

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

DRYCLEAN USA, INC.

(Exact name of registrant as specified in its charter)

Delaware 11-2014231
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

290 N.E. 68th Street, Miami, Florida 33138
(Address of Principal Executive Offices) (Zip Code)

2000 STOCK OPTION PLAN
(Full title of the plan)

Mr. Michael Steiner
President
DRYCLEAN USA, Inc.
290 N.E. 68th Street
Miami, Florida 33138
(Name and address of agent for service)

(305) 754-4551
(Telephone number, including area code, of agent for service)

with a copy to:

Richard A. Rubin, Esq.
Parker Chapin LLP
405 Lexington Avenue
New York, New York 10174

Approximate date of commencement of proposed sale to public: From time to time after the effective date of this Registration Statement.

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

Title of each class of securities to be registered	Proposed maximum Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
<S> Common Stock, par value \$.025 per share	<C> 500,000 shares	<C> \$1.875 (4)	<C> \$ 937,500.00 (2)	\$ 247.50
Total	500,000 shares	\$ 937,500.00	\$ 247.50	

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- (1) Pursuant to Rule 416(b), there is also be deemed covered hereby all additional securities resulting from anti-dilution adjustments under the 2000 Stock Option Plan.
- (2) Estimated solely for the purpose of calculating the registration fee on the basis of, pursuant to Rules 457(h)(1) and 457(c), the average of the high and low sales prices per share of the registrant's Common Stock on the American Stock Exchange, as reported in the consolidated reporting system, on May 19, 2000.

PART II.

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The registrant's Annual Report on Form 10-KSB for the fiscal year ended June 30, 1999 and the registrant's Quarterly Reports on Form 10-QSB for the quarters ended September 30, 1999, December 31, 1999 and March 31, 2000, all as heretofore filed (File No. 0-9040) by the registrant with the Securities and Exchange Commission (the "Commission") pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "1934 Act"), and the description of the registrant's Common Stock contained in the registrant's Registration Statement on Form 8-A filed on October 28, 1999 under the 1934 Act, including any amendment or report filed for the purpose of updating such description, are incorporated herein by reference.

All documents filed subsequent to the date of this Registration Statement pursuant to Section 13(a), 13(c), 14 or 15(d) of the 1934 Act, 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 the filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference 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, or is deemed to be, incorporated by reference herein modifies or supersedes such 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.

Section 145 of the General Corporation Law of the State of Delaware (the "DGCL") provides, in general, that a corporation incorporated under the laws of the State of Delaware, such as the registrant, may indemnify 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 (other than a derivative action by or in the right of the corporation) by reason of the fact that such person 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 agent of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding 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 corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. In the case of a derivative action, a Delaware corporation may indemnify any such person against expenses (including attorneys' fees)

II-2

actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit 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 corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court determines such person is fairly and reasonably entitled to indemnity for such expenses.

Article Thirteenth of the registrant's Certificate of Incorporation, as amended, provides that, to the full extent authorized by law, the registrant shall indemnify, and advance expenses to, any person made or threatened to be made a party to an action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his heir, executor or administrator, is or was a director, officer, employee or agent of

the registrant or serves or served at the request of the registrant as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise.

Article VI of the registrant's By-Laws implements the provisions of the registrant's Certificate of Incorporation and sets forth procedures therefor.

The registrant maintains a Directors' and Officers' Liability Insurance Policy, including Company Reimbursement, with Great American Insurance Company, insuring (a) the directors and officers of the registrant against loss arising from any claim or claims made against them by reason of, with certain exceptions, any actual or alleged error, misstatement, misleading statement act or omission, or neglect or breach of duty by them in the discharge of their duties in their capacity as directors or officers of the registrant, individually or collectively, or by virtue of their status as directors or officers and (b) the registrant against loss arising from the registrant's obligation to indemnify directors and officers against such wrongful acts. The coverage of such policy is \$1,000,000 (subject to specified retention amounts in the case of claims for reimbursement of the Company).

In addition, Article Sixteenth of the registrant's Certificate of Incorporation, as amended, provides, in general, that no director of the registrant shall be liable to the registrant or any of its stockholders for monetary damages for breach 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) under Section 174 of the DGCL (which provides that under certain circumstances, directors may be jointly and severally liable for willful or negligent violations of the DGCL provisions regarding the payment of dividends or stock repurchases or redemptions), or (iv) for any transaction from which the director derived an improper personal benefit.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not Applicable.

II-3

ITEM 8. EXHIBITS.

Exhibit
Number

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- 4.1(a) Certificate of Incorporation of the registrant, as filed with the Secretary of State of the State of Delaware on June 30, 1963. Incorporated by reference to Exhibit 4.1(a) to the registrant's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.
- 4.1(b) Certificate of Amendment to the Certificate of Incorporation of the registrant, as filed with the Secretary of State of the State of Delaware on March 27, 1968. Incorporated by reference to Exhibit 4.1(b) to the registrant's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.
- 4.1(c) Certificate of Amendment to the Certificate of Incorporation of the registrant, as filed with the Secretary of State of the State of Delaware on November 4, 1983. Incorporated by reference to Exhibit 4.1(c) to the registrant's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.
- 4.1(d) Certificate of Amendment to the Certificate of Incorporation of the registrant, as filed with the Secretary of State of the State of Delaware on November 5, 1986. Incorporated by reference to Exhibit 4.1(d) to the registrant's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.

- 4.1(e) Certificate of Change of Location of Registered Office and of Agent, as filed with the Secretary of State of the State of Delaware on December 31, 1986. Incorporated by reference to Exhibit 4.1(e) to the registrant's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.
- 4.1(f) Certificate of Ownership and Merger of Design Development Incorporated into the registrant, as filed with the Secretary of State of the State of Delaware on June 30, 1998. Incorporated by reference to Exhibit 4.1(f) to the registrant's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.
- 4.1(g) Certificate of Amendment to the Certificate of Incorporation of the registrant as filed with the Secretary of State of the State of Delaware on October 30, 1998. Incorporated by reference to Exhibit 4.1(g) to the registrant's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.
- 4.1(h) Certificate of Amendment to the Certificate of Incorporation of the registrant, as filed with the Secretary of State of Delaware on November 5, 1999. Incorporated by reference to Exhibit 4.1 to the registrant's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1999, File No. 0-9040.

II-4

- 4.2 By-Laws of the registrant, as amended. Incorporated by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1999, File No. 0-9040.
- *5.1 Opinion and consent of Parker Chapin LLP as to the legality of the Common Stock being offered.
- *23.1 Consent of BDO Seidman, LLP
- *23.2 Consent of Parker Chapin LLP (contained in Exhibit 5.01).
- *24.1 Powers of Attorney of officers and directors of the registrant (included as part of the signature page hereto).
- *99.1 The registrant's 2000 Stock Option Plan, as amended.

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* Filed herewith.

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 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;

- (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;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the

registration statement is on Form S-3 or Form S-8, and 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 Securities Exchange Act of 1934 that are incorporated by reference 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

II-5

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 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 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 of 1933 may be permitted to directors, officers and 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 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 Act and will be governed by the final adjudication of such issue.

II-6

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 City of Miami, State of Florida, on the 22nd day of May, 2000.

DRYCLEAN USA, INC.

By: /s/ Michael S. Steiner

Michael S. Steiner, President
and Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Michael S. Steiner, Venerando J. Indelicato and Lloyd Frank and each of them, with power of substitution, as his attorney-in-fact, in all capacities, to sign any amendments to this registration statement (including post-effective amendments) and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-facts or their substitutes may do or cause to be done by virtue

hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated on the 22nd day of May, 2000.

Signature	Title
<TABLE>	
<CAPTION>	
<S>	<C>
/s/ Michael S. Steiner	

Michael S. Steiner	President (Chief Executive Officer)
/s/ Venerando J. Indelicato	Treasurer (Principal Financial and Accounting Officer)

Venerando J. Indelicato	
/s/ David Blyer	

David Blyer	Director
/s/ Lloyd Frank	

Lloyd Frank	Director
/s/ Alan M. Grunspan	

Alan M. Grunspan	Director
/s/ William K. Steiner	

William K. Steiner	Director

Stuart Wagner	Director

</TABLE>

II-7

EXHIBIT INDEX

Exhibit
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- 4.1(c) Certificate of Amendment to the Certificate of Incorporation of the registrant, as filed with the Secretary of State of the State of Delaware on November 4, 1983. Incorporated by reference to Exhibit 4.1(c) to the registrant's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No.

0-9040.

- 4.1(d) Certificate of Amendment to the Certificate of Incorporation of the registrant, as filed with the Secretary of State of the State of Delaware on November 5, 1986. Incorporated by reference to Exhibit 4.1(d) to the registrant's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.
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II-8

- *5.1 Opinion and consent of Parker Chapin LLP as to the legality of the Common Stock being offered.
- *23.1 Consent of BDO Seidman, LLP
- *23.2 Consent of Parker Chapin LLP (contained in Exhibit 5.01).
- *24.1 Powers of Attorney of officers and directors of the registrant (included as part of the signature page hereto).
- *99.1 The registrant's 2000 Stock Option Plan, as amended.

- - - - -
* Filed herewith.

II-9

EXHIBIT 5.1

[PARKER CHAPIN LLP LETTERHEAD]

May 22, 2000

DRYCLEAN USA, Inc.
290 N.E. 68th Street
Miami, Florida 33138

RE: 2000 STOCK OPTION PLAN

Dear Sir or Madam:

We have acted as counsel to DRYCLEAN USA, Inc. (the "Company") in connection with its Registration Statement on Form S-8 (the "Registration Statement") to be filed with the Securities and Exchange Commission relating to the offering of up to 500,000 shares of its common stock, par value \$.025 per share (the "Common Stock"), to employees and directors of, and consultants to, the Company or any parent or subsidiary of the Company upon the exercise of options which may from time to time be granted by the Company under the Company's 2000 Stock Option Plan (the "Plan"), and such additional indeterminate number of shares of Common Stock as may be issued under the anti-dilution provisions of the Plan.

In rendering the opinions expressed below, we have examined the Certificate of Incorporation of the Company, as amended, the By-laws of the Company, as amended, and minutes of the corporate proceedings of the Company relating to the Plan. In addition, we have examined and relied upon such other matters of law, certificates and examinations of public officials as we have deemed relevant to the rendering of this opinion. We have examined the form of option contract which the Company has advised us it proposes to use as the form of option contract under the Plan. In all of our examinations, we have assumed the accuracy of all information furnished to us, the genuineness of all documents, the conformity to originals of all documents submitted to us as certified, conformed, facsimile or photostatic copies thereof, as well as the genuineness of all signatures on all such documents.

Our opinion is limited to the date hereof and we do not in any event undertake to advise you of any facts or circumstances occurring or coming to our attention subsequent to the date hereof.

Finally, we are counsel admitted to practice only in the State of New York, and we express no opinions as to the applicable laws of any jurisdiction other than those of the State of New York, the Delaware General Corporation Law and the United States of America.

Based upon and subject to the foregoing, we are of the opinion that the shares of the Company's Common Stock to be issued pursuant to the exercise of options to be granted under the Plan will be, when issued pursuant to the provisions of the Plan, legally issued, fully paid and non-assessable.

Lloyd Frank, a member of this firm, is Secretary, a director and a stockholder of the Company and his wife is a stockholder of the Company. Mr. Frank also holds options to purchase shares of the Company's Common Stock. Richard A. Rubin, also a member of this firm, is a stockholder of the Company.

We consent to the filing of a copy of this opinion as an exhibit to the Company's Registration Statement with respect to the Plan.

Very truly yours,

/s/ PARKER CHAPIN LLP

EXHIBIT 23.1

CONSENT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

DRYCLEAN USA, Inc.
Miami, Florida

We hereby consent to the incorporation by reference in this Registration Statement of our report dated August 11, 1999, relating to the consolidated financial statements of DRYCLEAN USA, Inc. appearing in the Company's Annual Report on Form 10-KSB for the year ended June 30, 1999.

/s/ BDO SEIDMAN, LLP

Miami, Florida
May 19, 2000

EXHIBIT 99.1

2000 STOCK OPTION PLAN
OF
DRYCLEAN USA, INC.

1. Purposes of the Plan. This stock option plan (the "Plan") is intended to provide an incentive to employees (including directors and officers who are employees), and to directors ("Non-Employee Directors") and consultants who are not common law employees, of DRYCLEAN USA, Inc., a Delaware corporation (the "Company"), or any of its Subsidiaries or any Parent (as such terms are defined in Paragraph 19), and to offer an additional inducement in obtaining the services of such individuals. The Plan provides for the grant of "incentive stock options" ("ISOs"), within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and nonqualified stock options which do not qualify as ISOs ("NQSOs"). The Company makes no representation or warranty, express or implied, as to the qualification of any option as an "incentive stock option" under the Code.

2. Stock Subject to the Plan. Subject to the provisions of Paragraph 12, the aggregate number of shares of the Company's Common Stock, par value \$.025 per share ("Common Stock"), for which options may be granted under the Plan shall not exceed 500,000 shares. Such shares of Common Stock may, in the discretion of the Board of Directors of the Company (the "Board of Directors"), consist either in whole or in part of authorized but unissued shares of Common Stock or shares of Common Stock held in the treasury of the Company. Subject to the provisions of Paragraph 13, any shares of Common Stock subject to an option which for any reason expires, is canceled or is terminated unexercised or which ceases for any reason to be exercisable shall again become available for the granting of options under the Plan. The Company shall at all times during the term of the Plan reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of the Plan.

3. Administration of the Plan. The Plan will be administered by the Board of Directors or by a committee (the "Committee") consisting of two or more directors appointed by the Board of Directors. Those administering the Plan shall be referred to herein as the "Administrators." Notwithstanding the foregoing, as long as any class of common stock of the Company is registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to the extent necessary to preserve any deduction under Section 162(m) of the Code or to comply with Rule 16b-3 promulgated under the Exchange Act, or any successor rule ("Rule 16b-3"), any Committee appointed by the Board of Directors to administer the Plan shall be comprised of two or more directors each of whom shall be an "outside director," within the meaning of Treasury Regulation Section 1.162-27(e)(3), and a "non-employee director," within the meaning of Rule 16b-3, and the delegation of powers to the Committee shall be consistent with applicable laws and regulations (including, without limitation, applicable state law and Rule 16b-3). Unless otherwise provided in the By-Laws of the Company, by resolution of the Board of Directors or applicable law, a majority of the members of the Committee shall constitute a

quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, and any acts approved in writing by all members without a meeting, shall be the acts of the Committee. Notwithstanding anything in the Plan to the contrary, all references in the Plan to actions by the Administrators with respect to grants of options to, and determinations with respect to options granted to, Non-Employee Directors shall be made only by the Board of Directors.

Subject to the express provisions of the Plan, the Administrators shall have the authority, in their sole discretion, to determine the persons who shall be granted options; the times when they shall receive options; whether an option granted to an employee shall be an ISO or a NQSO; the number of shares of Common Stock to be subject to each option; the term of each option; the date each option shall become exercisable; whether an option shall be exercisable in whole or in installments, and, if in installments, the number of shares of Common Stock to be subject to each installment; whether the installments shall be cumulative; the date each installment shall become exercisable and the term of each installment; whether to accelerate the date of exercise of any option or

installment; whether shares of Common Stock may be issued upon the exercise of an option as partly paid, and, if so, the dates when future installments of the exercise price shall become due and the amounts of such installments; the exercise price of each option; the form of payment of the exercise price; the fair market value of a share of Common Stock; whether and under what conditions to restrict the sale or other disposition of the shares of Common Stock acquired upon the exercise of an option and, if so, whether and under what conditions to waive any such restriction; whether and under what conditions to subject the exercise of all or any portion of an option to the fulfillment of certain restrictions or contingencies as specified in the contract referred to in Paragraph 11 (the "Contract"), including without limitation restrictions or contingencies relating to (a) entering into one or more covenants (i) not to compete with, (ii) to protect the trade secrets of and/or (iii) not to solicit employees of, the Company or any of its Subsidiaries or any Parent, which Contract may require, among other things, for the payment by the optionee to the Company of the difference between the fair market value (at the time of option exercise or sale of the underlying shares) of the shares acquired upon the exercise of an option and the option exercise price thereof if such covenant is breached, (b) financial objectives for the Company, any of its Subsidiaries or any Parent, a division, a product line or other category and/or (c) the period of continued employment of the optionee with the Company or any of its Subsidiaries or any Parent, and to determine whether such restrictions or contingencies have been met; the amount, if any, necessary to satisfy the obligation of the Company, any of its Subsidiaries or any Parent to withhold taxes or other amounts; whether an optionee has a Disability (as such term is defined in Paragraph 19); with the consent of the optionee, to cancel or modify an option, provided, however, that, the modified provision is permitted to be included in an option granted under the Plan on the date of the modification; provided, further, however, that in the case of a modification (within the meaning of Section 424(h) of the Code) of an ISO, such option as modified would be permitted to be granted on the date of such modification under the terms of the Plan; to construe the respective Contracts and the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; to approve any provision of the Plan or any option granted under the Plan or any amendment to either which, under Section 162(m) of the

2

Code or Rule 16b-3 requires the approval of the Board of Directors, a committee of "outside directors" or "non-employee directors," respectively, or the stockholders, in order to preserve any deduction under Section 162(m) of the Code or to be exempt under Section 16(b) of the Exchange Act, respectively; and to make all other determinations necessary or advisable for administering the Plan. Any controversy or claim arising out of or relating to the Plan, any option granted under the Plan or any Contract shall be determined unilaterally by the Administrators in their sole discretion. The determinations of the Administrators on matters referred to in this Paragraph 3 shall be conclusive and binding on all parties. No Administrator or former Administrator shall be liable for any action or determination made in good faith with respect to the Plan or any option granted hereunder.

4. Eligibility. The Administrators may from time to time, consistent with the purposes of the Plan, grant options to such employees (including officers and directors who are employees) of, or consultants to the Company or any of its Subsidiaries or any Parent who, at the time of grant, are not common law employees of the Company or of any of its Subsidiaries or any Parent, and to Non-Employee Directors, as the Administrators may determine in their sole discretion. Such options granted shall cover such number of shares of Common Stock as the Administrators may determine in their sole discretion; provided, however, that if on the date of grant of an option, any class of common stock of the Company (including without limitation the Common Stock) is registered under Section 12 of the Exchange Act, the maximum number of shares subject to options that may be granted to any employee during any calendar year under the Plan shall be 200,000 shares; provided, further, however, that the aggregate market value (determined at the time the option is granted) of the shares of Common Stock for which any eligible employee may be granted ISOs under the Plan or any other plan of the Company or of a Parent or a Subsidiary of the Company, which are exercisable for the first time by such optionee during any calendar year, shall not exceed \$100,000 (or such other limitation as shall, at the time of grant, be applicable under the Code). The \$100,000 ISO limitation amount shall be applied by taking ISOs into account in the order in which they were granted. Any option (or portion thereof) granted in excess of such ISO limitation amount

shall be treated as a NQSO to the extent of such excess.

5. Exercise Price. The exercise price of the shares of Common Stock under each option shall be determined by the Administrators in their sole discretion; provided, however, that the exercise price of an ISO shall not be less than the fair market value of the Common Stock subject to such option on the date of grant; and provided, further, however, that if, at the time an ISO is granted, the optionee owns (or is deemed to own under Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, of any of its Subsidiaries or any Parent, the exercise price of such ISO shall not be less than 110% of the fair market value of the Common Stock subject to such ISO on the date of grant.

The fair market value of a share of Common Stock on any day shall be (a) if the principal market for the Common Stock is a national securities exchange, the average of the highest and

3

lowest sales prices per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange, (b) if the principal market for the Common Stock is not a national securities exchange and the Common Stock is quoted on The Nasdaq National Market or Nasdaq SmallCap Market (collectively, "Nasdaq"), and (i) if actual sales price information is available with respect to the Common Stock, the average of the highest and lowest sales prices per share of the Common Stock on such day on Nasdaq, or (ii) if such information is not available, the average of the highest bid and the lowest asked prices per share for the Common Stock on such day on Nasdaq, or (c) if the principal market for the Common Stock is not a national securities exchange and the Common Stock is not quoted on Nasdaq, the average of the highest bid and lowest asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (a), (b) and (c) of this Paragraph 5 are all inapplicable because the Company's Common Stock is not publicly traded, or if no trades have been made and no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with any applicable regulations adopted by the Treasury Department relating to stock options.

6. Term. Each option granted pursuant to the Plan shall be for such term as is established by the Administrators, in their sole discretion, at or before the time such option is granted; provided, however, that the term of each option granted pursuant to the Plan shall be for a period not exceeding 10 years from the date of grant thereof, and provided further, that if, at the time an ISO is granted, the optionee owns (or is deemed to own under Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, of any of its Subsidiaries or any Parent, the term of the ISO shall be for a period not exceeding five years from the date of grant. Options shall be subject to earlier termination as hereinafter provided.

7. Exercise. An option (or any installment thereof), to the extent then exercisable, shall be exercised by giving written notice to the Company at its principal office stating which option is being exercised and specifying the number of shares of Common Stock as to which such option is being exercised, which notice shall be accompanied by payment in full of the aggregate exercise price therefor (or the amount due on exercise if the applicable Contract permits installment payments) (a) in cash and/or by certified check, (b) with the authorization of the Administrators, with previously acquired shares of Common Stock having an aggregate fair market value (determined in accordance with the methods set forth in Paragraph 5) on the date of exercise equal to the aggregate exercise price of all options being exercised, (c) with the authorization of the Administrators, by the Company withholding from the purchased shares an amount having an aggregate fair market value (determined in accordance with Paragraph 5) on the date of exercise, equal to the aggregate exercise price of all options being exercised, or (d) some combination thereof; provided, however, that in no case may shares be tendered or withheld if such tender or withholding would require the Company to incur a charge against its earnings for financial accounting purposes. The Company shall not be required to issue any

4

shares of Common Stock pursuant to the exercise of any option until all required payments with respect thereto, including payments for any required withholding amounts, have been made.

The Administrators may, in their sole discretion, permit payment of the exercise price of an option by delivery by the optionee of a properly executed notice, together with a copy of the optionee's irrevocable instructions to a broker acceptable to the Administrators to deliver promptly to the Company the amount of sale or loan proceeds sufficient to pay such exercise price. In connection therewith, the Company may enter into agreements for coordinated procedures with one or more brokerage firms.

An optionee shall not have the rights of a stockholder with respect to such shares of Common Stock to be received upon the exercise of an option until the date of issuance of a stock certificate to the optionee for such shares or, in the case of uncertificated shares, until the date an entry is made on the books of the Company's transfer agent representing such shares; provided, however, that until such stock certificate is issued or until such book entry is made, any optionee using previously acquired shares of Common Stock in payment of an option exercise price shall continue to have the rights of a stockholder with respect to such previously acquired shares.

In no case may a fraction of a share of Common Stock be purchased or issued under the Plan.

8. Termination of Relationship. Except as may otherwise be expressly provided in the applicable Contract, any optionee who ceases to be an employee of, consultant to, or director of, the Company or any of its Subsidiaries or any Parent (regardless of which of such relationships existed at the time of grant of the option), other than by reason of death or Disability, may exercise an option granted to the optionee, to the extent exercisable on the date of termination of the existence of the last of such relationships, at any time within three months after the date of termination of the existence of the last of such relationships, but not thereafter and in no event after the date the option would otherwise have expired; provided, however, that if any of such relationships is terminated either (a) for Cause (as defined in Paragraph 19), or (b) without the consent of the Company, such option shall terminate immediately.

For the purposes of the Plan, an employment relationship shall be deemed to exist between an individual and a corporation if, at the time of the determination, the individual was an employee of such corporation for purposes of Section 422(a) of the Code. As a result, an individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of the Plan during such leave if the period of the leave does not exceed 90 days, or, if longer, so long as the individual's right to re-employment with the Company, any of its Subsidiaries or any Parent is guaranteed either by statute or by contract. If the period of leave exceeds 90 days and the individual's right to re-employment is not guaranteed by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

5

Nothing in the Plan or in any option granted under the Plan shall confer on any person any right to continue in the employ or as a consultant of the Company, any of its Subsidiaries or any Parent, or as a director of the Company, or interfere in any way with any right of the Company, any of its Subsidiaries or any Parent to terminate such relationship at any time for any reason whatsoever without liability to the Company, any of its Subsidiaries or any Parent.

9. Death or Disability of an Optionee. Except as may otherwise be expressly provided in the applicable Contract, if an optionee dies (a) while he is employed by, or serving as a consultant to, or a director of the Company or any of its Subsidiaries or any Parent, (b) within three months after the latest to terminate of the optionee's employment, consulting or directorship relationship with the Company, its Subsidiaries and Parents (unless any such termination was for Cause or without the consent of the Company) or (c) within one year following the latest to terminate by reason of the optionee's Disability of the optionee's employment, consulting and/or directorship relationship with the Company, its Subsidiaries or Parents, the options granted to the optionee may be exercised, to the extent exercisable on the date of the

optionee's death, by the optionee's Legal Representative (as such term is defined in Paragraph 19), at any time within one year after death, but not thereafter and in no event after the date the option would otherwise have expired. Except as may otherwise be expressly provided in the applicable Contract, any optionee whose employment, consulting and directorship relationship with the Company, its Subsidiaries or Parents, whichever relationship is the latest to terminate, has terminated by reason of the optionee's Disability may exercise the options granted to the optionee, to the extent exercisable upon the effective date of such termination, at any time within one year after such date, but not thereafter and in no event after the date the option would otherwise have expired.

10. Compliance with Securities Laws. It is a condition to the exercise of any option that either (a) a Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the shares of Common Stock to be issued upon such exercise shall be effective and current at the time of exercise, or (b) there is an exemption from registration under the Securities Act for the issuance of the shares of Common Stock upon such exercise. Nothing herein shall be construed as requiring the Company to register shares subject to any option under the Securities Act or to keep any Registration Statement effective or current.

The Administrators may require, in their sole discretion, as a condition to the grant or exercise of an option, that the optionee execute and deliver to the Company such representations and warranties, in form, substance and scope satisfactory to the Administrators, which the Administrators determine is necessary or convenient to facilitate the perfection of an exemption from the registration requirements of the Securities Act, applicable state securities laws or other legal requirements, including without limitation, that (a) the shares of Common Stock to be issued upon exercise of the option are being acquired by the optionee for the optionee's own account, for investment only and not with a view to the resale or distribution thereof, and (b) any subsequent resale or distribution of shares of Common Stock by such optionee will be made only pursuant to (i) a Registration Statement under the Securities Act which is effective and current

6

with respect to the shares of Common Stock being sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption, the optionee, prior to any offer of sale or sale of such shares of Common Stock, shall provide the Company with a favorable written opinion of counsel satisfactory to the Company, in form, substance and scope satisfactory to the Company, as to the applicability of such exemption to the proposed sale or distribution.

In addition, if at any time the Administrators shall determine that the listing or qualification of the shares of Common Stock subject to such option on any securities exchange, Nasdaq or under any applicable law, or that the consent or approval of any governmental agency or regulatory body, is necessary or desirable as a condition to, or in connection with, the granting of an option or the issuance of shares of Common Stock thereunder, such option may not be granted or exercised in whole or in part, as the case may be, unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Administrators.

11. Stock Option Contracts. Each option shall be evidenced by an appropriate Contract which shall be duly executed by the Company and the optionee. Such Contract shall contain such terms, provisions and conditions not inconsistent herewith as may be determined by the Administrators in their sole discretion. The terms of each option and Contract need not be identical.

12. Adjustments upon Changes in Common Stock. Notwithstanding any other provision of the Plan, in the event of any change in the outstanding Common Stock by reason of a stock dividend, split-up, recapitalization, spin-off, reverse split or other combination or exchange of shares or other transaction which results in a change in the number or kind of shares of Common Stock that were outstanding immediately prior to such event, the aggregate number and kind of shares subject to the Plan, the aggregate number and kind of shares subject to each outstanding option and the exercise price thereof, and the maximum number of shares subject to options that may be granted to any employee in any calendar year, shall be appropriately adjusted by the Board of Directors, whose determination shall be conclusive and binding on all parties. Such adjustment

may provide for the elimination of fractional shares that might otherwise be subject to options with or without payment therefor. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Paragraph 12 if such adjustment (a) would cause the Plan to fail to comply with Section 422 of the Code or with Rule 16b-3 of the Exchange Act (if applicable to such option), or (b) would be considered as the adoption of a new plan requiring stockholder approval for any reason.

In the event of a dissolution or liquidation of the Company, or sale of all or substantially all of the assets of the Company, or the merger or consolidation of the Company with or into one or more other corporations or entities in which the Company is not the surviving corporation or in which the holders of securities of the Company immediately prior to such merger or consolidation cease to own securities of the surviving corporation or other entity representing at

7

least fifty percent (50%) of the combined voting power entitled to vote in the election of directors of the surviving corporation or entity, the Board of Directors of the Company shall, as to outstanding options, either (a) make appropriate provision for any such outstanding options by the substitution, on an equitable basis, of appropriate stock of the Company or of the merged, consolidated or otherwise reorganized corporation; provided that, in the case of ISOs, the excess of the aggregate fair market value of the shares subject to the options immediately after such substitution over the aggregate purchase price thereof is not more than the excess of the aggregate fair market value of the shares subject to such options immediately before such substitution over the aggregate purchase price thereof, or (b) upon written notice to an optionee, provide that all unexercised options must be exercised within a specified number of days of the date of such notice or they will be terminated.

13. Amendments and Termination of the Plan. The Plan was adopted by the Board of Directors on May 16, 2000. No option may be granted under the Plan after May 15, 2010. The Board of Directors, without further approval of the Company's stockholders, may at any time suspend or terminate the Plan, in whole or in part, or amend it from time to time in such respects as it may deem advisable, including without limitation, in order that ISOs granted hereunder meet the requirements for "incentive stock options" under the Code, or to comply with the provisions of Rule 16b-3 or Section 162(m) of the Code or any change in applicable laws or regulations, ruling or interpretation of any governmental agency or regulatory body; provided, however, that no amendment shall be effective, without the requisite prior or subsequent stockholder approval, which would (a) except as contemplated in Paragraph 12, increase the maximum number of shares of Common Stock for which options may be granted under the Plan or change the maximum number of shares for which options may be granted to employees in any calendar year, (b) change the eligibility requirements for individuals entitled to receive options hereunder, or (c) make any change for which applicable law or any governmental agency or regulatory body requires stockholder approval. No termination, suspension or amendment of the Plan shall adversely affect the rights of an optionee under any option granted under the Plan without such optionee's consent. The power of the Administrators to construe and administer any option granted under the Plan prior to the termination or suspension of the Plan shall continue after such termination or during such suspension.

14. Non-Transferability. No option granted under the Plan shall be transferable other than by will or the laws of descent and distribution, and options may be exercised, during the lifetime of the optionee, only by the optionee or the optionee's Legal Representatives. Except to the extent provided above, options may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process, and any such attempted assignment, transfer, pledge, hypothecation or disposition shall be null and void ab initio and of no force or effect.

15. Withholding Taxes. The Company, or its Subsidiary or Parent, as applicable, may withhold (a) cash or (b) with the consent of the Administrators (in the Contract or otherwise), shares of Common Stock to be issued upon exercise of an option or a combination

8

of cash and shares, having an aggregate fair market value (determined in accordance with Paragraph 5) on the date of exercise equal to the amount which the Administrators determine is necessary to satisfy the obligation of the Company, or such Subsidiary or Parent, to withhold Federal, state and local income taxes or other amounts incurred by reason of the grant, vesting, exercise or disposition of an option or the disposition of the underlying shares of Common Stock. Alternatively, the Company may require the optionee to pay to the Company such amount, in cash, promptly upon demand.

16. Legends; Payment of Expenses. The Company may endorse such legend or legends upon the certificates for shares of Common Stock issued upon exercise of an option under the Plan and may issue such "stop transfer" instructions to its transfer agent in respect of such shares as it determines, in its sole discretion, to be necessary or appropriate to (a) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act, applicable state securities laws or other legal requirements, (b) implement the provisions of the Plan or any agreement between the Company and the optionee with respect to such shares of Common Stock, or (c) permit the Company to determine the occurrence of a "disqualifying disposition," as described in Section 421(b) of the Code, of the shares of Common Stock transferred upon the exercise of an ISO granted under the Plan.

The Company shall pay all issuance taxes with respect to the issuance of shares of Common Stock upon the exercise of an option granted under the Plan, as well as all fees and expenses incurred by the Company in connection with such issuance.

17. Use of Proceeds. The cash proceeds to be received upon the exercise of an option under the Plan shall be added to the general funds of the Company and used for such corporate purposes as the Board of Directors may determine, in its sole discretion.

18. Substitutions and Assumptions of Options of Certain Constituent Corporations. Anything in this Plan to the contrary notwithstanding, the Board of Directors may, without further approval by the stockholders, substitute new options for prior options of a Constituent Corporation (as such term is defined in Paragraph 19) or assume the prior options of such Constituent Corporation.

19. Definitions.

(a) "Cause", in connection with the termination of an optionee, shall mean (i) "cause," as such term (or any similar term, such as "with cause") is defined in any employment, consulting or other applicable agreement for services between the Company and such optionee, or (ii) in the absence of such an agreement, "cause," as such term is defined in the Contract executed by the Company and such optionee pursuant to Paragraph 11, or (iii) in the absence of both of the foregoing, (A) indictment of such optionee for any illegal conduct, (B) failure of such optionee to adequately perform any of the optionee's duties and responsibilities in any capacity held with the Company, any of its Subsidiaries or any Parent

9

(other than any such failure resulting solely from such optionee's physical or mental incapacity), (C) the commission of any act or failure to act by such optionee that involves moral turpitude, dishonesty, theft, destruction of property, fraud, embezzlement or unethical business conduct, or that is otherwise injurious to the Company, any of its Subsidiaries or any Parent or any other affiliate of the Company (or its or their respective employees), whether financially or otherwise, (D) any violation by such optionee of any Company rule or policy, or (E) any violation by such optionee of the requirements of such Contract, any other contract or agreement between the Company and such optionee or the Plan (as in effect from time to time); in each case, with respect to subsections (A) through (E), as determined by the Board of Directors.

(b) "Constituent Corporation" shall mean any corporation which engages with the Company, its Parent or any Subsidiary in a transaction to which Section 424(a) of the Code applies (or would apply if the option assumed or substituted were an ISO), or any Parent or any Subsidiary of such corporation.

(c) "Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code.

(d) "Legal Representative" shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated optionee with respect to an option granted under the Plan.

(e) "Parent" shall mean a "parent corporation" within the meaning of Section 424(e) of the Code.

(f) "Subsidiary" shall mean a "subsidiary corporation" within the meaning of Section 424(f) of the Code.

20. Governing Law; Interpretations. The Plan, such options as may be granted hereunder, the Contracts and all related matters shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflict or choice of law provisions.

Neither the Plan nor any Contract shall be construed or interpreted with any presumption against the Company by reason of the Company causing the Plan or Contract to be drafted. Whenever from the context it appears appropriate, any term stated in either the singular or plural shall include the singular and plural, and any term stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter.

21. Partial Invalidity. The invalidity, illegality or unenforceability of any provision in the Plan, any option or Contract shall not affect the validity, legality or enforceability of any other provision, all of which shall be valid, legal and enforceable to the fullest extent permitted by applicable law.

10

22. Stockholder Approval. The Plan shall be subject to approval by a majority of the votes present in person and by proxy entitled to vote hereon at a duly held meeting of the Company's stockholders at which a quorum is present. No options granted hereunder may be exercised prior to such approval, provided, however, that the date of grant of any option shall be determined as if the Plan had not been subject to such approval. Notwithstanding the foregoing, if the Plan is not approved by a vote of the stockholders of the Company on or before May 15, 2001, the Plan and any options granted hereunder shall terminate.

11