

[COMPANY]
[YEAR] STOCK APPRECIATION RIGHTS PLAN

1. OBJECTIVE

The objective of the [Company] [year] Stock Appreciation Rights Plan (the "Plan") is to assist the Company in (i) recognizing and rewarding the significant contributions which key personnel and officers of the Company and its subsidiaries have made in increasing the value of the Company's stock; (ii) providing incentives to Participants in the Plan to continue to make significant contributions in order to ensure a successful future for the Company; and (iii) attracting and retaining employees who will make such contributions. By meeting these objectives, the Plan is intended to directly benefit the interests of the Company's stockholders.

2. DEFINITIONS

Wherever used herein, the following words and phrases shall have the meanings hereinafter set forth:

"Award" means the grant of a Unit to a Participant;

"Base Price" shall have the meaning set out in Section 7;

"Board" means the Board of Directors of the Company;

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto;

"Committee" means the Compensation Committee of the Board, which Committee shall be comprised of two (2) or more persons who are "*disinterested persons*" within the meaning of Rule 16b3(c)(2)(i), who are not current or former employees or officers of the Company, who meet the requirements of an "*outside director*" as that term is defined under the regulations pursuant to Section 162(m) of the Code, and who will not at any time during the administration of the Plan receive an Award under the Plan or any discretionary stock option plan of the Company;

"Common Stock" means the shares of common stock of the Company;

"Company" means [name of company], a [state] corporation;

"Designated Beneficiary" means the beneficiary designated by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death. If a Participant does not designate a beneficiary, then in such case "Designated Beneficiary" shall mean the Participant's estate;

"Disability" means a physical or mental condition which would qualify a Participant to receive benefits under the Company's long term disability insurance plan or any successor plan.

"Fair Market Value", wherever used to refer to the price of a share of Common Stock, means [definition of FMV will depend on several factors, including whether the company is privately held or publicly traded - have the company's accountants provide the proper definition of FMV];

"Participant" means any employee or officer of the Company who has been selected to receive an Award under the Plan;

"Retirement" means the termination of a Participant's employment upon the Participant reaching the age of _____ years under circumstances which, in the Committee's discretion, is deemed to be equivalent to retirement;

"Substantial Cause" for termination means any of the following:

- (a) committing a criminal act against or in derogation of the interests of the Company or its subsidiaries;
- (b) intentionally divulging confidential information regarding the Company, its customers or its subsidiaries;
- (c) interfering or attempting to interfere with the relationship between the Company or its subsidiaries and any supplier or customer;
- (d) performance of any similar action which the Committee, in its sole discretion, deems to be likely to cause or have already caused damage to the interests of the Company or its subsidiaries;

“Unit” means a right granted under this Plan to a Participant, which entitles the Participant to receive at the time of exercise a cash amount equal to the difference between the Fair Market Value of a single share of Common Stock and the Base Price of a single share of Common Stock;

“Unit Agreement” means an agreement between the Company and a Participant setting out the terms and conditions for an Award of Units.

3. EFFECTIVE DATE & TERMINATION DATE

The Plan was approved by the Board and became effective on [effective date]. The Plan shall terminate on [termination date].