impact, if any, of any such leave of absence on awards theretofore made under the Plan.

(d) In relation to the Company, the terms “parent corporation” and “subsidiary corporation” shall be defined in accordance with sections 424(e) and (f) of the Code, respectively.

(e) The term “employment” shall be deemed to mean an employee’s employment with, or a consultant’s provision of services to, the Company, any Company subsidiary or any Company joint venture and each Board member’s service as a Board member.

(f) In connection with a termination of employment by reason of a dismissal for “cause”:

(i) The term “cause” shall mean:

(A) to the extent that there is an employment, severance or other agreement governing the relationship between the grantee and the Company, a Company subsidiary or a Company joint venture, which agreement contains a definition of “cause,” cause shall consist of those acts or omissions that would constitute “cause” under such agreement; and

(B) to the extent that there is no such agreement as provided or in subsection (f)(i)(A) above, the grantee’s termination of employment by the Company or an affiliate on account of any one or more of the following:

(1) grantee’s willful and intentional repeated failure or refusal, continuing after notice that specifically identifies the breach(es) complained of, to perform substantially his or her material duties, responsibilities and obligations (other than a failure resulting from grantee’s incapacity due to physical or mental illness or other reasons beyond the control of grantee), and which failure or refusal results in demonstrable direct and material injury to the Company;

- (2) any willful and intentional act or failure to act involving fraud, misrepresentation, theft, embezzlement, dishonesty or moral turpitude (collectively, "Fraud") which results in demonstrable direct and material injury to the Company; and
- (3) any unauthorized use or disclosure by the grantee of confidential information or trade secrets of the Company (or any affiliated entity);
- (4) any intentional wrongdoing by such person whether by omission or commission, which materially adversely affects the business or affairs of the Company (or any affiliated entity); and
- (5) conviction of (or a plea of nolo contendere to) an offense which is a felony in the jurisdiction involved or which is a misdemeanor in the jurisdiction involved but which involves Fraud.

5

(ii) For purposes of determining whether cause exists:

(A) to the extent that there is an employment, severance or other agreement governing the relationship between the grantee and the Company, a Company subsidiary or a Company joint venture, which agreement contains a definition of "cause" and provides a procedure for the determination of whether cause exists, the determination of whether a grantee's employment is (or is deemed to have been) terminated for cause for purposes of the Plan or any award hereunder shall be made in accordance with such agreement; and

(B) to the extent that there is no such agreement as provided for in subsection (f)(ii)(A) above:

- (1) the determination of whether a grantee's employment is (or is deemed to have been) terminated for cause for purposes of the Plan or any award hereunder shall be made by the Committee in its discretion;
- (2) any rights the Company may have hereunder in respect of the events giving rise to cause shall be in addition to the rights the Company may have under any other agreement with a grantee or at law or in equity;
- (3) if, subsequent to a grantee's voluntary termination of employment or involuntary termination of employment without cause, it is discovered that the grantee's employment could have been terminated for cause, the Committee may deem such grantee's employment to have been terminated for cause; and
- (4) a grantee's termination of employment for cause shall be effective as of the date of the occurrence of the event giving rise to cause, regardless of when the determination of cause is made.

ARTICLE II

Awards Under the Plan

2.1 Certificates Evidencing Awards

Each award granted under the Plan shall be evidenced by a written certificate ("award certificate") which shall contain such provisions as the Committee may in its sole discretion deem necessary or desirable. By accepting an award pursuant to the Plan, a grantee thereby agrees that the award shall be subject to all of the terms and provisions of the Plan and the applicable award certificate.

2.2 Terms of Stock Options and Stock Appreciation Right Awards

(a) Stock Option Grants. The Committee may grant incentive stock options and non-qualified stock options (collectively, "options") to purchase shares of Common Stock from the Company, to such key persons, and in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions, as the Committee shall determine in its sole discretion, subject to the provisions of the Plan.

(b) Stock Appreciation Right Grants; Types of Stock Appreciation Rights. The Committee may grant stock appreciation rights to such key persons, and in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions, as the Committee shall determine in its sole discretion, subject to the provisions of the Plan. The terms of a stock appreciation right may provide that it shall be automatically exercised for a cash payment upon the happening of a specified event that is outside the control of the grantee and that it shall not be otherwise exercisable. Stock appreciation rights may be granted in connection with all or any part

6

of, or independently of, any option granted under the Plan. A stock appreciation right granted in connection with a non-qualified stock option may be granted at or after the time of grant of such option. A stock appreciation right granted in connection with an incentive stock option may be granted only at the time of grant of such option.

(c) Nature of Stock Appreciation Rights. The grantee of a stock appreciation right shall have the right, subject to the terms of the Plan and the applicable award certificate, to receive from the Company an amount equal to (i) the excess of the Fair Market Value of a share of Common Stock on the date of exercise of the stock appreciation right over the Fair Market Value of a share of Common Stock on the date of grant (or over the option exercise price if the stock appreciation right is granted in connection with an option), multiplied by (ii) the number of shares with respect to which the stock appreciation right is exercised. Payment upon exercise of a stock appreciation right shall be in cash or in shares of Common Stock (valued at their Fair Market Value on the date of exercise of the stock appreciation right) or both, all as the Committee shall determine in its sole discretion. Upon the exercise of a stock appreciation right granted in connection with an option, the number of shares subject to the option shall be reduced by the number of shares with respect to

which the stock appreciation right is exercised. Upon the exercise of an option in connection with which a stock appreciation right has been granted, the number of shares subject to the stock appreciation right shall be reduced by the number of shares with respect to which the option is exercised.

(d) Option Exercise Price. Each award certificate with respect to an option shall set forth the amount (the “option exercise price”) payable by the grantee to the Company upon exercise of the option evidenced thereby. The option exercise price per share shall be determined by the Committee in its sole discretion; provided, however, that the option exercise price shall be at least 100% of the Fair Market Value of a share of Common Stock on the date the option is granted, and provided further that in no event shall the option exercise price be less than the par value of a share of Common Stock.

(e) Exercise Period. Each award certificate with respect to an option or stock appreciation right shall set forth the periods during which the award evidenced thereby shall be exercisable, whether in whole or in part. Such periods shall be determined by the Committee in its sole discretion, subject to the following:

(i) Ten-Year Limit. No stock option (or a stock appreciation right granted in connection with an incentive stock option) shall be exercisable more than 10 years after the date of grant.

(ii) Beginning of Exercise Period.

(A) General. Unless the applicable award certificate otherwise provides, an option or stock appreciation right shall become exercisable with respect to a number of whole shares as close as possible to 25% of the shares subject to such option or stock appreciation right on each of the first four anniversaries of the date of grant.

(B) Early Exercise. The Committee may provide that all or part of a stock option be exercisable for shares of Common Stock subject to restrictions comparable to those set forth in Section 2.6(d) hereof and subject to a repurchase option in favor of the Company. Such restrictions and repurchase option shall lapse at such times as the Committee shall specify in the award certificate.

(iii) End of Exercise Period. Unless the applicable award certificate otherwise provides, once an installment becomes exercisable, it shall remain exercisable until the earlier of (A) the tenth anniversary of the date of grant of the award or (B) the expiration, cancellation or termination of the award.

(iv) Timing and Extent of Exercise. Unless the applicable award certificate otherwise provides, (A) an option or stock appreciation right may be exercised from time to time as to all or part of the shares as to which such award is then exercisable and (B) a stock

appreciation right granted in connection with an option may be exercised at any time when, and to the same extent that, the related option may be exercised.

(v) Termination of Employment — Generally. Except as otherwise provided below, a grantee who incurs a termination of employment may exercise any outstanding option or stock appreciation right on the following terms and conditions: (A) exercise may be made only to the extent that the grantee was entitled to exercise the award on the termination of employment date; and (B) exercise must occur within three months after termination of employment but in no event after the original expiration date of the award.

(vi) Dismissal for Cause. If a grantee incurs a termination of employment as the result of a dismissal for cause, all options and stock appreciation rights not theretofore exercised shall terminate upon the commencement of business on the date of the grantee’s termination of employment.

(vii) Disability. If a grantee incurs a termination of employment by reason of a disability (as defined below), then any outstanding option or stock appreciation right shall be exercisable on the following terms and conditions: (A) exercise may be made only to the extent that the grantee was entitled to exercise the award on the termination of employment date; and (B) exercise must occur by the earlier of (I) the first anniversary of the grantee’s termination of employment, or (II) the original expiration date of the award. For this purpose “disability” shall mean any physical or mental condition that would qualify a grantee for a disability benefit under the long-term disability plan maintained by the Company or, if there is no such plan, the inability of a grantee to perform all or a substantial part of his or her material duties, as a result of mental or physical defect or illness for a period of 90 consecutive days or 120 non-consecutive days during any 12 month period. The existence of a disability shall be determined by the Committee in its absolute discretion.

(viii) Death.

(A) Termination of Employment as a Result of Grantee’s Death. If a grantee incurs a termination of employment as the result of death, then any outstanding option or stock appreciation right shall be exercisable on the following terms and conditions: (I) exercise may be made only to the extent that the grantee was entitled to exercise the award on the date of death; and (II) exercise must occur by the earlier of (1) the first anniversary of the grantee’s termination of employment, or (2) the original expiration date of the award.

(B) Death Subsequent to a Termination of Employment. If a grantee dies subsequent to incurring a termination of employment but prior to the expiration of the exercise period with respect to a stock option or a stock appreciation right, then the award shall remain exercisable until the earlier to occur of (I) the first anniversary of the grantee’s date of death or (II) the original expiration date of the award.

(C) Restrictions on Exercise Following Death. Any such exercise of an award following a grantee’s death shall be made only by the grantee’s executor or administrator or other duly appointed representative reasonably acceptable to the Committee, unless the grantee’s will specifically disposes of such award, in which case such exercise shall be made only by the

recipient of such specific disposition. If a grantee's personal representative or the recipient of a specific disposition under the grantee's will shall be entitled to exercise any award pursuant to the preceding sentence, such representative or recipient shall be bound by all the terms and conditions of the Plan and the applicable award certificate which would have applied to the grantee.

(ix) Special Rules for Incentive Stock Options. No option that remains exercisable for more than three months following a grantee's termination of employment for any reason other

8

than death (including death within three months after the termination of employment or within one year after a termination due to disability) or disability, or for more than one year following a grantee's termination of employment as the result of disability, may be treated as an incentive stock option.

(x) Detrimental Activity. In the event that the Committee determines that a grantee has engaged in any Detrimental Activity (as defined in Section 3.3) after his or her termination of employment, any outstanding stock options shall terminate as of the date such Detrimental Activity occurred.

(xi) Committee Discretion. The Committee, in the applicable award certificate, may waive or modify the application of one or more of the provisions of subparagraphs (v) through (viii) of this Section 2.2(e).

(f) Incentive Stock Options: \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined as of the time the option is granted) of the stock with respect to which incentive stock options are first exercisable by any employee during any calendar year shall exceed \$100,000, or such higher amount as may be permitted from time to time under section 422 of the Code, such options shall be treated as non-qualified stock options.

(g) Incentive Stock Options: 10% Owners. Notwithstanding the foregoing provisions of this Section 2.2, an incentive stock option may not be granted under the Plan to an individual who, at the time the option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of his or her employer or of its parent or subsidiary (as such ownership may be determined for purposes of section 422(b)(6) of the Code) unless (i) at the time such incentive stock option is granted the option exercise price is at least 110% of the Fair Market Value of the shares subject thereto and (ii) the incentive stock option by its terms is not exercisable after the expiration of 5 years from the date it is granted.

2.3 Exercise of Options and Stock Appreciation Rights

Subject to the other provisions of this Article II, each option or stock appreciation right granted under the Plan shall be exercisable as follows:

(a) Notice of Exercise. An option or stock appreciation right shall be exercised by the filing of a written notice with the Company or the Company's designated exchange agent (the "exchange agent"), on such form and in such manner as the Committee shall in its sole discretion prescribe.

(b) Payment of Exercise Price. Any written notice of exercise of an option shall be accompanied by payment for the shares being purchased. Such payment shall be made: (i) by certified or official bank check (or the equivalent thereof acceptable to the Company or its exchange agent) for the full option exercise price; or (ii) with the consent of the Committee, by delivery of shares of Common Stock owned by the grantee (whether acquired by option exercise or otherwise, provided that if such shares were acquired pursuant to the exercise of a stock option, they were acquired at least six months prior to the option exercise date or such other period as the Committee may from time to time determine) having a Fair Market Value (determined as of the exercise date) equal to all or part of the option exercise price and a certified or official bank check (or the equivalent thereof acceptable to the Company or its exchange agent) for any remaining portion of the full option exercise price; (iii) by means of a brokered cashless exercise; or (iv) at the discretion of the Committee and to the extent permitted by law, by such other provision, consistent with the terms of the Plan, as the Committee may from time to time prescribe.

(c) Delivery of Certificates Upon Exercise. Promptly after receiving payment of the full option exercise price, or after receiving notice of the exercise of a stock appreciation right, the Company or its exchange agent shall deliver to the grantee or to such other person as may then have the right to exercise the award, certificate or certificates for the shares of Common Stock for which the award has been exercised. If the method of

9

payment employed upon option exercise so requires, and if applicable law permits, a grantee may direct the Company, or its exchange agent, as the case may be, to deliver the stock certificate(s) to the grantee's stockbroker.

(d) No Stockholder Rights. No grantee of an option or stock appreciation right (or other person having the right to exercise such award) shall have any of the rights of a stockholder of the Company with respect to shares subject to such award until the issuance of a stock certificate to such person for such shares. Except as otherwise provided in Section 1.5(d), no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate is issued.

2.4 Compensation in Lieu of Exercise of an Option

Upon written application of the grantee of an option, the Committee in its sole discretion may determine to substitute, for the exercise of such option, compensation to the grantee not in excess of the difference between the option exercise price and the Fair Market Value of the shares covered by such written application on the date of such application. Such compensation shall be in shares of Common Stock, and the payment thereof may be subject to conditions, all as the Committee shall determine in its sole discretion. In the event compensation is substituted pursuant to this Section 2.4 for the exercise, in whole or in part, of an option, the number of shares subject to the option shall be reduced by the number of shares for which such compensation is substituted.

2.5 Transferability of Options and Stock Appreciation Rights

Except as otherwise provided in an applicable award certificate evidencing an option or stock appreciation right, during the lifetime of a grantee, each option or stock appreciation right granted to a grantee shall be exercisable only by the grantee and no option or stock appreciation right shall be assignable or transferable otherwise than by will or by the laws of descent and distribution. Any attempt to transfer any option or stock appreciation right other than as permitted herein shall be void and immediately cancelled, and no such option or stock appreciation right shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of any person who shall be entitled to such option or stock appreciation right, nor shall any option or stock appreciation right be subject to attachment or legal process for or against such person. The Committee may, in any applicable award certificate evidencing an option (other than an incentive stock option to the extent inconsistent with the requirements of section 422 of the Code applicable to incentive stock options), permit a grantee to transfer all or some of the options to (A) the grantee's spouse, children or grandchildren ("immediate family members"), (B) a trust or trusts for the exclusive benefit of such immediate family members, or (C) other parties approved by the Committee in its absolute discretion. Following any such transfer, any transferred options shall continue to be subject to the same terms and conditions as were applicable immediately prior to the transfer, and the transferee shall be subject to all obligations hereunder as if such person were the grantee.

2.6 Grant of Restricted Stock

(a) Restricted Stock Grants. The Committee may grant restricted shares of Common Stock to such key persons, in such amounts, and subject to such vesting and forfeiture provisions and other terms and conditions as the Committee shall determine in its sole discretion, subject to the provisions of the Plan. Restricted stock awards may be made independently of or in connection with any other award under the Plan. A grantee of a restricted stock award shall have no rights with respect to such award unless such grantee accepts the award within such period as the Committee shall specify by accepting delivery of an award certificate in such form as the Committee shall determine and, in the event the restricted shares are newly issued by the Company, makes payment to the Company or its exchange agent in an amount at least equal to the par value of the shares as required by the Committee and in accordance with the Delaware General Corporation Law.

(b) Issuance of Stock Certificate(s). Promptly after a grantee accepts a restricted stock award, the Company or its exchange agent shall issue to the grantee a stock certificate or stock certificates for the shares of Common Stock covered by the award or shall establish an account evidencing ownership of the stock in uncertificated form. Upon the issuance of such stock certificate(s) or establishment of such account, the grantee shall have the rights of a stockholder with respect to the restricted stock, subject to: (i) the nontransferability restrictions and forfeiture provision described in paragraphs (d) and (e) of this Section 2.6; (ii) in the Committee's

10

discretion, a requirement that any dividends paid on such shares shall be held in escrow until all restrictions on such shares have lapsed; and (iii) any other restrictions and conditions contained in the applicable award certificate.

(c) Custody of Stock Certificate(s). Unless the Committee shall otherwise determine, any stock certificates issued evidencing shares of restricted stock shall remain in the possession of the Company until such shares are free of any restrictions specified in the applicable award certificate. The Committee may direct that such stock certificate(s) bear a legend setting forth the applicable restrictions on transferability.

(d) Nontransferability. Shares of restricted stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as otherwise specifically provided in this Plan or the applicable award certificate. The Committee at the time of grant shall specify the date or dates (which may depend upon or be related to a period of continued employment with the Company, the attainment of performance goals or other conditions or a combination of such conditions) on which the nontransferability of the restricted stock shall lapse.

(e) Forfeiture Upon Termination of Employment. Except as may otherwise be provided by the Committee at any time prior to a grantee's termination of employment, a grantee's termination of employment for any reason (including death) shall cause the immediate forfeiture of all shares of restricted stock that have not yet vested as of the date of such termination of employment. Unless the Board or the Committee determines otherwise, all dividends paid on such shares also shall be forfeited, whether by termination of any escrow arrangement under which such dividends are held, by the grantee's repayment of dividends received directly, or otherwise.

2.7 Grant of Restricted Stock Units

(a) Restricted Stock Unit Grants. The Committee may grant awards of restricted stock units to such key persons, in such amounts, and subject to such terms and conditions as the Committee shall determine in its discretion, subject to the provisions of the Plan. Restricted stock units may be awarded independently of or in connection with any other award under the Plan. A grantee of a restricted stock unit award shall have no rights with respect to such award unless such grantee accepts the award within such period as the Committee shall specify by accepting delivery of an award certificate in such form as the Committee shall determine. A grant of a restricted stock unit entitles the grantee to receive a share of Common Stock on the date that such restricted stock unit vests.

(b) Vesting. Restricted stock units may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as otherwise specifically provided in this Plan or the applicable award certificate. The Committee at the time of grant shall specify the date or dates (which may depend upon or be related to a period of continued employment with the Company, the attainment of performance goals or other conditions or a combination of such conditions) on which the restricted stock units shall vest.

(c) Consequence of Termination of Employment. Except as may otherwise be provided by the Committee at any time prior to a grantee's termination of employment, a grantee's termination of employment for any reason (including death) shall cause the immediate forfeiture of all restricted stock units that have not yet vested as of the date of such termination of employment.

2.8 Grant of Unrestricted Stock

The Committee may grant (or sell at a purchase price at least equal to par value) shares of Common Stock free of restrictions under the Plan, to such key persons and in such amounts and subject to such forfeiture provisions as the Committee shall determine in its sole discretion. Shares may be thus granted or sold in respect of past services or other valid consideration.

2.9 Grant of Performance Shares

(a) Performance Share Grants. The Committee may grant performance share awards to such key persons, and in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions, as the Committee shall in its sole discretion determine, subject to the provisions of the Plan. Such an

award shall entitle the grantee to acquire shares of Common Stock, or to be paid the value thereof in cash, as the Committee shall determine, if specified performance goals are met. Performance shares may be awarded independently of, or in connection with, any other award under the Plan. A grantee shall have no rights with respect to a performance share award unless such grantee accepts the award by accepting delivery of an award certificate at such time and in such form as the Committee shall determine.

(b) Stockholder Rights. The grantee of a performance share award will have the rights of a stockholder only as to shares for which a stock certificate has been issued pursuant to the award or for which an account has been established evidencing ownership of the stock in uncertificated form and not with respect to any other shares subject to the award.

(c) Consequence of Termination of Employment. Except as may otherwise be provided by the Committee at any time prior to a grantee's termination of employment, the rights of a grantee of a performance share award shall automatically terminate upon the grantee's termination of employment by the Company and its subsidiaries for any reason (including death).

(d) Payment of Award. The grantee of a performance share award shall receive the shares of Common Stock or cash payment subject to such award as soon as practicable following the satisfaction of the applicable performance goals, but in no event later than 2-1/2 months after the year in which the performance goals are satisfied.

(e) Tandem Grants; Effect on Exercise. Except as otherwise specified by the Committee, (i) a performance share award granted in tandem with an option may be exercised only while the option is exercisable, (ii) the exercise of a performance share award granted in tandem with any other award shall reduce the number of shares subject to such other award in the manner specified in the applicable award certificate, and (iii) the exercise of any award granted in tandem with a performance share award shall reduce the number of shares subject to the performance share award in the manner specified in the applicable award certificate.

(f) Nontransferability. Performance shares may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as otherwise specifically provided in this Plan or the applicable award certificate.

2.10 Right of Recapture

If at any time after the date on which a grantee has been granted or become vested in an award pursuant to the achievement of performance goals, the Committee determines that the earlier determination as to the achievement of the performance goals was based on incorrect data and that in fact the performance goals had not been achieved or had been achieved to a lesser extent than originally determined, then (i) any award or portion of an award granted based on such incorrect determination shall be forfeited, (ii) any award or portion of an award that became vested based on such incorrect determination shall be deemed to be not vested, and (iii) any amounts paid to the grantee based on such incorrect determination shall be paid by the grantee to the Company upon notice from the Company.

ARTICLE III Miscellaneous

3.1 Amendment of the Plan; Modification of Awards

(a) Amendment of the Plan. The Board may from time to time suspend, discontinue, revise or amend the Plan in any respect whatsoever, except that no such amendment shall materially impair any rights or materially increase any obligations under any award theretofore made under the Plan without the consent of the grantee (or, upon the grantee's death, the person having the right to exercise the award). For purposes of this Section 3.1, any action of the Board or the Committee that in any way alters or affects the tax treatment of any award or that in the sole discretion of the Board is necessary to prevent an award from being subject to tax under Section 409A of the Code shall not be considered to materially impair any rights of any grantee. The Board shall

determine, in its sole discretion, whether to submit any amendment of the Plan to stockholders for approval; in making such determination it is expected that the Board will take into account the requirements of any exchange on which the Common Stock of the Company is listed, the prerequisites for favorable tax treatment to the Company and grantees of awards made under the Plan, and such other considerations as the Board deems relevant.

(b) Modification of Awards. The Committee may cancel any award under the Plan. The Committee also may amend any outstanding award certificate, including, without limitation, by amendment which would: (i) accelerate the time or times at which the award becomes unrestricted or vested or may be exercised; (ii) waive or amend any goals, restrictions or conditions set forth in the award certificate; or (iii) waive or amend any applicable provision of the Plan or award certificate with respect to the termination of the award upon termination of employment, provided however, that no such amendment may lower the exercise price of an outstanding option or stock appreciation right. However, any such cancellation or amendment (other than an amendment pursuant to Section 1.5(d)) that materially impairs the rights or materially increases the obligations of a grantee under an outstanding award shall be made only with the consent of the grantee (or, upon the grantee's death, the person having the right to exercise the award).

3.2 Consent Requirement

(a) No Plan Action without Required Consent. If the Committee shall at any time determine that any Consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any award under the Plan, the issuance or purchase of shares or exercise of other rights thereunder, or the taking of any other action thereunder (each such action being hereinafter referred to as a "Plan action"), then such Plan action

shall not be taken or permitted, in whole or in part, unless and until such Consent shall have been effected or obtained to the full satisfaction of the Committee.

(b) Consent Defined. The term “Consent” as used herein with respect to any Plan action means (i) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state or local law, rule or regulation, (ii) any and all written agreements and representations by the grantee with respect to the disposition of shares, or with respect to any other matter, which the Committee shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made and (iii) any and all consents, clearances and approvals in respect of a Plan action by any governmental or other regulatory bodies.

(c) Representations, Legend. The Committee may require as a condition to the receipt of shares of Common Stock pursuant to an award under this Plan that the grantee or any other person receiving shares pursuant to the award represent that such person is not acquiring the shares with a view to distribution thereof and to make such other securities law related representations as the Committee shall request. In addition to any legend required by this Plan, any certificate representing Common Stock acquired in respect of an award may bear such legends as the Company deems advisable to assure compliance with all applicable laws and regulations.

3.3 Detrimental Activity

The Committee may require that a grantee certify at the time an award vests or is exercised that he or she has not engaged in, and does not intend to engage in, any Detrimental Activity. In the event that a grantee engages in Detrimental Activity during the one-year period commencing on the date an award vests or is exercised, the Company shall be entitled to recover from such grantee at any time, and such grantee shall pay over to the Company, an amount equal to any gain realized as a result of the vesting or exercise (whether at the time of exercise or thereafter). For the purposes hereof, “Detrimental Activity” shall mean (a) the disclosure to anyone outside the Company or its affiliates, or the use in any manner other than in the furtherance of the Company’s or its affiliate’s business, without written authorization from the Company, of any confidential information or proprietary information relating to the business of the Company or its affiliates that is acquired by a grantee prior to the grantee’s termination of employment; (b) activity while employed or performing services that results, or if known could result, in the grantee’s termination that is classified by the Company as a termination for cause; (c) any attempt, directly or indirectly, to solicit, induce or hire (or the identification for solicitation, inducement or hire) any non-clerical employee of the Company or its affiliates to be employed by, or to perform services for, the grantee or any person with which the grantee is associated (including, but not limited to, employers, creditors, persons for

whom the grantee performs consulting work, and entities in which the grantee is a partner or equity owner) or any person from which the grantee receives direct or indirect compensation or fees as a result of such solicitation, inducement or hire (or the identification for solicitation, inducement or hire) without, in all cases, written authorization from the Company; (d) any attempt, directly or indirectly, to solicit in a competitive manner any current or prospective customer of the Company or its affiliates without, in all cases, written authorization from the Company; (e) the grantee’s disparagement, or inducement of others to do so, of the Company or its affiliates or their past and present officers, directors, employees or products; (f) without written authorization from the Company, the rendering of services for any organization, or engaging, directly or indirectly, in any business, which is competitive with the Company or its affiliates, or the rendering of services to such organization or business if such organization or business is otherwise prejudicial to or in conflict with the interests of the Company or its affiliates; or (g) breach of any agreement between the grantee and the Company or an affiliate (including, without limitation, any employment agreement or non-competition or non-solicitation agreement).

3.4 Nonassignability

(a) General. Except as expressly provided herein or by the terms of an award certificate: (a) no award or right granted to any person under the Plan or under any award certificate shall be assignable or transferable other than by will or by the laws of descent and distribution; and (b) all rights granted under the Plan or any award certificate shall be exercisable during the life of the grantee only by the grantee or the grantee’s legal representative.

(b) Payment to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person’s guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its affiliates and their employees, agents and representatives with respect thereto.

3.5 Requirement of Notification of Election Under Section 83(b) of the Code

If any grantee shall, in connection with the acquisition of shares of Common Stock under the Plan, make the election permitted under section 83(b) of the Code (i.e., an election to include in gross income in the year of transfer the amounts specified in section 83(b)), such grantee shall notify the Company of such election within 10 days of filing notice of the election with the Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under the authority of Code section 83(b).

3.6 Requirement of Notification Upon Disqualifying Disposition Under Section 421(b) of the Code

Each grantee of an incentive stock option shall notify the Company of any disposition of shares of Common Stock issued pursuant to the exercise of such option under the circumstances described in section 421(b) of the Code (relating to certain disqualifying dispositions), within 10 days of such disposition.

3.7 Withholding Taxes

(a) With Respect to Cash Payments. Whenever cash is to be paid pursuant to an award under the Plan, the Company shall be entitled to deduct therefrom an amount sufficient in its opinion to satisfy all federal, state and other governmental tax withholding requirements related to such payment.

(b) With Respect to Delivery of Common Stock. Whenever shares of Common Stock are to be delivered pursuant to an award under the Plan, the Company shall be entitled to require as a condition of delivery that the grantee remit to the Company an amount sufficient in the opinion of the Company to satisfy all federal, state and other governmental tax withholding requirements related thereto. With the approval of the Committee, which the

Committee shall have sole discretion whether or not to give, the grantee may satisfy the foregoing condition by electing to have the Company withhold from delivery shares having a value equal to the amount of tax to be withheld. Such shares shall be valued at their Fair Market Value as of the date on which the amount of tax to be withheld is determined. Fractional share amounts shall be settled in cash. Such a withholding election may be made with respect to all or any portion of the shares to be delivered pursuant to an award.

3.8 *Limitations Imposed by Section 162(m)*

Notwithstanding any other provision hereunder, if and to the extent that the Committee reasonably determines the Company's federal tax deduction in respect of an award may be limited as a result of section 162(m) of the Code, the Committee may take the following actions:

(i) With respect to options or stock appreciation rights, the Committee may delay the exercise or payment, as the case may be, in respect of such options or stock appreciation rights until the earlier to occur of (A) 30 days following the grantee's termination of employment, but in any event during the same calendar year as such termination of employment and (B) the date, as reasonably determined by the Company, that the Company's federal tax deduction in respect of the award will not be limited by reason of section 162(m), or such other date as may be specified under final regulations promulgated pursuant to section 409A of the Code. In the event that a grantee exercises an option or stock appreciation right at a time when the grantee is a 162(m) covered employee, and the Committee determines to delay the exercise or payment, as the case may be, in respect of any such award, the Committee shall credit cash or, in the case of an amount payable in Common Stock, the Fair Market Value of the Common Stock, payable to the grantee to a book account. The grantee shall have no rights in respect of such book account and the amount credited thereto shall not be transferable by the grantee other than by will or laws of descent and distribution. The Committee may credit additional amounts to such book account as it may determine in its sole discretion. Any book account created hereunder shall represent only an unfunded, unsecured promise by the Company to pay the amount credited thereto to the grantee in the future.

(ii) With respect to restricted stock, the Committee may require the grantee to surrender to the Committee any award certificates with respect to such awards, in order to cancel the awards of such restricted stock. In exchange for such cancellation, the Committee shall credit to a book account a cash amount equal to the Fair Market Value of the shares of Common Stock subject to such awards. The amount credited to the book account shall be paid to the grantee on the earlier to occur of (A) 30 days following the grantee's termination of employment, but in any event during the same calendar year as such termination of employment and (B) the date, as reasonably determined by the Company, that the Company's federal tax deduction in respect of the award will not be limited by reason of section 162(m), or such other date as may be specified under final regulations promulgated pursuant to section 409A of the Code. The grantee shall have no rights in respect of such book account and the amount credited thereto shall not be transferable by the grantee other than by will or laws of descent and distribution. The Committee may credit additional amounts to such book account as it may determine in its sole discretion. Any book account created hereunder shall represent only an unfunded, unsecured promise by the Company to pay the amount credited thereto to the grantee in the future.

3.9 *Certain Agreements*

(a) Stockholders Agreement. The Committee may require as a condition to the receipt of shares of Common Stock pursuant to an award under this Plan that the grantee or any other person receiving shares pursuant to the award execute and become a party to the Second Amended and Restated Stockholders Agreement, effective as of January 11, 2007, and the Amended and Restated Investor Rights Agreement, effective as of January 11, 2007, or such other stockholders agreements, investors rights agreements or other documentation which shall set forth certain restrictions on transferability of the shares of Common Stock acquired pursuant to such award and such other terms as the Board or Committee shall from time to time establish.

(b) Underwriting Agreement. Each grantee or other person receiving shares in respect of an award, if requested by the Company and the lead underwriter of any underwritten public offering of the Common Stock (the "Lead Underwriter"), shall irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of, any interest in any Common Stock or any securities convertible into, derivative of, or exchangeable or exercisable for, or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or

acquired on the public market after such offering) during such period of time following the effective date of a registration statement of the Company filed under the Securities Act of 1933 (the "Securities Act"), as amended, that the Lead Underwriter shall specify (the "Lock-up Period"). The grantee or such other person shall further agree to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agree that the Company may impose stop-transfer instructions with respect to Common Stock acquired in respect of an award until the end of such Lock-up Period.

3.10 *Employment Provisions*

(a) Right of Discharge Reserved. Nothing in the Plan or in any award certificate shall confer upon any grantee the right to continue employment with the Company or affect any right which the Company may have to terminate such employment.

(b) Confidentiality. The acceptance of an award by a grantee shall be deemed to be a covenant by the grantee that he or she will not disclose to anyone outside the Company or its affiliates, or use in any manner other than in the furtherance of the Company's or its affiliate's business, without written authorization from the Company, any confidential information or proprietary information relating to the business of the Company or its affiliates that is acquired by a grantee prior to the grantee's termination of employment.

3.11 *Nature of Payments*

(a) Consideration for Services Performed. Any and all grants of awards and issuances of shares of Common Stock under the Plan shall be in consideration of services performed for the Company by the grantee.

(b) Not Taken into Account for Benefits. All such grants and issuances shall constitute a special incentive payment to the grantee and shall not be taken into account in computing the amount of salary or compensation of the grantee for the purpose of determining any benefits under any pension, retirement, profit-sharing, bonus, life insurance or other benefit plan of the Company or under any agreement between the Company and the grantee, unless such plan or agreement specifically otherwise provides.

3.1 *Non-Uniform Determinations*

The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or who are eligible to receive, awards under the Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make non-uniform and selective determinations, and to enter into non-uniform and selective award certificates, as to (a) the persons to receive awards under the Plan, (b) the terms and provisions of awards under the Plan, and (c) the treatment of leaves of absence pursuant to Section 1.6(c).

3.13 *Severability of Provisions*

If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

3.14 *Securities Act Compliance*

Except as the Company or Committee shall otherwise determine, prior to the completion of an underwritten public offering, this Plan is intended to comply with Section 4(2) or Rule 701 under the Securities Act, and any provisions inconsistent with such Section or Rule of the Securities Act shall be inoperative and shall not affect the validity of the Plan.

16

3.15 *Other Payments or Awards*

Nothing contained in the Plan shall be deemed in any way to limit or restrict the Company from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

3.16 *Headings*

Any section, subsection, paragraph or other subdivision headings contained herein are for the purpose of convenience only and are not intended to expand, limit or otherwise define the contents of such subdivisions.

3.17 *Effective Date and Term of Plan*

(a) Adoption; Stockholder Approval. The Plan was adopted by the Board on January 25, 2007, subject to approval by the Company's stockholders. All awards under the Plan prior to such stockholder approval are subject in their entirety to such approval. If such approval is not obtained prior to the first anniversary of the date of adoption of the Plan, the Plan and all awards thereunder shall terminate on that date.

(b) Termination of Plan. Unless sooner terminated by the Board or pursuant to paragraph (a) above, the provisions of the Plan respecting the grant of any award pursuant to which shares of Common Stock will be granted shall terminate on June 14, 2009, and no such awards shall thereafter be made under the Plan. All awards made under the Plan prior to the termination of the Plan shall remain in effect until such awards have been satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable award certificates.

3.18 *Restriction on Issuance of Stock Pursuant to Awards*

The Company shall not permit any shares of Common Stock to be issued pursuant to awards granted under the Plan unless such shares of Common Stock are fully paid and non-assessable, within the meaning of Section 152 of the Delaware General Corporation Law, except as otherwise permitted by Section 153(c) of the Delaware General Corporation Law.

3.19 *Governing Law*

Except to the extent preempted by any applicable federal law, the Plan will be construed and administered in accordance with the laws of the State of Delaware, without giving effect to principles of conflict of laws.

17
