

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ULTRALIFE BATTERIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

16-1387013
(I.R.S Employer
Identification No.)

2000 Technology Parkway
Newark, New York 14513
(Address of Principal Executive Offices) (Zip Code)

Ultralife Batteries, Inc.
Amended and Restated 2000 Stock Option Plan
(Full title of the plan)

John D. Kavazanjian
President and Chief Executive Officer
Ultralife Batteries, Inc.
2000 Technology Parkway
Newark, New York 14513
(Name and address of agent for service)

315-332-7100
(Telephone number, including area code, of agent for service)

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
Common Stock, par value \$.10 per share	500,000	\$22.64	\$11,320,000	\$1,434.24

(1) Estimated in accordance with Rule 457(c), as of April 2, 2004, solely for the purpose of calculating the registration fee.

In addition, pursuant to Rule 416 under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the stock option plan described herein.

This Registration Statement on Form S-8 relates to an amendment and restatement of Ultralife Batteries, Inc.'s 2000 Stock Option Plan that increased the number of shares of Common Stock par

value \$.10 per share (the "Common Stock") to be issued thereunder by 500,000 shares. After this amendment, a total of 1,000,000 shares of Common Stock will be authorized under the Amended and Restated 2000 Stock Option Plan (500,000 of which were previously registered on Form S-8 (File No. 333-60984) filed with the Securities and Exchange Commission on May 15, 2001). Also, pursuant to instruction E to Form S-8, the filing fee is being paid only with respect to the 500,000 shares of Common Stock not previously registered.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Certain Documents by Reference

The following documents of the Registrant previously filed with the Securities and Exchange Commission are incorporated herein by reference:

(a) the Registrant's Annual Report on Form 10-K for the year ended

December 31, 2003;

- (b) the Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 25, 2003;
- (c) the description of the Registrant's Common Stock, par value \$.10 per share, contained in the Registrant's Registration Statement on Form S-1 (Registration No. 33-54470), filed with the Securities and Exchange Commission on December 23, 1992.

All documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this Registration Statement (and prior to the filing of a post-effective amendment 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 filing of such documents.

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 Company's Certificate of Incorporation and By-laws, each as amended, provide for elimination of the liability of Directors to the Registrant to the fullest extent permitted by

Section 102(7)(b) of the Delaware General Corporation Law, as the same may be amended and supplemented.

The Registrant's Certificate of Incorporation, as amended, provides, in accordance with the Delaware General Corporation Law, that Directors are not liable to the Registrant or its stockholders for monetary damages for breaches of fiduciary duty as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Registrant 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 dividend payments or stock repurchases in violation of the Delaware General Corporation Law, or (iv) for any transaction from which the Director derived any improper personal benefit.

The Certificate of Incorporation and the By-laws of the Registrant include provisions by which the Registrant will indemnify all persons whom it shall have the power to indemnify under Section 145 of the Delaware General Corporation Law from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said section. The indemnification provided for in Section 145 shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

The general effect of these provisions will be to eliminate the rights of the Registrant and its stockholders (through stockholders' derivative suits on behalf of the Registrant) to recover monetary damages in the event of a breach of fiduciary duty as a director (including breach of duty in the case of negligence or grossly negligent behavior) except in the situations as described above. These provisions will not affect the availability of injunctive relief against directors of the Registrant (although such relief may not always be available as a practical matter) nor will it limit directors' liability for violations of the federal securities laws.

Item 7. Exemption from Registration Claimed

Not Applicable.

Item 8. Exhibits

- 4.1 Restated Certificate of Incorporation of the Registrant (Exhibit 4.3)(1)
- 4.2 Amendment to Certificate of Incorporation (Exhibit 3.1)(2)
- 4.3 By-laws of the Registrant (Exhibit 3.2)(3)
- 4.4 Form of Common Stock Certificate of the Registrant (Exhibit 4.1)(3)
- 5.1 Opinion of Harter, Secrest & Emery LLP*
- 23.1 Consent of PricewaterhouseCoopers LLP*
- 23.2 Consent of Harter, Secrest & Emery LLP(4)
- 99.1 Ultralife Batteries, Inc. Amended and Restated 2000 Stock Option Plan*

*Exhibit filed with this Registration Statement

(1) Exhibit previously filed as part of and is incorporated by reference to the Registrant's Registration Statement on Form S-8 (Registration No. 333-60984). The exhibit number contained in parenthesis refers to the exhibit number in such Registration Statement.

(2) Exhibit previously filed as part of and is incorporated by reference to the Registrant's Form 10-Q for the quarterly period ended December 31, 2000 (Commission File No. 0-20852). The exhibit number contained in parenthesis refers to the exhibit number in the Form 10-Q.

(3) Exhibit previously filed as part of and is incorporated by reference to the Registrant's Registration Statement on Form S-1 (Registration No. 33-544701). The exhibit number contained in parenthesis refers to the exhibit number in such Registration Statement.

(4) Included in Exhibit 5.1 to this Registration Statement.

Item 9. Undertakings

(a) The undersigned Registrant hereby undertakes (subject to the proviso contained in Item 512(a) of Regulation S-K):

(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, as amended (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;

(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 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 herein, 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, controlling persons of the Registrant pursuant to the provisions described under Item 6 above, 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 of 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, 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 Village of Newark, State of New York, on this 6th day of April 2004.

ULTRALIFE BATTERIES, INC.

By: /s/ John D. Kavazanjian

Name: John D. Kavazanjian

Title: President and Chief Executive Officer

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

Signature -----	Title -----	Date ----
/s/ John D. Kavazanjian ----- John D. Kavazanjian	President and Chief Executive Officer and Director (Principal Executive Officer)	April 6, 2004
/s/ Robert W. Fishback ----- Robert W. Fishback	Vice President-Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	April 6, 2004
/s/ Joseph C. Abeles ----- Joseph C. Abeles	Director	April 6, 2004
----- Joseph N. Barrella	Director	April __, 2004
----- Patricia C. Barron	Director	April __, 2004
/s/ Anthony J. Cavanna ----- Anthony J. Cavanna	Director	April 6, 2004
/s/ Daniel W. Christman ----- Daniel W. Christman	Director	April 6, 2004
----- Carl H. Rosner	Director	April __, 2004
/s/ Ranjit C. Singh ----- Ranjit C. Singh	Director	April 6, 2004

April 6, 2004

Ultralife Batteries, Inc.
2000 Technology Parkway
Newark, New York 14513

Re: Ultralife Batteries, Inc.
Registration Statement on Form S-8

Ladies and Gentlemen:

You have requested our opinion in connection with your Registration Statement on Form S-8, filed under the Securities Act of 1933, as amended (the "Registration Statement"), with the Securities and Exchange Commission (the "Registration Statement") in respect of the proposed issuance by Ultralife Batteries, Inc. (the "Company") of up to 500,000 additional shares of Common Stock, par value \$.10 per share (the "Common Stock"), of the Company pursuant to the Company's 2000 Amended and Restated Stock Option Plan (the "Plan").

We have examined the following corporate records and proceedings of the Company in connection with the preparation of this opinion: its Certificate of Incorporation as amended and restated to date; its By-laws as currently in force and effect; its minute books, containing minutes and records of proceedings of its stockholders and its Board of Directors from the date of incorporation to the date hereof; the Registration Statement and the related exhibits thereto; applicable provisions of laws of the State of Delaware; and such other documents and matters as we have deemed necessary.

In rendering this opinion, we have made such examination of laws as we have deemed relevant for the purposes hereof. As to various questions of fact material to this opinion, we have relied upon representations and/or certificates of officers of the Company, certificates and documents issued by public official and authorities, and information received from searchers of public records. Based upon and in reliance on the foregoing, we are of the opinion that:

1. The Company has been duly incorporated and is validly existing under the laws of the State of Delaware as of April 6, 2004.
2. The Company has the authority to issue an additional 500,000 shares of Common Stock pursuant to the terms of the Plan.
3. The 500,000 shares of Common Stock to be issued by the Company will, when issued and paid for in accordance with the provisions of the Plan and the respective stock option agreements pursuant to which options are granted under the Plan, be validly authorized and legally issued and outstanding, fully paid and non-assessable.

We hereby consent to being named in the Registration Statement as attorneys who will, for the Company, pass upon the validity of the issuance of the additional 500,000 shares of Common Stock offered thereby, and we hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement.

Very truly yours,

/s/ Harter, Secrest & Emery LLP

Harter, Secrest & Emery LLP

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated February 3, 2004, except for the first paragraph of Note 13, as to which the date is March 1, 2004, relating to the financial statements and financial statement schedule of Ultralife Batteries, Inc., which appears in Ultralife Batteries, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Rochester, New York
April 6, 2004

ULTRALIFE BATTERIES, INC

AMENDED AND RESTATED

2000 STOCK OPTION PLAN

Section 1. Purpose.

The Plan authorizes the Committee (as hereafter defined) to provide Employees (including officers of the Corporation), Directors and Consultants of the Corporation and its Subsidiaries, who are in a position to contribute materially to the long-term success of the Corporation, with options to acquire common stock of the Corporation, in accordance with the terms specified herein. The Corporation believes that this incentive program will cause those persons to increase their interest in the Corporation's welfare, and aid in attracting and retaining Employees, Directors and Consultants of outstanding ability.

Section 2. Definitions.

Unless the context clearly indicates otherwise, the following terms, when used in this Plan, shall have the meanings set forth in this Section:

(a) "Board" shall mean the Board of Directors of the Corporation.

(b) "Change in Control" shall mean the occurrence of any of the following: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 30% or more of the voting power of the then outstanding securities of the Corporation; (ii) during any period of two consecutive calendar years there is a change of 25% or more in the composition of the Board of the Corporation in office at the beginning of the period except for changes approved by at least two-thirds of the Directors then in office who were Directors at the beginning of the period; (iii) the stockholders of the Corporation approve an agreement providing for (A) the merger or consolidation of the Corporation with another corporation where the stockholders of such corporation, immediately after the merger or consolidation, own shares entitling such stockholders to 50% or more of all votes (without consideration of the rights of any class of stock to elect Directors by separate class vote) to which all stockholders of the corporation issuing cash or securities in the merger or consolidation would be entitled in the election of directors or where the members of the Board of Directors of such corporation, immediately after the merger or consolidation, constitute a majority of the Board of Directors of the corporation issuing cash or securities in the merger or consolidation, or (B) the sale or other disposition of all or substantially all the assets of the Corporation, or a liquidation, dissolution or statutory exchange of the Corporation; or (iv) any person has commenced, or announced an intention to commence, a tender offer or exchange offer for 30% or more of the voting power of the then-outstanding securities of the Corporation.

(c) "Code" shall mean the Internal Revenue Code of 1986 as it may be amended from time to time.

(d) "Committee" shall mean a Committee of not less than two Directors who are "Non-Employee Directors," as that term is defined and interpreted pursuant to Rule 16b-3 under the Exchange Act. The Committee shall be appointed by and serve at the pleasure of the Board.

(e) "Consultant" shall mean any consultant of the Corporation or its Subsidiaries.

(f) "Control Person" shall mean any person who, as of the date of grant of an Option, owns (within the meaning of Section 422A(b)(6) of the Code) stock possessing more than 10% of the total combined voting power or value of all classes of stock of the Corporation or of any parent or Subsidiary.

(g) "Corporation" shall mean Ultralife Batteries, Inc., a Delaware corporation.

(h) "Director" shall mean any member of the Board.

(i) "Employee" shall mean any employee of the Corporation or its Subsidiaries, including Directors who are otherwise employed by the Corporation.

(j) "Exchange Act" shall mean the Securities Exchange Act of 1934 as it may be amended from time to time.

(k) "Fair Market Value" shall mean for any day (i) if the Corporation is a registrant under Section 12 of the Exchange Act, the closing price of the Stock

in the over-the-counter market, as reported through the National Association of Securities Dealers Automated Quotation System or, if the stock is listed or admitted to trading on any national securities exchange, the last reported sale price on such exchange or, (ii) if the Corporation is not a registrant under Section 12 of the Exchange Act, the price of the Stock will be determined by the Board on the date of grant but will not be less than the par value of such Stock.

(l) "Grantee" shall mean a Person granted an Option under the Plan.

(m) "ISO" shall mean an Option granted pursuant to the Plan to purchase shares of Stock and intended to qualify as an incentive stock option under Section 422 of the Code, as now or hereafter constituted.

(n) "NQSO" shall mean an Option granted pursuant to the Plan to purchase shares of the Stock that is not an ISO.

(o) "Options" shall refer collectively to NQSOs and ISOs subject to the Plan.

(p) "Parent" shall mean any parent of the Corporation as defined in Section 425 of the Code.

(q) "Plan" shall mean this 2000 Stock Option Plan as set forth herein and as amended from time to time.

(r) "Securities Act" shall mean the Securities Act of 1933 as it may be amended from time to time.

(s) "Stock" shall mean shares of the Common Stock of the Corporation.

(t) "Subsidiary" shall mean any subsidiary corporation as defined in Section 425 of the Code.

Section 3. Shares of Stock Subject to the Plan.

Subject to the provisions of Section 8, the Stock which may be issued or transferred pursuant to Options granted under the Plan shall not exceed 1,000,000 shares in the aggregate. Stock issuable upon the exercise of any Option may be authorized but unissued shares or reacquired shares of Stock. If any unexercised Options lapse or terminate for any reason, the Stock covered thereby may again be optioned. More than one Option may be granted to one person.

Section 4. Administration of the Plan.

The Plan shall be administered by the Committee. Subject to the express provisions of the Plan, the Committee shall have the authority to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to the Plan, to determine the terms and provisions of stock option agreements thereunder and to make all other determinations necessary or advisable for the administration of the Plan. Any controversy or claim arising out of or related to the Plan or the Options granted thereunder shall be determined unilaterally by, and at the sole discretion of, the Committee. The provisions of stock option agreements for Options granted under Section 6 hereof may provide that, upon the occurrence of a Change in Control specified in Section 2(b)(iii) hereof, the Committee may require the cancellation for cash of outstanding Options or the issuance of comparable replacement options granted by the entity.

Section 5. Types of Options.

Options granted under the Plan may be of two types: ISOs and NQSOs. The Committee shall have the authority and discretion to grant to an eligible Employee either ISOs, NQSOs, or both, but shall clearly designate the nature of each Option at the time of grant. Consultants and Directors shall only receive NQSOs.

Section 6. Grant of Options to Employees, Consultants and Directors.

(a) Employees, Consultants and Directors of the Corporation and its Subsidiaries shall be eligible to receive Options under the Plan. Employees shall be eligible to receive ISOs and NQSOs; Consultants and Directors shall be eligible to receive NQSOs only.

(b) The exercise price per share of Stock subject to an Option granted to an Employee, Consultant or Director shall be determined by the Committee; provided, however, that (i) the exercise price of each share subject to an ISO shall be not less than 100% of the Fair Market Value of a share of the Stock on the date such ISO is granted, (ii) such exercise price shall not be less than 110% of such Fair Market Value for any ISO granted to a Control Person, and (iii) the exercise price of each share subject to a NQSO shall be not less than 85% of the Fair Market Value of a share of the Stock on the date such NQSO is granted.

(c) The term of each Option granted to an Employee, Consultant or Director shall be determined by the Committee, provided that no Option shall be exercisable more than ten years from the date such Option is granted, and provided further that no ISO granted to a Control Person shall be exercisable more than five years from the date of Option grant.

(d) The Committee shall determine and designate from time to time the Employees, Consultants and Directors who are to be granted Options, the nature of each Option granted and the number of shares of Stock subject to each such Option.

(e) Notwithstanding any other provisions hereof, the aggregate Fair Market Value (determined at the time the ISO is granted) of the Stock with respect to which ISOs are exercisable for the first time by any Employee during any calendar year under all plans of the Corporation and any Parent or Subsidiary corporation shall not exceed \$100,000.

(f) The Committee, in its sole discretion, shall determine whether any Option granted to an Employee, Consultant or Director shall become exercisable in one or more installments and specify the installment dates. The Committee may also make such other provisions, not inconsistent with the terms of this Plan as it may deem desirable, including such provisions as it may deem necessary to qualify any ISO under the provisions of Section 422 of the Code. The Committee, in its discretion, shall have the power to accelerate the period or periods during which Options become exercisable. Notwithstanding any determination by the Committee regarding the exercise period of any Option granted to an Employee, Consultant or Director, all such Options shall immediately become exercisable upon a Change in Control of the Corporation.

(g) The Committee may, at any time, grant new or additional options to any eligible Employee, Consultant or Director who has previously received Options under this Plan, or options under other plans, whether such prior Options or other options are still outstanding, have been exercised previously in whole or in part, or have been canceled. The exercise price of such new or additional Options may be established by the Board, subject to Section 6(b) hereof, without regard to such previously granted Options or other options.

(h) No Option shall be granted under this Section 6 to Non-Employee Directors unless that option, (i) provides that the Stock received upon exercise of the Option may not be disposed of before the first day following the sixth month anniversary date the Option was granted, or (ii) is granted pursuant to Section 6(i) below.

(i) On the last day of each calendar quarter, there shall be granted to each Non-Employee Director of the Corporation on such date, a NQSO to purchase 1,500 shares of Stock, up until the fifth anniversary of the grant date, for a price equal to the closing price of the Stock on the Grant Date. These options will be deemed vested on the date that they are granted.

(j) In no event shall any issued and outstanding option be repriced to a lower exercise price at any time during the term of such option, without the prior affirmative vote of a majority of shares of voting capital stock present at a stockholders meeting in person or by proxy and entitled to vote thereon. Any amendment or repeal of this provision shall require the affirmative vote of a majority of shares of voting capital stock present at a stockholders meeting in person or by proxy and entitled to vote thereon.

Section 7. Exercise of Options.

(a) Upon the exercise of any Option, the Grantee shall pay the exercise price for the Stock being purchased in the manner provided in the particular stock option agreement, including payment for such shares by surrender of shares of Stock (at their Fair Market Value) if permitted by such stock option agreement, including Stock acquired pursuant to the Option then being exercised.

(b) The number of shares which are issued pursuant to the exercise of an Option shall be charged against the maximum limitation on shares set forth in Section 3 hereof.

(c) Except as provided in Section 9, no Option granted to an Employee or Consultant shall be exercised unless at the time of such exercise the Grantee is then an Employee or Consultant.

(d) Before the Corporation issues Stock to a Grantee pursuant to the exercise of a NQSO, the Corporation shall have the right to require that the Grantee make such provisions, or furnish the Corporation such authorization, necessary or desirable so that the Corporation may satisfy its obligation, under applicable income tax laws, to withhold for income or other taxes due upon or incident to such exercise. The Committee may adopt such rules, forms, and procedures as it considers necessary or desirable to implement this Section 7(d), which rules, forms, and procedures shall be binding upon all Grantees, and which shall be applied uniformly to all Grantees similarly situated.

Section 8. Adjustment Upon Changes in Capitalization.

In the event of any reclassification, recapitalization, merger, consolidation, reorganization, issuance of warrants, rights or debentures, stock dividend, stock split or reverse stock split, cash dividend, property dividend, combination or exchange of shares, repurchase of shares or any other change in corporate structure which in the judgment of the Committee materially affects the value of shares, the Committee may determine the appropriate adjustment, if any, to the number and class of shares and the exercise price per share set forth in any Option theretofore granted, provided that no such adjustments shall be made to any ISO without the Grantee's consent, if such adjustment would cause such ISO to fail to qualify as such.

Section 9. Termination of Relationship with the Corporation.

(a) Upon the termination of an Employee's employment or a Consultant's consulting relationship with the Corporation or a Director's term of office with the Corporation, the Committee shall have the discretion to provide that upon termination of an Employee's employment or a Consultant's consulting relationship or a Director's term of office, such Grantee or his or her legal representative may exercise any outstanding and then-exercisable installments of his or her Options for a period to be determined by the Committee in its sole discretion; provided, however, that in no event shall the period extend beyond the expiration of the Option term. In no event shall any Option be exercisable for more than the maximum number of shares that the Grantee was entitled to purchase at the date of termination of an Employee's employment or a Consultant's consulting relationship with the Corporation or a Director's term of office with the Corporation. In the case of an Employee or Consultant, the transfer among the Corporation and any Subsidiary shall not be deemed to be a termination of the employment or consulting relationship, and a change from the status of an Employee to a Consultant or from a Consultant to

an Employee shall not be deemed to be a termination of the employment or consultant's relationship.

(b) Subject to the foregoing, in the event of death, Options may be exercised by a Grantee's legal representative.

Section 10. General Provisions.

(a) Each Option grant shall be evidenced by a written stock option agreement containing such terms and conditions, not inconsistent with this Plan, as the Committee shall approve. ISOs and NQSOs may be granted to Employees simultaneously and subject to a single stock option agreement; provided, however, that in no event shall a NQSO be granted in tandem with an ISO such that the exercise of one affects the right to exercise the other. The terms and provisions of such stock option agreements (including the exercise price specified therein) may vary among Grantees and among different Options granted to the same Grantee.

(b) The grant of an Option in any year shall not give the Grantee any right to similar grants in future years or any right to continue such Grantee's employment or consultant relationship with the Corporation or its Subsidiaries. All Grantees shall remain subject to discharge to the same extent as if the Plan were not in effect.

(c) No Grantee, and no beneficiary or other persons claiming under or through the Grantee shall have any right, title or interest by reason of any Option to any particular assets of the Corporation or its Subsidiaries, or any shares of Stock allocated or reserved for the purposes of the Plan or subject to any Option except as set forth herein. The Corporation shall not be required to establish any fund or make any other segregation of assets to assure the payment of any Option.

(d)(i) Except as otherwise determined by the Committee or as otherwise provided in Section 10(d)(ii) below, no Option or other right under the Plan shall be subject to anticipation, sale, assignment, pledge, encumbrance, or charge except by will or the laws of descent and distribution, and an Option shall be exercisable during the Grantee's lifetime only by the Grantee.

(ii) The Committee shall have the discretionary authority to grant NQSOs or amend outstanding NQSOs to provide that they be transferable, subject to such terms and conditions as the Committee shall establish. In addition to any such terms and conditions, the following terms and conditions shall apply to all transfers of NQSOs:

(A) Except as otherwise permitted by the Committee, only Directors and corporate officers of the Corporation shall be permitted to transfer their NQSOs, and such individuals must be a Director or a corporate officer on the date of transfer.

(B) Transfers shall only be permitted to: (1) the transferor's "Immediate Family Members," as that term is defined in Section 10(d)(2)(I); (2) a trust or trusts for the exclusive benefit of the transferor's Immediate Family Members; or (3) a family partnership or family limited partnership in which each partner is, at the time of transfer and all time subsequent thereto, either an Immediate Family Member or a trust for the exclusive benefit of one or more Immediate Family Members.

(C) All transfers shall be made for no consideration.

(D) Once a NQSO is transferred, any subsequent transfer of such transferred Option shall, notwithstanding Section 10(d)(i) to the contrary, be permitted; provided, however, such subsequent transfer complies with all of the terms and conditions of this Section 10(d)(ii), with the exception of Section 10(d)(ii)(A).

(E) In order for a transfer to be effective, the Committee's designated transfer agent must be used to effectuate the transfer. The costs of such transfer agent shall be borne solely by the transferor.

(F) In order for a transfer in accordance with Section 10(d)(ii) to be effective, the transferor must agree in writing prior to the transfer on a form provided by the Corporation to pay any and all payroll and withholding taxes due upon exercise of the transferred Option. In addition, prior to the exercise of the transferred Option by a transferee, arrangements must be made by the Grantee with the Corporation for the payment of any and all payroll and withholding taxes.

(G) Upon transfer, a NQSO continues to be governed by and subject to the terms and conditions of the Plan. A transferee of a NQSO is entitled to the same rights as the Grantee to whom such NQSO was originally granted, as if no transfer had taken place. Accordingly, the rights of the transferee are subject to the terms and conditions of the original grant of the NQSO, including provisions relating to expiration date, exercisability, option price and forfeiture.

(H) The Corporation shall be under no obligation to provide a transferee with any notice regarding the transferred options held by the transferee upon forfeiture or any other circumstance.

(I) For purposes of this Section 10(d)(ii), the term "Immediate Family Member" shall mean the transferor and his or her spouse, children or grandchildren, whether natural, step or adopted children or grandchildren.

(e) Notwithstanding any other provision of this Plan or stock option agreements made pursuant thereto, the Corporation shall not be required to issue or deliver any certificate or certificates for shares of Stock under this Plan prior to fulfillment of all of the following conditions:

(1) The listing, or approval for listing upon notice of issuance, of such shares on any securities exchange on which the Stock may then be traded;

(2) Any registration or other qualification of such shares under any state or federal law or regulation, or other qualification which the Board shall, in its absolute discretion and upon the advice of counsel, deem necessary or advisable;

(3) The obtaining of any other consent approval or permit from any state or federal government agency which the Board shall, in its absolute discretion and upon the advice of counsel, determine to be necessary or advisable; and

(4) The execution by the Grantee (or the Grantee's legal representative) of such written representation that the Committee may in its sole discretion deem necessary or advisable to the effect that the shares then being purchased are being purchased for investment with no present intention of reselling or otherwise disposing of such shares in any manner which may result in a violation of the Securities Act of 1933, as amended, and the placement upon certificates for such shares of an appropriate legend in connection therewith.

(f) The issuance of shares of Stock to Grantees or to their legal representatives shall be subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(g) In the case of a grant of an Option to any Employee or Consultant of a Subsidiary, the Corporation may, if the Committee so directs, issue or transfer the shares covered by the Option to the Subsidiary, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Subsidiary will transfer the shares to the Employee or Consultant in accordance with the terms of the Plan and the stock option agreement relating to such Option.

Section 11. Amendment or Termination.

Subject to the provisions of Section 6(j), the Board may, at any time, alter, amend, suspend, discontinue or terminate this Plan; provided, however, that no such action shall adversely affect the rights of Grantees to Options previously granted hereunder and, provided further, however, that any stockholder approval necessary or desirable in order to comply with Rule 16b-3 under the Exchange Act or with Section 422 of the Code (or other applicable law or regulation) shall be obtained in the manner required therein.

Section 12. Duration of Plan.

This Plan is effective upon its adoption by the Board on September 15, 2000, subject to the approval of the Corporation's stockholders. This Plan shall terminate at the close of business on September 15, 2010, and no Option may be granted under the Plan thereafter, but such termination shall not affect any Options theretofore granted.