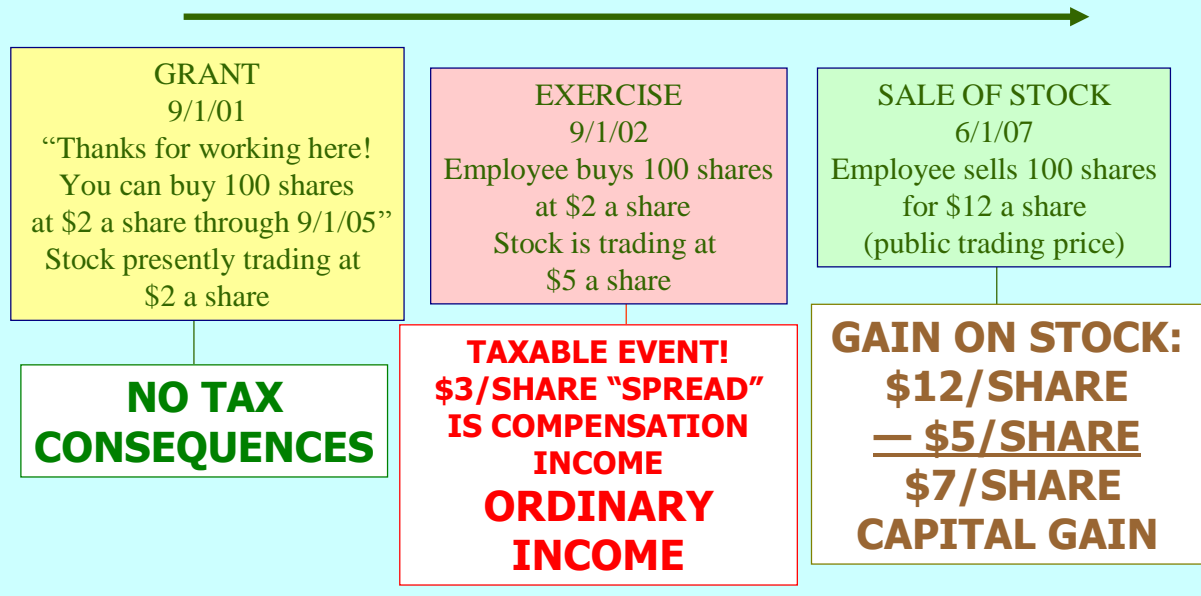
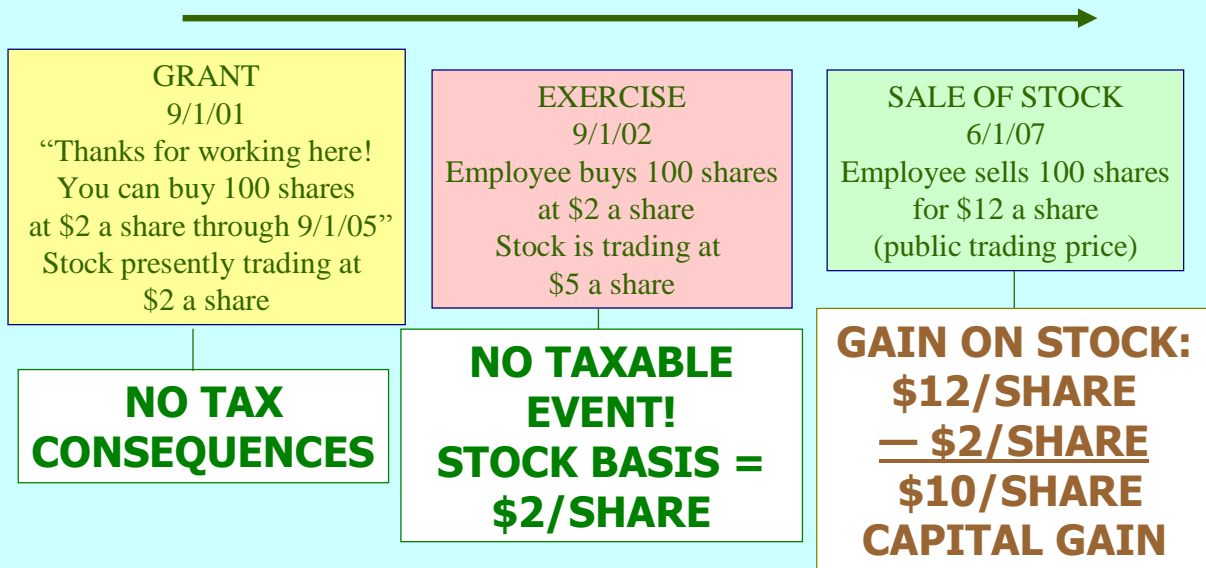


Nonqualified Stock Option Timeline



Qualified Stock Option (Incentive Stock Option) IRC § 422



ISOs - Section 422

- Employee must retain stock for specified periods
- Exercise price cannot be less than FMV at grant
- Limit on value of stock covered by ISOs (\$100K per employee per exercise year)
- Potential problems with alternative minimum tax (AMT) – IRC § 56(b)(3)