

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DYNAMICWEB ENTERPRISES, INC.
(Exact Name of Registrant as Specified in Its Charter)

New Jersey
(State or Other Jurisdiction of Incorporation or Organization)

22-2267658
(I.R.S. Employer Identification No.)

271 Route 46 West
Building F, Suite 209
Fairfield, New Jersey 07004
(Address of Principal Executive Offices) (Zip Code)

DYNAMICWEB ENTERPRISES, INC. 1997 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS
(Full Title of Plan)

Sarah Hewitt, Esq.
Brown Raysman Millstein Felder & Steiner LLP
120 West 45th Street
New York, New York 10036
(Name and Address of Agent For Service)
212-944-1515
(Telephone Number, Including Area Code, of Agent For Service)

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CALCULATION OF REGISTRATION FEE

Title Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount Of Registration Fee
<S> Common Stock, par value \$.0001 per share	<C> 50,000 shares	<C> \$12.50	<C> \$625,000	<C> \$165.00

</TABLE>

- (1) Calculated in accordance with Rule 457(h) (1) and Rule 457(c), based on the average of the bid and asked price as reported on the Nasdaq Stock Market on February 4, 2000.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents filed with the Securities and Exchange Commission are incorporated by reference in this Registration Statement and made a part hereof:

- (a) The Registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1999; and
- (b) All other documents filed by the Registrant after the date of this Registration Statement under Section 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a

post-effective amendment to the 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 part of this Registration Statement from the date of filing of such documents.

ITEM 4. DESCRIPTION OF SECURITIES.

Common Stock - Holders of Common Stock have the right to cast one vote, in person or by proxy, for each share owned of record on the record date (as defined in the Registrant's by-laws) on all matters submitted to a vote of the holders of Common Stock, including the election of directors. Holders of Common Stock do not have cumulative voting rights, which means that holders of more than 50% of the outstanding shares voting for the election of the class of directors to be elected by the Common Stock can elect all of such directors, and, in such event, the holders of the remaining shares of Common Stock will be unable to elect any of the Registrant's directors.

Holders of the Common Stock are entitled to share ratably in such dividends as may be declared by the Board of Directors out of funds legally available therefor, when, as and if declared by the Board of Directors and are also entitled to share ratably in all of the assets of the Registrant available for distribution to holders of shares of Common Stock upon the liquidation, dissolution or winding up of the affairs of the Registrant. Holders of Common Stock do not have preemptive, subscription or conversion rights. All outstanding shares of Common Stock are, and those shares of Common Stock offered hereby will be, validly issued, fully paid and non-assessable.

ITEM 5. INTEREST OF NAMED EXPERTS AND COUNSEL.

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Not Applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Registrant's Certificate of Incorporation provides that the Registrant shall indemnify any person who is or was a director, officer, employee or agent of the Registrant to the fullest extent permitted by the New Jersey Business Corporation Act (the "NJBCA"), and to the fullest extent otherwise permitted by law. The NJBCA permits a New Jersey corporation to indemnify its directors, officers, employees and agents against liabilities and expenses they may incur in such capacities in connection with any proceeding in which they may be involved, unless a judgment or other final adjudication adverse to the director, officer, employee or agent in question establishes that his or her acts or omissions (a) were in breach of his or her duty of loyalty (as defined in the NJBCA) to the Registrant or its shareholders, (b) were not in good faith or involved a knowing violation of law or (c) resulted in the receipt by the director, officer, employee or agent of an improper personal benefit.

Pursuant to the Registrant's Certificate of Incorporation and the NJBCA, no director or officer of the Registrant shall be personally liable to the Registrant or to any of its shareholders for damages for breach of any duty owed to the Registrant or its shareholders, except for liabilities arising from any breach of duty based upon an act or omission (i) in breach of such director's or officer's duty of loyalty (as defined in the NJBCA) to the Registrant or its shareholders, (ii) not in good faith or involving a knowing violation of law or (iii) resulting in receipt by such director or officer of an improper personal benefit.

In addition, the Registrant's Bylaws include provisions to indemnify its officers and directors and other persons against expenses, judgments, fines and amounts incurred or paid in settlement in connection with civil or criminal claims, actions, suits or proceedings against such persons by reason of serving or having served as officers, directors, or in other capacities, if such person acted in good faith, and in a manner such person reasonably believed to be in or not opposed to the best interests of the Registrant and, in a criminal action or proceeding, if he had no reasonable cause to believe that his/her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or that he or she had reasonable cause to believe his or her conduct was unlawful. Indemnification as provided in the Bylaws shall be made only as authorized in a specific case and upon a determination that the person met the applicable standards of conduct.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not Applicable.

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ITEM 8. EXHIBITS.

Exhibits:

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Number Title

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4.1.1 Certificate of Incorporation of Registrant, as filed with the Secretary of State of New Jersey on August 7, 1979 (incorporated by reference to Exhibit 3.1.1 filed with Registrant's Annual Report on Form 10-K for the Year ended December 31, 1991).

4.1.2 Certificate of Amendment to Registrant's Certificate of Incorporation, as filed with the Secretary of State of New Jersey on May 19, 1980 (incorporated by reference to Exhibit 3.1.2 filed with Registrant's Annual Report on Form 10-K for the Year ended December 31, 1991).

4.1.3 Certificate of Amendment to Registrant's Certificate of Incorporation, as filed with the Secretary of State of New Jersey on April 1981 (incorporated by reference to Exhibit 3.1.3 filed with Registrant's Annual Report on Form 10-K for the Year ended December 31, 1991).

4.1.4 Certificate of Amendment to Registrant's Certificate of Incorporation, as filed with the Secretary of State of New Jersey on April 24, 1986 (incorporated by reference to Exhibit 3.1.4 filed with Registrant's Annual Report on Form 10-K for the Year ended December 31, 1991).

4.1.5 Certificate of Amendment to Registrant's Certificate of Incorporation, as filed with the Secretary of State of New Jersey on July 15, 1988 (incorporated by reference to Exhibit 3.1.5 filed with Registrant's Annual Report on Form 10-K for the Year ended December 31, 1991).

4.1.6 Certificate of Amendment to Registrant's Certificate of Incorporation, as filed with the Secretary of State of New Jersey on November 28, 1989 (incorporated by reference to Exhibit 3.1.6 filed with Registrant's Annual Report on Form 10-K for the Year ended December 31, 1991).

4.1.7 Certificate of Amendment to Registrant's Certificate of Incorporation, as filed with the Secretary of State of New Jersey on August 15, 1994 (incorporated by reference to Exhibit 3.1.7 filed with Registrant's Annual Report on Form 10-K for the Year ended December 31, 1994).

4.1.8 Certificate of Amendment to Registrant's Certificate of Incorporation, as filed with the Secretary of State of New Jersey on May 14, 1996, changing the name of the Company to

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DynamicWeb Enterprises, Inc. (incorporated by reference to Exhibit 3.2.3 filed with Registrant's Annual Report on Form 10-KSB for the Year ended December 31, 1995).

4.1.9 Certificate of Amendment and Restatement of Registrant's Certificate of Incorporation of DynamicWeb Enterprises, Inc., as filed with the Secretary of State of New Jersey on January 6, 1998 (incorporated by reference to Exhibit 3.1.9 filed with Registrant's Registration Statement on Form SB-2/A No. 4 filed on January 30, 1998).

4.1.10 Amendment to the Certificate of Incorporation of DynamicWeb

Enterprises, Inc. dated August 6, 1998, as filed with the Secretary of State of New Jersey on August 7, 1998 (incorporated by reference to Exhibit 3.1.10 of Registrant's Registration Statement on Form S-2 filed on November 7, 1998).

- 4.2.1 Bylaws of Registrant adopted August 7, 1979 (incorporated by reference to Exhibit 3.2.1 filed with Registrant's Annual Report on Form 10-K for the Year ended December 31, 1991).
 - 4.2.2 Amendments adopted March 8, 1982 to Bylaws of Registrant (incorporated by reference to Exhibit 3.2.2 filed with Registrant's Annual Report on Form 10-K for the Year ended December 31, 1991).
 - 4.2.3 Amended and Restated Bylaws of Registrant adopted March 7, 1997 (incorporated by reference to Exhibit 3.2.3 filed with Registrant's Annual Report on Form 10-KSB for the Year ended September 30, 1996).
 - 4.2.4 Amendments adopted January 21, 1998 to the Bylaws of Registrant (incorporated by reference to Exhibit 3.2.4 of Registrant's Registration Statement on Form SB-2 filed on September 15, 1997 as amended by Registrant's Registration Statement on Form SB-2/A No. 5 filed on January 30, 1998).
 - 5.1 Opinion of Brown Raysman Millstein Felder & Steiner LLP regarding legality
 - 23.1 Consent of Brown Raysman Millstein Felder & Steiner LLP (included in Exhibit 5.1)
 - 23.2 Consent of Richard A. Eisner & Company, LLP
 - 24.1 Power of Attorney (included on signature page)
 - 99.1 DynamicWeb Enterprises, Inc. 1997 Stock Option Plan For Outside Directors.
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ITEM 9. UNDERTAKINGS

- (a) The undersigned Registrant hereby undertakes:

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- (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 of 1933;
 - (ii) to reflect in the prospectus any facts or events arising after the effective date of the 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 the registration statement; and
 - (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.
- (2) That for the purpose of determining any liability under the Securities Act of 1933, 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.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the 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.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, 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 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

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indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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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, thereto duly authorized, in the Town of Fairfield, State of New Jersey, on February 4, 2000.

DYNAMICWEB ENTERPRISES, INC.

By: /s/ STEVEN L. VANECHANOS, JR.
Steven L. Vanechanos, Jr.
Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Steven L. Vanechanos, Jr., James D. Connors, Steve Vanechanos, Sr., and Sarah Hewitt, Esquire, and each of them, his true and lawful attorney-in-fact, as agent with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacity, to sign any or all amendments to this Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting to each such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as each of them might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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 and on the dates indicated.

By: /s/ STEVEN L. VANECHANOS, JR.
Steven L. Vanechanos, Jr.
Chief Executive Officer and Director
(Principal Executive Officer)

February 4, 2000

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By: /s/ STEVE VANECHANOS, SR. Steve Vanechanos, Sr. Vice President, Treasurer, Secretary and Director	February 4, 2000
/s/ NINA PESCATORE Nina Pescatore Controller	February 4, 2000
/s/ DENIS CLARK Denis Clark Director	February 4, 2000
/s/ FRANK T. DIPALMA Frank T. DiPalma Director	February 4, 2000
/s/ ROBERT DROSTE Robert Droste Director	February 4, 2000
/s/ KENNETH R. KONIKOWSKI Kenneth R. Konikowski Director	February 4, 2000
/s/ ROBERT J. GAILUS Robert J. Gailus Director	February 4, 2000

EXHIBIT INDEX

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- 5.1 Opinion of Brown Raysman Millstein Felder & Steiner LLP regarding legality.
- 23.1 Consent of Brown Raysman Millstein Felder & Steiner LLP (included in Exhibit 5.1).
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- 24.1 Power of Attorney (included on signature page).
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February 4, 2000

Board of Directors
DynamicWeb Enterprises, Inc.
271 Route 46 West
Building F, Suite 209
Fairfield, New Jersey 07004

Re: DynamicWeb Enterprises, Inc. Registration of an additional 50,000 shares of
Common Stock under the 1997 Stock Option Plan For Outside Directors.

Gentlemen:

You have asked us to provide you with our opinion whether the 50,000 shares of common stock, par value \$0.0001 per share (the "Common Stock"), of DynamicWeb Enterprises, Inc. (the "Company") that may be issued from time to time pursuant to the exercise of options issued under the DynamicWeb Enterprises, Inc. 1997 Stock Option Plan For Outside Directors (the "Outside Directors Plan"), when and if such shares are issued pursuant to and in accordance with the Outside Directors Plan, will be duly and validly issued, fully paid and nonassessable. We, as counsel to the Company, have reviewed:

1. The New Jersey Business Corporation Act, as amended;
2. The Certificate of Incorporation of the Company, as amended;
3. The By-laws of the Company, as amended; and
4. The Resolutions of the Board of Directors of the Company.

Based on our review of such documents, it is our opinion that the Common Stock issuable upon the exercise of options granted under the Outside Directors Plan, when and as issued and paid for in accordance with the provisions of the Outside Directors Plan, will be duly and validly issued, fully paid and nonassessable. In giving the foregoing opinion, we have assumed that the Company will have, at the time of the issuance of such Common Stock, a sufficient number of authorized shares available for issue.

We consent to the filing of this opinion as an exhibit to the registration statement the Company is filing today in connection with the registration of 50,000 shares of the Company's

Common Stock. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the Rules and Regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

BROWN RAYSMAN MILLSTEIN FELDER & STEINER LLP

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statement on Form S-8 of DynamicWeb Enterprises, Inc. pertaining to the 1997 Stock Option Plan for Outside Directors of our report dated November 19, 1999; November 23, 1999 with respect to Note M[3], and December 17, 1999 with respect to Note M[4], with respect to our audit of the consolidated financial statements of DynamicWeb Enterprises, Inc. and subsidiaries included in its annual report (Form 10-KSB) for the year ended September 30, 1999.

Richard A. Eisner & Company, LLP

New York, New York
February 4, 2000

DYNAMICWEB ENTERPRISES, INC.
1997 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS

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Article 1. PURPOSE OF THE PLAN

- 1.1 Purpose - The DynamicWeb Enterprises, Inc. 1997 Stock Option Plan For Outside Directors (the "Plan") is intended to provide certain directors of DynamicWeb Enterprises Inc. (the "Corporation") an opportunity to acquire Common Stock of the Corporation. The Plan is designed to provide such directors with an opportunity to acquire an equity interest in the Corporation, thereby giving them a stake in the continued growth and success of its business.
- 1.2 Stock Options to be Granted - Only Nonqualified Stock Options may be granted within the limitations of the Plan herein described.

Article 2. DEFINITIONS

- 2.1 "Agreement" - The written instrument evidencing the grant of an Option. A Participant may be issued one or more Agreements from time to time reflecting one or more options.
- 2.2 "Board" - The Board of Directors of the Corporation.

- 2.3 "Code" - The Internal Revenue Code of 1986, as amended.
- 2.4 "Committee" - The Committee which the Board appoints to administer the Plan.
- 2.5 "Common Stock" - The class A common stock of the Corporation (\$0.0001 par value) as described in the Corporation's Articles of Incorporation, or such other stock as shall be substituted therefor.
- 2.6 "Corporation" - Dynamicweb Enterprises, Inc., a New Jersey corporation.
- 2.7 "Employee" - Any key employee (including officer of the Corporation or a Subsidiary).
- 2.8 "Exchange Act" - The Securities Exchange Act of 1934, as amended.
- 2.9 "Incentive Stock Option" - A stock option intended to satisfy the Requirements of Code Section 422(b).
- 2.10 "Nonqualified Stock Option" - A stock option other than an incentive stock option.
- 2.11 "Optionee" - A Participant who is awarded a Stock Option pursuant to the provisions of the Plan.
- 2.12 "Participant" - A director selected by the Committee to receive a grant of an Option under the Plan.
- 2.13 "Plan" - The DynamicWeb Enterprises, Inc. 1997 Stock Option Plan For Outside Directors.
- 2.14 "Retirement" - The voluntary termination of an individual as a Director upon or following the attainment of age sixty-five.
- 2.15 "Securities Act" - The Securities Act of 1933, as amended.
- 2.16 "Stock Option" or "Option" - An award of a right to purchase Common Stock pursuant to the provisions of the Plan.

Article 3. ADMINISTRATION OF THE PLAN

- 3.1 The Committee - The Plan shall be administered by a committee of the Board (the "Committee") composed of two or more members of the Board, all of whom are "outside directors" within the meaning of Code Section 162(m). The Board may from time to time remove members from, or add members to, the Committee. Vacancies on the Committee, howsoever caused, shall be filled by the Board.
- 3.2 Powers of the Committee -
- (a) The Committee shall be vested with full authority to make such rules and regulations as it deems necessary or desirable to administer the Plan and to interpret the provisions of the Plan, unless otherwise determined by a majority of the disinterested members of the Board. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding upon all optionees and any person claiming under or through an Optionee, unless otherwise determined by a majority of the disinterested members of the Board.
- (b) Subject to the terms, provisions and conditions of the Plan and subject to review and approval by a majority of the disinterested members of the Board, the Committee shall have exclusive

jurisdiction to:

- (i) determine the date or dates when each Option may be exercised within the term of the Option specified pursuant Article 7 of the Plan; and
- (ii) prescribe the form, which shall be consistent with the Plan, of the Agreement evidencing any Options granted under the Plan.

3.3 Terms - The grant of an Option under the Plan shall be evidenced by an Agreement and may include any terms and conditions consistent with this Plan, as the Committee may determine.

3.4 Liability - No member of the Board or the Committee shall be liable for any action or determination made in good faith by the Board or the Committee with respect to this Plan or any Options granted under this Plan.

Article 4. COMMON STOCK SUBJECT TO THE PLAN

4.1 Common Stock Authorized - The aggregate number of shares of Common Stock for which Options may be granted under the Plan shall not exceed 128,254 shares. The limitation established by the preceding sentence shall be subject to adjustment as provided in Article 9 of the Plan.

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4.2 Shares Available - The Common Stock to be issued upon exercise of options granted under the Plan shall be the Corporation's Common Stock which shall be made available at the discretion of the Board, either from authorized but unissued Common Stock or from Common stock acquired by the corporation, including shares purchased in the open market. In the event that any outstanding Option under the Plan for any reason expires or is terminated, the shares of Common Stock allocable to the unexercised portion of such Option may thereafter be regranted subject to option under the Plan.

Article 5. STOCK OPTIONS

5.1 Grant of Options; Exercise Price -

- (a) Each Director shall be granted, on the date of his or her election and on each date of his or her reelection (whether at an annual meeting or an adjournment thereof), an Option to acquire 20,000 shares of Common Stock. In the event the Corporation's Board shall at any time be classified, for purposes of this Plan, any continuing Director not on the slate for reelection at an annual meeting of the Corporation's shareholders shall, notwithstanding such fact, be treated as being reelected at such meeting (or any adjournment thereof).
- (b) The exercise price of a Nonqualified Stock Option to purchase a share of Common Stock shall be the fair market value of a share on the grant date, as determined in Section 5.2. The exercise price shall be subject to adjustment as provided in Article 9 of the Plan.
- (c) Notwithstanding the provisions of Section 5.1 (a) and (b), in the initial calendar year of the Plan, the Option grant to each Director shall be made as of the earlier of (i) the closing date of a public offering of Common stock by the Corporation, or (ii) September 30, 1997. The exercise price of such Option grants shall be the fair market value of such Common Stock, as determined in

Section 5.2, on the grant date.

5.2 Determination of Fair Market Value -

- (a) During such time as Common Stock is not listed on an established stock exchange or, exchanges but is listed in the NASDAQ National Market System, the fair market value per share shall be the closing sale price for the Common Stock on the day the Option is granted. If no sale of Common Stock has occurred on that day, the fair market value shall be determined by reference to such price for the next preceding day on which a sale occurred.
- (b) During such time as the Common Stock is not listed on an established stock exchange or in the NASDAQ National Market System, fair market value per share shall be the mean between the closing dealer "bid" and "asked" prices for the

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Common Stock for the day of the grant, and if no "bid" and "asked" prices are quoted for the day of the grant, the fair market value shall be determined by reference to such prices on the next preceding day on which such prices were quoted.

- (c) If the Common Stock is listed on an established stock exchange, the fair market value shall be deemed to be the closing price of Common Stock on such stock exchange on the day the Option is granted or, if no sale of Common Stock has been made on such stock exchange on that day, the fair market value shall be determined by reference to such price for the next preceding day on which a sale occurred.
- (d) In the event that the Common Stock is not traded on an established stock exchange or in the NASDAQ National Market System, and no closing dealer "bid" and "asked" prices are available on the date of a grant, then fair market value will be the price established by the Committee in good faith.

5.3 Transferability of Options - Unless otherwise designated by the Committee to the contrary, each Option granted under the Plan shall by its terms be non-transferable by the Optionee (except by will or the laws of descent and distribution) and each Option shall be exercisable during the optionee's lifetime only by the Optionee, his guardian or legal representative or by such other means as the Committee may approve from time to time that is not inconsistent with or contrary to the provisions of either Section 16(b) of the Exchange Act or Rule 16b-3, as either may be amended from time to time, or any law, rule, regulation or other provision that may hereafter replace such Rule. An Optionee may also designate a beneficiary to exercise his or her options after the Optionee's death. The Committee may amend outstanding Options to provide for transfer, without payment of consideration, to immediate family members of the Optionee or to trusts or partnerships for such family members.

Article 6. ELIGIBILITY

6.1 Participation - Options shall be granted only to persons who are Directors.

Article 7. TERM AND EXERCISE OF OPTIONS

7.1 Termination -

- (a) Each Option granted under the Plan shall terminate on the date determined by the Committee and approved by a majority of the

members of the Board, and specified in the Agreement; provided, however, that no Option shall terminate later than ten years and one month after the date of grant. Except as otherwise provided in Section 8.4, each Option granted under the Plan shall become exercisable (i) with respect to 6,667 shares of Common Stock on the date on

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which the Optionee has completed 12 months of continuous service as a Director with the Corporation immediately following the date of the grant of the Option, (ii) with respect to an additional 6,667 shares of Common Stock on the date on which the Optionee has completed 24 months of such continuous service, and (iii) with respect to the remaining 6,666 shares of Common Stock on the date on which the Optionee has completed 36 months of such continuous service; provided, however, that the Option shall in any event become exercisable in its entirety on the date on which a Change in Control occurs. The Committee at its discretion may provide further limitations on the exercisability of Options granted under the Plan. Notwithstanding the foregoing, an Option may be exercised only during the continuance of the Optionee's service as a Director, except as provided in Article 8.

- (b) For purposes of Section 7.1(a), a "Change in Control" shall be deemed to have occurred upon the happening of any of the following:
- (i) any "Person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act (except for (1) the Corporation or any Subsidiary, or (2) any of the Corporation's employee benefit plans (or any trust forming a part thereof) (the "Benefit Plan(s)")) is or becomes the beneficial owner, directly or indirectly, of the Corporation's securities representing 19.9% or more of the combined voting power of the Corporation's then outstanding securities, other than pursuant to an excepted transaction described in Clause (iii) below;
 - (ii) a binding written agreement is executed (and, if legally required, approved by the Corporation's shareholders) providing for a sale, exchange, transfer or other disposition of substantially all of the assets of the Corporation to another entity, except to an entity controlled directly or indirectly by the Corporation;
 - (iii) the shareholders of the Corporation approve a merger, consolidation,, share exchange, division or other reorganization of or relating to the Corporation, unless:
 - (A) the shareholders of the Corporation immediately before such merger, consolidation, share exchange, division or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange, division or reorganization at least 66-2/3% of the combined voting power of the outstanding voting securities of the Corporation resulting from such merger, consolidation, share exchange, division or reorganization (the "Surviving Corporation,") in substantially the same proportion as their ownership of the voting securities immediately before such

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merger, consolidation, share exchange, division or reorganization; and

- (B) the individuals who, immediately before such merger, consolidation, share exchange, division or reorganization, are members of the Board (the "Incumbent Board"), continue to constitute at least 66-2/3% of the Board of Directors of the Surviving Corporation; provided, however, that if the election, or nomination for election by the Corporation's shareholders of any new director was approved by a vote of at least 66-2/3% of the Incumbent Board, such new director shall, for the purposes hereof, be considered a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; and
- (C) no Person (except (1) the Corporation or any Subsidiary, (2) any Benefit Plan, (3) the Surviving Corporation or any subsidiary of the surviving Corporation, or (4) any Person who immediately prior to such merger, consolidation, share exchange, division or reorganization had beneficial ownership of 19.9% or more of the then outstanding voting securities of the Corporation) has beneficial ownership of 19.9% or more of the combined voting power of the Surviving Corporation's then outstanding voting securities immediately following such merger, consolidation, share exchange, division or reorganization;
- (iv) a plan of liquidation or dissolution of the Corporation, other than pursuant to bankruptcy or insolvency laws, is adopted; or
- (v) during any period of two consecutive years, individuals, who at the beginning of such period, constituted the Board cease for any reason to constitute at least a majority of the Board, unless the election, or the nomination for election by the Corporation's shareholders, of each new director was approved by a vote of at least 66-2/3% of the directors then still in office who were directors at the beginning of the period; provided, however, that no individual shall be considered a member of the Board at the beginning of such period if such individual initially assumed office as a result of either an actual or threatened Election Contest or Proxy Contest,

including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred if a Person becomes the beneficial owner, directly or indirectly, of securities representing 19.9% or more of the combined voting

power of the Corporation's then outstanding securities solely as a result of an acquisition by the Corporation of its voting securities which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such Person; provided, however, that if a Person becomes a beneficial owner of 19.9% or more of the combined voting power of the Corporation's then outstanding securities by reason of share repurchases by the Corporation and thereafter becomes the beneficial owner, directly or indirectly, of any additional voting securities of the Corporation (other than pursuant to a stock split, stock dividend or similar transaction), then a Change in Control shall be deemed to have occurred with respect to such Person under Clause (i).

7.2 Exercise

- (a) A person electing to exercise an Option shall give written notice to the Corporation of such election and of the number of shares he has elected to purchase, in such form as the committee shall have prescribed or approved, and shall at the time of exercise tender the full purchase price of the shares he has elected to purchase. The purchase price shall be paid in full, in cash, upon the exercise of the option; provided, however, that in lieu of cash, with the approval of the Committee at or prior to exercise, an optionee may exercise his Option by tendering to the Corporation shares of Common Stock owned by him and having a fair market value equal to the cash exercise price applicable to his option (with the fair market value of such stock to be determined in the manner provided in Section 5.2 hereof) or by delivering such combination of cash and such shares as the Committee in its sole discretion may approve.
- (b) A person holding more than one Option at any relevant time may, in accordance with the provisions of the Plan, elect to exercise such Options in any order.
- (c) In addition, at the request of the Participant and to the extent permitted by applicable law, the Corporation may, in its sole discretion, selectively approve arrangements with a brokerage firm under which such brokerage firm, on behalf of the Participant, shall pay to the Corporation the exercise price of the Options being exercised, and the Corporation, pursuant to an irrevocable notice from the Participant, shall promptly deliver the shares being purchased to such firm.

Article 8. TERMINATION OF STATUS AS DIRECTOR

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- 8.1 Retirement - In the event of Retirement, an Option shall lapse at the earlier of the expiration of the term of the Option or up to 24 months, at the discretion of the Committee, from the date of Retirement.
- 8.2 Death or Disability - In the event of termination of an individual's status as Director due to death or disability (as defined in Code Section 72(m)), the Option shall lapse at the earlier of the expiration of the term of the Option or one year after termination due to any such cause.
- 8.3 Other Termination - Except as otherwise provided in Sections 8.4(a) and (c), in the event termination of an individual's status as Director for any reason other than is described in Section 8.1 or 8.2, all options shall lapse as of the date of termination.
- 8.4 Special Termination Provision -
 - (a) Notwithstanding anything herein to the contrary, the Committee may, in its discretion and subject to the approval of a majority

of the disinterested members of the Board, waive the continuous service requirement set forth in Section 7.1(a) and permit the exercise of an Option held by a Director whose service as such has terminated prior to the satisfaction of such requirement. Any such waiver may be made with retroactive effect provided it is made within 60 days following the Optionee's termination of employment.

- (b) In the event the Committee waives the continuous service requirement with respect to an Option and the circumstance of the Director's termination is described in Section 8.1 or 8.2, the Option will lapse as otherwise provided in the relevant section.
- (c) Notwithstanding anything herein to the contrary, the Committee may, in its discretion, waive the lapse provisions of Section 8.3 and permit the exercise of an Option until a date which is the earlier of the expiration of the term of such Option or up to 24 months from the date of termination.

Article 9. ADJUSTMENT PROVISIONS

9.1 Share Adjustments -

- (a) In the event that the shares of Common Stock of the Corporation, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Corporation or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares or otherwise) or if the number of such shares of stock shall be increased through the payment of a stock dividend, then, subject to the provisions of Subsection (c) below, there shall be substituted for or added to

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each share of Common Stock of the Corporation which was theretofore appropriated, or which thereafter may become subject to an Option under the Plan, the number and kind of shares of stock or other securities into which each outstanding share of the Common Stock of the Corporation shall be so changed or for which each such share shall be exchanged or to which each such share shall be entitled as the case may be outstanding, Options shall also be appropriately amended as to price and other terms, as may be necessary to reflect the foregoing events.

- (b) If there shall be any other change in the number or kind of the outstanding Shares of the Common Stock of the Corporation, or of any stock or other securities in which such Common Stock shall have been changed, or for which it shall have been exchanged, and if a majority of the disinterested members of the Board shall, in its sole discretion, determine that such change equitably requires an adjustment in any option which was theretofore granted or which may thereafter be granted under the Plan, then such adjustment shall be made in accordance with such determination.
- (c) The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge, to consolidate, to dissolve, to liquidate or to sell or transfer all or any part of its business or assets.

- 9.2 Corporate Changes - A dissolution or liquidation of the Corporation, or a merger or consolidation in which the Corporation is not the surviving Corporation, shall cause each outstanding Option to terminate, except to the extent that another corporation may and does in the transaction

assume and continue the option or substitute its own options.

9.3 Fractional Shares - Fractional shares resulting from any adjustment in Options pursuant to this Article 9 may be settled as a majority of the disinterested members of the Board or the Committee (as the case may be) shall determine.

9.4 Binding Determination - To the extent that the foregoing adjustments relate to stock or securities of the Corporation, such adjustments shall be made by a majority of the disinterested members of the Board, whose determination in that respect shall be final, binding and conclusive. Notice of any adjustment shall be given by the corporation to each holder of an Option which shall have been adjusted.

Article 10. GENERAL PROVISIONS

10.1 Effective Date - The Plan shall become effective upon its adoption by the Board.

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10.2 Termination of the Plan - Unless previously terminated by the Board of Directors, the Plan, shall terminate on, and no Options shall be granted after, the tenth anniversary of its adoption by the Board.

10.3 Limitation on Termination, Amendment or Modification

(a) The Board may at any time terminate, amend, modify or suspend the Plan, provided that without the approval of the stockholders of the Corporation no amendment or modification shall be made by the Board which otherwise requires the approval of shareholders under applicable tax, securities or other law.

(b) No amendment, modification, suspension or termination of the Plan shall in any manner affect any Option theretofore granted under the Plan without the consent of the Optionee or any person validly claiming under or through the Optionee.

10.4 No Right to Continued Status as Director - Neither anything contained in the Plan or in any instrument under the Plan nor the grant of any option hereunder shall confer upon any Optionee any right to continue as a Director (or to be nominated for such position) of the Corporation.

10.5 Withholding Taxes - The Corporation will require that an Optionee, as a condition of the exercise of an Option, or any other person or entity receiving Common Stock upon exercise of an Option, pay or reimburse any taxes which the Corporation is required to withhold in connection with the exercise of the Option.

10.6 Listing and Registration of Shares -

(a) No Option granted pursuant to the Plan shall be exercisable in whole or in part if at any time a majority of the disinterested members of the Board shall determine in its discretion that the listing, registration or qualification of the shares of Common Stock subject to such Option on any securities exchange or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Option or the issue of shares thereunder, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to a majority of the disinterested members of the Board.

- (b) If a registration statement under the Securities Act with respect to the shares issuable upon exercise of any Option granted under the Plan is not in effect at the time of exercise, as a condition of the issuance of the shares, the person exercising such Option shall give the Committee a written statement, satisfactory in form and substance to the Committee, that he is acquiring the shares for his own account for investment and not with a view to their distribution. The Corporation may place upon any stock Certificate for shares issuable upon exercise of such Option the

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following legend or such other legend as the Committee may prescribe to prevent disposition of the shares in violation of the Securities Act or other applicable law;

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 ("ACT"). AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT WITH RESPECT TO THEM UNDER THE ACT OR A WRITTEN OPINION OF COUNSEL FOR THE CORPORATION THAT REGISTRATION IS NOT REQUIRED."

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