

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

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FILER

WMS INDUSTRIES INC /DE/

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SIC: **3990** Miscellaneous manufacturing industries

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

WMS INDUSTRIES INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-2814522
(I.R.S. Employer Identification No.)

800 South Northpoint Boulevard, Waukegan, IL 60085
(Address of Registrant's principal executive offices) (Zip Code)

WMS INDUSTRIES INC. INCENTIVE PLAN (2009 RESTATEMENT)
(Full title of the Plan)

Kathleen J. McJohn, Esq.
Vice President, General Counsel,
and Secretary
WMS Industries Inc.
800 South Northpoint Boulevard
Waukegan, Illinois 60085
(Name and address of agent for service)

(847) 785-3000
(Telephone number, including area code of agent of service)

Copy to:
Jeffrey N. Siegel, Esq.
Blank Rome, LLP
The Chrysler Building, 405 Lexington Avenue
New York, New York 10174
212-885-5000

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of Registration Fee (2)
Common Stock, par value \$.50	3,800,000 shares	\$39.65	\$150,670,000	\$8,407

- (1) Represents 3,800,000 additional shares of common stock issuable under the WMS Industries Inc. Incentive Plan (2009 Restatement) (the "2009 Plan"). 6,337,308 shares of common stock were previously registered under the 2005 Amended and Restated Incentive Plan and shares of common stock that were previously registered under the Form S-8 registration statements listed in the paragraph referring to Rule 429 below, relating to pre-existing stock option plans which shares may become available for grant under the 2009 Plan in accordance with its terms. These shares are being carried forward in the combined resale prospectus being filed herewith (to the extent that they are or may be control or restricted securities). In addition, pursuant to Rule 416 under the Securities Act of 1933, this registration statement also covers an indeterminable number of shares of common stock which may become issuable pursuant to the anti-dilution provisions of the 2009 Plan.
- (2) The fee is computed, in accordance Rule 457(h)(1) and 457(c) under the Securities Act, based on the average of the high and low prices of the registrant's common stock reported on the New York Stock Exchange on December 9, 2009.
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As permitted by Rule 429 under the Securities Act of 1933, as amended (the “Securities Act”), the prospectus filed together with this registration statement is a combined resale prospectus which shall be deemed a post-effective amendment to the registrant’s registration statements numbered 333-139425, 333-101538, 333-57585, 333-46726, 333-55574 and 333-121776, each on Form S-8.

EXPLANATORY NOTE

Registration statements numbered 333-139425, 333-101538, 333-57585, 333-46726, 333-55574 and 333-121776 were filed previously with the Securities and Exchange Commission (the “SEC”) by the registrant to register shares of its common stock, par value \$.50 per share, to be offered under its 1998 Non-Qualified Stock Option Plan, its 2000 Non-Qualified Stock Option Plan, its 2000 Stock Option Plan, its 2002 Stock Option Plan and its 2005 Amended and Restated Incentive Plan (all of the foregoing are referred to collectively as the “WMS Plans”). This registration statement is being filed to: register the shares of common stock to be offered under the 2009 Plan and file a prospectus, as permitted by Form S-8 General Instruction C and Rule 429 under the Securities Act, to be used for reoffers and resales by directors and executive officers of WMS of shares acquired under any of the WMS Plans and the 2009 Plan.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The documents containing the information specified by Part I will be sent or given to participants as specified by Rule 428(b)(1) under the Securities Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2009; Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, Item 8.01 of Form 8-K dated August 6, 2009, current reports on Form 8-K filed on July 1, September 29, October 1, October 5 and November 12, 2009; and the description of the registrant's common stock contained in the registrant's registration statement on Form 8-A (File No. 1-8300) filed on January 21, 1982 pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), including all exhibits thereto, are incorporated herein by this reference and made a part of this registration statement.

Except to the extent that information therein is deemed furnished and not filed pursuant to the Exchange Act, all documents subsequently filed by the registrant under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the effective date of this registration statement and prior to the termination of this offering of common stock shall be deemed to be incorporated by reference into this registration statement and to be a part hereof from the date of filing of those documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein 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 document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration 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.

The registrant's authority to indemnify its officers and directors is governed by the provisions of Section 145 and 102(b)(7) of the General Corporation Law of the State of Delaware (the "DGCL"), by the Amended and Restated Bylaws of the registrant, as amended (the "Bylaws"), by the Restated Certificate of Incorporation, as amended, of the registrant (the "Certificate of Incorporation") and by indemnity agreements entered into with officers and directors (the "Indemnity Agreements"). The following description is intended as a summary only and is qualified in its entirety by reference to the complete text of the foregoing sections of the DGCL, as well as the Bylaws, Certificate of Incorporation and Indemnity Agreements.

Section 145(a) of the DGCL provides that a Delaware corporation may indemnify any person who was or is, or is threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action, suit or proceeding by or in the right of such corporation described below) by reason of the fact that such person:

is or was a director, officer, employee or agent of such corporation; or

is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or other enterprise.

A corporation may indemnify such person 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 the 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 the person's conduct was unlawful.

Section 145(b) of the DGCL provides that a Delaware corporation may indemnify any person who was or is, or is threatened to be made, a party to any action, suit or proceeding by or in the right of the corporation to procure a judgment in its favor due to the fact that such person acted in any of the capacities set forth above against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action, suit or proceeding if the 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. However, a corporation may not indemnify such person in respect of any claim, issue or matter as to which such person is adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action, suit or proceeding was brought determines that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses the Court of Chancery or such other court deems proper.

Section 145(c) of the DGCL further provides that, to the extent that an officer or director of a Delaware corporation has been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to above, or in the defense of any claim, issue or matter related to such action, suit or proceeding, the corporation must indemnify such person against the expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with such defense.

Pursuant to Section 145(e), a Delaware corporation may, in advance of the final disposition of any civil, criminal, administrative or investigative action, suit or proceeding, pay the expenses (including attorneys' fees) incurred by any officer or director in defending any such action, suit or proceeding, provided that the officer or director undertakes to repay such amount if it is ultimately determined that such person is not entitled to the corporation's indemnification.

The indemnification and advancement of expenses provided by Section 145 of the DGCL is not exclusive of any other rights to which a person may be entitled under any corporation's bylaws, agreement, vote of stockholders or disinterested directors or otherwise. Furthermore, Section 145(g) of the DGCL authorizes a Delaware corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or other enterprise against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under Section 145 of the DGCL.

Section 102(b)(7) of the DGCL provides that a Delaware corporation may include in its certificate of incorporation a provision eliminating or limiting personal liability of its directors to the corporation or its stockholders for monetary damages for breach of a director's fiduciary duty. However, no such provision may eliminate or limit the liability of a director for: (i) any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) unlawful payment of a dividend or unlawful stock purchase or redemption as set forth in Section 174 of the DGCL; or (iv) any transaction from which the director derived an improper personal benefit.

The Certificate of Incorporation and Bylaws of the registrant provide that the registrant shall, to the fullest extent permitted by Section 145 of the DGCL, (i) indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and (ii) advance expenses related thereto to any and all said persons. The indemnification and advancement of expenses provided for therein shall not be deemed to be 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 their official capacities and as to action in another capacity while holding such offices, and shall continue as to persons who have ceased to be directors, officers, employees or agents and shall inure to the benefit of the heirs, executors and administrators of such persons. In addition, the Certificate of Incorporation of the registrant provides for the elimination of personal liability of directors of the registrant to the registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, to the fullest extent permitted by the DGCL, as amended and supplemented.

Each Indemnity Agreement provides for the registrant to indemnify the applicable officer or director, to the fullest extent permitted by the laws of the State of Delaware, and obligates the registrant to provide the maximum protection allowed under Delaware law.

The registrant has purchased directors, officers and corporate liability insurance policies. The policies cover up to an annual aggregate amount of \$70 million for losses of directors and officers of the registrant arising from claims made against the directors or officers for any actual or alleged wrongful act in their capacities as directors or officers of the registrant. Of this \$70 million, \$50 million is available for claims naming the individual directors and officers whether or not indemnity is available from the registrant, and also for securities claims made against the registrant itself. The remaining \$20 million is available only for claims for which indemnity is not available as described in this Item 6.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Exemption from Registration Claimed.

The issuance of the shares of restricted stock being registered for resale in this registration statement was exempt from registration under the Securities Act by reason of Section 4(2) thereof, since the issuances were made to a small number of officers of the registrant as incentive compensation and were not public offerings.

Item 8. Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
4.1	Restated Certificate of Incorporation of the Registrant dated December 14, 2009.
4.2	Amended and Restated By-Laws of the Registrant, as amended and restated through May 7, 2007, incorporated by reference to the Registrant' s Form 8-K filed May 10, 2007.

- 5 Opinion of Blank Rome, LLP, counsel for the Registrant.
- 23.1 Consent of Blank Rome, LLP, (contained in the Opinion filed as Exhibit 5 hereto).
- 23.2 Consent of Ernst & Young LLP.
- 24 Power of Attorney (contained on the signature page hereof).
- 99.1 1998 Non-qualified Stock Option Plan dated June 24, 1998.
- 99.2 2000 Non-qualified Stock Option Plan dated September 27, 2000.
- 99.3 2000 Stock Option Plan dated February 14, 2001.
- 99.4 2002 Stock Option Plan dated November 27, 2002.
- 99.5 Incentive Plan (2009 Restatement) dated December 10, 2009.

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 in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 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 liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

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 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

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

WMS INDUSTRIES INC.

Up to 2,042,492 Shares

Common Stock, Par Value \$.50

We design, manufacture and market gaming machines and video lottery terminals. Our principal executive office is located at 800 South Northpoint Boulevard, Waukegan, Illinois 60085, telephone no. (847) 785-3000.

Our common stock is listed on the New York Stock Exchange under the symbol "WMS".

Our officers and directors who are listed on page 3 below as "selling stockholders" may sell up to the number of shares of our common stock listed in the "Shares Available to be Sold" column opposite their names. The selling stockholders acquired or may acquire the shares available to be sold under our employee benefit plans. **The selling stockholders are not required to sell any shares.** The amounts listed under "Shares Available to be Sold" do not constitute commitments to sell any or all of the stated number of shares.

Please see "[Risk Factors](#)" on page 2 below.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 16, 2009

ABOUT THIS PROSPECTUS

This prospectus relates to 2,042,492 shares (the “Shares”) of our common stock. The selling stockholders described in this prospectus may sell the Shares until we terminate this offering. As used in this prospectus, the terms “we,” “us,” “our” and “WMS” mean WMS Industries Inc., a Delaware corporation, and its subsidiaries, unless the context indicates a different meaning.

We have agreed to pay the expenses incurred in registering the Shares, including legal and accounting fees.

Most of the information about us that you need to know before you invest in the Shares is not included, but rather is incorporated by reference, in this prospectus. You should obtain and read the information described below under the headings “Documents Incorporated by Reference” and “Where You Can Find More Information” in order to get all the important information about WMS.

RISK FACTORS

This prospectus contains statements that do not relate to historical or current facts, but are “forward looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to future events or trends, our future prospects and proposed new products, services, developments, or business strategies, among other things. These statements can generally (although not always) be identified by their use of terms and phrases such as anticipate, appear, believe, continue, could, estimate, expect, indicate, intend, may, plan, possible, predict, project, pursue, will, would, and other similar terms and phrases, as well as the use of the future tense. These risks and uncertainties include the risks discussed in “Item 1A Risk Factors” and elsewhere in our annual report on Form 10-K for the fiscal year ended June 30, 2009 and in our more recent filings with the SEC which are incorporated by reference in this registration statement. See “Documents Incorporated by Reference” below.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the common stock offered by this prospectus, but we will receive the exercise price upon the exercise of any options by the selling stockholders. We plan to use any such proceeds for general corporate purposes.

SELLING STOCKHOLDERS

This prospectus relates to Shares that are being registered for reoffers and resales by selling stockholders who have acquired or may acquire Shares under our employee benefit plans (1998 Non-Qualified Stock Option Plan, 2000 Non-Qualified Stock Option Plan, 2000 Stock Option Plan, 2002 Stock Option Plan and the Incentive Plan (2009 Restatement) - including adjustment shares). The selling stockholders may resell any or all of the Shares, when issued, subject to vesting conditions in some cases, while this prospectus is effective.

Executive officers and directors, their family members, trusts for their benefit, or entities that they control, that acquire common stock under our benefit plans may be added to the selling stockholder list below by a prospectus supplement filed with the Securities and Exchange Commission (the “SEC”). The number of Shares available to be sold by any selling stockholder under this prospectus also may be increased or decreased by a prospectus supplement, subject to the aggregate number of shares included within this prospectus. Non-affiliates who acquired restricted securities, as these terms are defined in Rule 144(a) under the Securities Act of 1933, under any of our employee benefit plans and who are not named below may use this prospectus for the offer or sale of their common stock if they hold 1,000 shares or less. Although a person’s name is included in the table below, neither that person nor we are making an admission that the named person is our “affiliate.”

The information in the table below sets forth, for each selling stockholder, based upon information available to us as of December 9, 2009, the number of shares of our common stock beneficially owned before and after the sale of the Shares (assuming the sales of all Shares) and the percentage of the outstanding shares of our common stock beneficially owned after the sale of the Shares.

The table below also sets forth “Shares Available to be Sold”, which represents the maximum number of Shares that could be sold under this prospectus by the holder assuming the vesting of all awards, achievement of all performance criteria and exercise of all options. **The amounts listed under “Shares Available to be Sold” do not constitute commitments to sell any or all of the stated number of Shares.** The actual number of Shares to be sold, if any, shall be determined from time to time by each selling stockholder in his or her discretion. We have not been informed whether any selling stockholders intend to sell any Shares.

<u>Name and Position</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Shares Available to be Sold (2)</u>	<u>Shares Beneficially Owned After Offering</u>	<u>Percent of Class After Offering (1)</u>
Harold H. Bach, Jr. Director	20,528	20,528	–	*
Robert J. Bahash Director	55,083	45,083	10,000	*
Orrin J. Edidin President	107,174	229,781	–	*
Brian R. Gamache Chairman and Chief Executive Officer	377,157	543,736	24,900	*
Kenneth Lochiatto Executive Vice President and Chief Operating Officer	97,435	177,243	–	*
Kathleen J. McJohn Vice President, General Counsel and Secretary	53,231	88,118	–	*
Patricia M. Nazemetz Director	37,747	37,747	–	*
John P. McNicholas, Jr. Vice President, Controller and Chief Accounting Officer	44,647	58,626	–	*

Louis J. Nicastro	31,853	31,853	–	*		
Founding Director						
Neil D. Nicastro	58,177	58,156	21	*		
Director						
Larry J. Pacey	129,280	206,142	–	*		
Executive Vice President and Chief Innovation Officer						
Edward W. Rabin, Jr.	68,969	(3)	33,051	35,918	(3)	*
Lead Director						
Scott D. Schweinfurth	269,772	365,997	1,500	*		
Executive Vice President, Chief Financial Officer and Treasurer						
Ira S. Sheinfeld	58,028	58,028	–	*		
Director						
Bobby Siller	33,914	33,914	–	*		
Director						
William J. Vareschi, Jr.	61,989	54,489	7,500	*		
Director						

* Less than 1%

(1) Based on 58,499,363 shares outstanding as of November 30, 2009. Includes shares subject to options that are currently exercisable or may become exercisable within 60 days, restricted stock, restricted stock units and deferred stock units. These shares are deemed

outstanding for purposes of calculating the percentage of outstanding common stock owned by a person but are not deemed outstanding for the purpose of calculating the individual ownership percentage of any other person listed above.

(2) “Shares Available to be Sold” consists of the following securities currently held by the individuals listed above: (i) shares of common stock already received upon vesting of restricted stock, exercise of options, vesting of restricted stock units or payout of equity-based performance units; (ii) restricted shares including shares of restricted stock, restricted stock units and restricted stock units with a performance component; (iii) shares of common stock underlying stock options, (iv) shares of common stock underlying deferred units, and (v) shares of common stock which may be paid out under equity-based performance units. Equity-based performance units are reflected at 200% of the number of units awarded because these units may pay out a number of shares equal to up to 200% of the number of units awarded. See the below chart for an individual listing of such securities held by the individuals listed above which were received under the 1998 Non-Qualified Stock Option Plan, 2000 Non-Qualified Stock Option Plan, 2000 Stock Option Plan, 2002 Stock Option Plan, and the Incentive Plan (2009 Restatement) or in accordance with the antidilution provisions of such plans:

<u>Name and Title</u>	<u>Common Stock</u>	<u>Restricted Securities</u>	<u>Stock Options</u>		<u>Deferred Units</u>	<u>Equity-based Performance Units (100%)</u>
			<u>Total</u>	<u>Exercisable</u>		
Harold H. Bach, Jr.	–	15,550	0	0	4,978	–
Robert J. Bahash	11,169	8,914	25,000	25,000	–	–
Orrin J. Edidin	13,368	39,320	137,011	54,486	–	20,041
Brian R. Gamache	51,001	69,563	319,206	231,693	–	51,983
Kenneth Lochiatto	561	16,356	141,028	80,518	–	9,649
Kathleen J. McJohn	1,911	8,559	62,470	42,761	–	7,589
Patricia M. Nazemetz	3,833	8,914	25,000	25,000	–	–
John P. McNicholas, Jr.	2,408	3,255	46,467	38,984	–	3,248
Louis J. Nicastro	–	15,550	11,325	11,325	4,978	–
Neil D. Nicastro	3,668	15,550	33,960	33,960	4,978	–
Larry J. Pacey	–	27,646	151,850	101,634	–	13,323
Edward W. Rabin, Jr.	–	15,550	15,000	15,000	–	–
Scott D. Schweinfurth	17,352	22,428	282,221	228,492	–	21,998

Ira S. Sheinfeld

– 15,550 37,500 37,500 4,978 –

Bobby Siller

– 8,914 25,000 25,000 – –

William J. Vareschi, Jr.

7,501 15,550 26,460 26,460 4,978 –

- (3) Includes 32,168 shares held by the Edward Rabin Trust and 3,750 shares held by Mr. Rabin's wife. Mr. Rabin disclaims beneficial ownership of the securities held by his wife, and this prospectus shall not be deemed an admission that the reporting person is the beneficial owner for purposes of Section 16 of the Securities Exchange Act of 1934 or for any other purpose.

PLAN OF DISTRIBUTION

The selling stockholders may sell the Shares only for their own accounts. The Shares will be listed on the New York Stock Exchange, subject to official notice of issuance. The selling stockholders, their donees or other transferees and successors in interest permitted to use Form S-8, under General Instruction A of Form S-8, may sell or transfer Shares for value in one or more transactions on the New York Stock Exchange (or any successor stock exchange), in negotiated transactions or in a combination of these methods of sale, at market prices prevailing at the time of sale, at prices related to those market prices or at prices otherwise negotiated.

The selling stockholders may effect transactions by selling Shares to or through broker-dealers. Those broker-dealers may receive compensation in the form of underwriting discounts, concessions or commissions from the selling stockholders and/or the purchasers of the Shares for whom the broker-dealers may act as agents, which compensation may be more or less than customary commissions. None of the selling stockholders, at the date of this prospectus, has any agreement, arrangement or understanding with any broker or dealer to sell any of the Shares. All selling and other expenses incurred by individual selling stockholders will be borne by those selling stockholders.

We do not know whether any of the selling stockholders will sell any or all of their Shares under this prospectus. We may terminate this offering without notice at any time.

LEGAL MATTERS

The validity of the Shares has been passed upon by our counsel, Blank Rome, LLP, The Chrysler Building, 405 Lexington Avenue, New York, New York 10174.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements and schedule included in our Annual Report on Form 10-K for the year ended June 30, 2009, and the effectiveness of our internal control over financial reporting as of June 30, 2009 as set forth in their report, which is incorporated by reference in this prospectus and elsewhere in the registration statement. Our financial statements and schedule are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus the information that we file with the SEC. This means that we can disclose important information to you by referring you to those documents. Information incorporated by reference is part of this prospectus. Information that we file at a future date with the SEC will update and supersede this information. For further information about WMS Industries Inc. and our common stock, please read the documents incorporated by reference below.

We incorporate by reference the documents listed below and all documents that we file in the future with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the termination of this offering:

our annual report on Form 10-K for the fiscal year ended June 30, 2009;

our quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2009;

our current reports on Form 8-K filed on July 1, September 29, October 1, October 5 and November 12, 2009; and

Item 8.01 of Form 8-K dated August 6, 2009; and

the description of our common stock contained in our registration statement on Form 8-A (File No. 1-8300) filed on January 21, 1982.

We will provide to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of the information that we have incorporated by reference in this prospectus. You may request copies of this information in writing or orally, and we will provide it at no cost. You may contact us at our principal executive office: 800 South Northpoint Boulevard, Waukegan, Illinois 60085 (847) 785-3000, Attention: General Counsel.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus constitutes a part of each of seven registration statements, and amendments to them, that we have filed on Form S-8 with the SEC concerning the Shares: File Nos. 333- _____ (filed on December 16, 2009), 333-139425, 333-101538, 333-57585, 333-46726, 333-55574 and 333-121776. We also file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy the registration statements and any materials that we file at the SEC' s Public Reference Room at 100 F Street, NE, Room 158, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our documents may also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. The SEC maintains an Internet site that contains reports, proxy and information statements and other information about issuers, including us, that file electronically with the SEC. The SEC' s web site is located at: <http://www.sec.gov>.

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 Waukegan, State of Illinois on this 16th day of December, 2009.

By: /s/ Brian R. Gamache, Chairman

Brian R. Gamache, Chairman
and Chief Executive Officer

Power of Attorney

Each person whose signature to this Registration Statement appears below hereby appoints Brian R. Gamache and Kathleen J. McJohn, and each of them acting singly, as his her attorney-in-fact, to sign on his behalf individually and in the capacity stated below and to file all amendments and post-effective amendments to this Registration Statement, which amendment or amendments may make such changes and additions to this Registration Statement as such attorney-in-fact may deem necessary or appropriate.

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

<u>Signature</u>	<u>Positions</u>	<u>Date</u>
<u>/s/ BRIAN R. GAMACHE</u> Brian R. Gamache	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	December 16, 2009
<u>/s/ SCOTT D. SCHWEINFURTH</u> Scott D. Schweinfurth	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	December 16, 2009
<u>/s/ JOHN P. MCNICHOLAS, JR.</u> John P. McNicholas, Jr.	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	December 16, 2009
<u>/s/ LOUIS J. NICASTRO</u> Louis J. Nicastro	Founding Director	December 16, 2009
<u>/s/ EDWARD W. RABIN, JR.</u> Edward W. Rabin, Jr.	Lead Director	December 16, 2009
<u>/s/ HAROLD H. BACH, JR.</u> Harold H. Bach, Jr.	Director	December 16, 2009

/s/ ROBERT J. BAHASH

Robert J. Bahash

Director

December 16, 2009

/s/ PATRICIA M. NAZEMETZ

Patricia M. Nazemetz

Director

December 16, 2009

/s/ NEIL D. NICASTRO

Neil D. Nicastro

Director

December 16, 2009

<u>Signature</u>	<u>Positions</u>	<u>Date</u>
<u>/s/ IRA S. SHEINFELD</u> Ira S. Sheinfeld	Director	December 16, 2009
<u>/s/ BOBBY L. SILLER</u> Bobby L. Siller	Director	December 16, 2009
<u>/s/ WILLIAM J. VARESCHI, JR.</u> William J. Vareschi, Jr.	Director	December 16, 2009

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
4.1	Restated Certificate of Incorporation of the Registrant dated December 14, 2009.
4.2	Amended and Restated By-Laws of the Registrant, as amended and restated through May 7, 2007, incorporated by reference to the Registrant' s Form 8-K filed May 10, 2007.
5	Opinion of Blank Rome, LLP, counsel for Registrant.
23.1	Consent of Blank Rome, LLP (contained in the Opinion filed as Exhibit 5 hereto).
23.2	Consent of Ernst & Young LLP.
24	Power of Attorney (contained on the signature page hereof).
99.1	1998 Non-qualified Stock Option Plan dated June 24, 1998.
99.2	2000 Non-qualified Stock Option Plan dated September 27, 2000.
99.3	2000 Stock Option Plan dated February 14, 2001.
99.4	2002 Stock Option Plan dated November 27, 2002.
99.5	Incentive Plan (2009 Restatement) dated December 10, 2009.

RESTATED CERTIFICATE OF INCORPORATION
OF
WMS INDUSTRIES INC.

THE UNDERSIGNED HEREBY CERTIFIES:

The following Restated Certificate of Incorporation of WMS Industries Inc. (i) restates the provisions of the Certificate of Incorporation of WMS Industries Inc. originally filed with the Secretary of State of Delaware on November 20, 1974 under the name Williams Electronics, Inc. and (ii) supersedes the original Certificate of Incorporation and all prior amendments and restatements thereto in their entirety.

FIRST: The name of the corporation (hereinafter called the "corporation") is: WMS INDUSTRIES INC.

SECOND: The address, including street, number, city, and county, of the registered office of the corporation in the State of Delaware is 160 Greentree Drive, Suite 101, City of Dover, County of Kent and the name of the registered agent of the corporation in the State of Delaware is National Registered Agents, Inc.

THIRD: The nature of the business or purposes to be conducted or promoted is to manufacture, sell, lease or otherwise deal in coin-operated amusement games of every type and variety and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The Amended and Restated Certificate of Incorporation herein has been duly adopted by the Board of Directors, and approved by the shareholders of the Corporation in accordance with Sections 228, 242 and 245 of the Delaware General Corporation Law.

The total number of all classes of stock which the corporation shall have authority to issue shall be 205,000,000, of which 200,000,000 shares shall be Common Stock, having a par value of \$.50 per share; and 5,000,000 shares shall be Preferred Stock, having a par value of \$.50 per share.

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions of each class of stock of the corporation shall be the same in all respects, as though shares of one class, except as follows:

(i) Issuance

a. The Preferred Stock may be issued from time to time in one or more series, each of such series to have such powers, designations, preferences, and relative participating, optional or other special rights, and such qualifications, limitations or restrictions thereon as expressly provided herein, or to the extent provided by law, in a resolution or resolutions, providing for the issuance of such series, adopted by the board of directors which is hereby vested with authority in respect thereof. Without limiting the generality of the foregoing, the board of directors is hereby expressly empowered, subject to the provisions of this Article FOURTH, to provide for the issuance of Preferred Stock at any time and from time to time in one or more series and to fix, as to each such series, by resolutions or resolutions providing for the issuance of such series:

(1) the number of shares to constitute such series and the designation thereof;

(2) the voting power of holders of stock of such series, if any, and the board of directors may, without limitation, determine the vote or fraction of vote to which such holders may be entitled, the events upon the occurrence of which such holders may be entitled to vote and the board of directors may determine to restrict or eliminate entirely the right of such holders to vote;

(3) the rate of dividend, if any, and the extent of further participation in dividend distribution, if any, and whether dividends shall be cumulative or non-cumulative;

(4) whether or not such series shall be redeemable and if so, the terms and conditions upon which shares of such series shall be redeemable;

(5) the extent, if any, to which such series shall have the benefit of any sinking fund provisions for the redemption or purchase of shares;

(6) the rights, if any, of such series in the event of the dissolution of the corporation or upon any distribution of the assets of the corporation;

(7) whether or not the shares of such series shall be convertible and if so, the terms and conditions on which shares of such series shall be convertible; and

(8) such other power, designations, preferences and relative participating, optional or other special rights, and such qualifications, limitations or restrictions thereon, as and to the extent permitted by law.

b. Except as otherwise provided by law, the board of directors shall have full authority to issue, at any time and from time to time, shares of the corporation' s Common Stock in any manner and amount and for such consideration as it, in its absolute discretion, shall determine.

(ii) Voting Rights

Except as otherwise expressly required by law, in all matters as to which the vote of consent of stockholders of the corporation shall be required to be taken, the holders of the shares of the Common Stock shall be entitled to one vote for each share of such stock held by them. Except as otherwise expressly required by law, in all matters as to which the vote or consent of stockholders of the corporation shall be required to be taken, the holders of the Preferred Stock shall have such voting rights as may be determined from time to time by the board of directors, by resolution or resolutions providing for the issuance of such Preferred Stock or any series thereof.

(iii) Conversion

a. The board of directors of the corporation, by the resolution adopted for the purpose of establishing any series of Preferred Stock may fix and determine the ratios and the terms and conditions under which such series of Preferred Stock may or shall be converted into shares of another series of Preferred Stock or shares of any other class of stock of the corporation.

b. No fractional shares shall be issued upon any conversion pursuant to this Article FOURTH. In lieu thereof, the corporation shall (1) pay to the holders otherwise entitled to fractional shares cash, equal to the market value thereof as at the date of conversion, such market value to be determined in good faith by the board of directors of the corporation; or (2) issue and deliver to them scrip or warrants which shall entitle the holder thereof to receive a certificate for a full share upon surrender of such scrip or warrants aggregating a full share, such scrip or warrants to be in such form and to contain such provisions as shall be determined by the board of directors of the corporation. Upon conversion, no allowance or adjustment shall be made with respect to shares of Preferred Stock for cash dividends declared but unpaid on such stock.

(iv) Dividends

a. The holders of the Preferred Stock shall be entitled to fixed dividends when and as declared and at the rates determined by the resolution of the board of directors which establishes the series to which the rates shall apply. Said resolution may determine whether the said dividends shall be cumulative, the time fixed for payment thereof, whether the said dividends shall be set aside or paid before, on a par with, or only after, the dividends shall be set aside or paid on the Common Stock.

b. The holders of Common Stock shall be entitled to receive, as and when declared and made payable by the board of directors, and after all dividends, current and accrued, shall have been paid or declared and set apart for payment upon the Preferred Stock, to the extent the board of directors shall have directed the dividends on Preferred Stock to be paid, or declared and set apart for payment before the payment or setting apart of dividends on the Common Stock, such dividend as may be declared by the board of directors from time to time. Each share of Common Stock shall in all ways be treated equally in respect of dividends.

(v) Liquidation or Dissolution

a. The board of directors, by the resolution which establishes a series of Preferred Stock, shall determine a fixed liquidation amount applicable to said series. Said resolution may determine (1) that said series shall participate in any distribution on liquidation, dissolution or winding-up of the affairs of the corporation before the payment, in full or in part, of the fixed liquidation amounts payable with respect to the Common Stock; (2) that said series shall participate in any distribution on liquidation, dissolution or winding-up of the affairs of the corporation, ratably with the Common Stock (or any other series of Preferred Stock having liquidation rights on a par with the Common Stock) in proportion to amounts equal to the fixed liquidation amounts of the shares as participating plus dividends thereon which have been declared and are unpaid; or (3) that said shares shall participate in any distribution on liquidation, dissolution or winding-up of the affairs of the corporation only after the payment, in full or in part, of the fixed liquidation amounts plus dividends thereon which have been declared and are unpaid on the Common Stock (and any series of Preferred Stock having liquidation rights on a par with the Common Stock). Said shares shall have liquidation preferences and rights as determined in said resolution or resolutions.

b. In the event of liquidation or dissolution the holders of the Common Stock shall be entitled to receive out of the assets of the corporation, after payment of debts and liabilities, a pro rata distribution in proportion to the respective number of shares of Common Stock held by each of them; provided, however, (1) in the event the board of directors of the corporation establishes one or more series of Preferred Stock entitled to a distribution on liquidation, dissolution or winding-up of the affairs of the corporation before any such distribution shall be made with respect to the Common Stock, such liquidation preference in favor of the Preferred Stock shall be paid before the liquidation amount payable to the holders of Common Stock pursuant to this subparagraph b. shall be paid; and (2) in the event the board of directors of the corporation establishes one or more series of Preferred Stock entitled to participate ratably with holders of shares of the Common Stock in any distribution on liquidation, dissolution or winding-up of the affairs of the corporation, the holders of the Common Stock shall participate ratably with each said series of Preferred Stock so entitled as set forth in paragraph a. (2) above.

FIFTH: The corporation is to have perpetual existence.

SIXTH: Whenever a compromise or arrangement is proposed between the corporation and its creditors or any class of them and/or between the corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the corporation or of any creditor or stockholder there of or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the corporation, as the case may be, and also on this corporation.

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

(i) to make, alter, or repeal the by-laws, and to adopt any new by-law, of the corporation;

(ii) By a majority of the whole board, to designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The by-laws may provide that in the absence of disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or

not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, or in the by-laws of the corporation, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power of authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation; and, unless the resolution or by-laws, expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

(iii) When and as authorized by the stockholders in accordance with statute, to sell, lease or exchange all or substantially all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property including shares of stock in, and/or other securities of, any other corporation or corporations, as its board of directors shall deem expedient and for the best interests of the corporation.

EIGHTH: None of the directors of the corporation shall be required to be stockholders thereof.

NINTH: The corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, (i) indemnify all officers and directors of the corporation from and against any and all expenses (including attorneys' fees), liabilities or other matters permitted by said section, and (ii) advance to each officer and director expenses (including attorneys' fees) incurred by such officers and directors in defending a civil or criminal action, suit or proceeding. The indemnification and advancement of expenses provided for herein shall not be deemed exclusive of any rights of indemnification or advancement of expenses to which any officer or director may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding such offices, and shall continue as to persons who have ceased to be officers or directors of the corporation and shall inure to the benefit of the heirs, executors and administrators of such persons.

To the fullest extent permitted by the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, no director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

TENTH: From time to time any of the provisions of this certificate of incorporation may be amended, altered or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws and all rights at any time conferred upon the stockholders of the corporation by this certificate of incorporation are granted subject to the provisions of this Article TENTH.

Signed and attested to on December 10, 2009.

Attest:

/s/ Kathleen J. McJohn

Kathleen J. McJohn

V.P., General Counsel and Secretary

/s/ Brian R. Gamache

Brian R. Gamache

Chairman and Chief Executive Officer

[Letterhead of Blank Rome LLP]

December 16, 2009

WMS Industries Inc.
800 South Northpoint Boulevard
Waukegan, IL 60085

Ladies and Gentlemen:

You have requested our opinion in connection with the filing by WMS Industries, Inc. (the "Company") with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), of a registration statement on Form S-8 (the "Registration Statement") of up to 3,800,000 shares (the "Shares") of the Company's common stock, par value \$0.50 per share ("Common Stock") issuable pursuant to the WMS Industries Inc. Incentive Plan (2009 Restatement) (the "Plan").

In rendering this opinion, we have examined copies of only the following documents: (i) the Company's Restated Certificate of Incorporation; (ii) the Company's Amended and Restated Bylaws (iii) the Registration Statement (including all exhibits thereto); (iv) the Plan; and (iv) a certification from an officer of the Company. We have not performed any independent investigation other than the document examination described. We make no representation as to the sufficiency of our investigation for your purposes. In our examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the authenticity of the originals of such latter documents. In rendering this opinion, we have assumed that (a) the Shares will be issued in accordance with the terms and conditions of the Plan, as applicable; (b) at the time of issuance of any Shares, there shall be a sufficient number of duly authorized and unissued shares of Common Stock to accommodate such issuance; and (c) the per Share consideration received by the Company in exchange for the issuance of the Shares as contemplated by the Plan and the Registration Statement shall not be less than the par value per share of Common Stock.

Based upon and subject to the foregoing and the qualifications and limitations set forth herein, we are of the opinion that, the Shares offered pursuant to the Plan and the Registration Statement will, when issued in the manner and for the consideration contemplated by the Plan and the Registration Statement, be validly issued, fully paid and non-assessable.

This opinion is given as of the date hereof. We assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in laws which may hereafter occur.

This opinion is strictly limited to the matters stated herein and no other or more extensive opinion is intended, implied or to be inferred beyond the matters stated herein.

We hereby consent to the use of this opinion as Exhibit 5 to the Registration Statement and the prospectus forming a part thereof, and to the use of our name as your counsel in connection with the Registration Statement and in the prospectus forming a part thereof. In giving this consent, we do not thereby concede that we come within the categories of persons whose consent is required by the Act or the General Rules and Regulations promulgated thereunder.

This opinion is limited to the General Corporation Law of the State of Delaware. Our opinion is rendered only with respect to the laws, and the rules, regulations, orders and applicable judicial and regulatory determinations under those laws that are currently in effect. No other or more extensive opinion is intended, implied or to be inferred beyond the matters expressly stated herein.

Very truly yours,

/s/ Blank Rome LLP

BLANK ROME LLP

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-8 No. 333-XXXXX) and related Prospectus of WMS Industries Inc. for the registration of up to 2,042,092 shares of its common stock and to the incorporation by reference therein of our report dated August 27, 2009 with respect to the consolidated financial statements and schedule of WMS Industries Inc. included in its Annual Report (Form 10-K) for the year ended June 30, 2009 filed with the Securities and Exchange Commission.

Chicago, Illinois

December 15, 2009

WMS INDUSTRIES INC.
1998 NON-QUALIFIED STOCK OPTION PLAN
(2004 RESTATEMENT)

ARTICLE I – PURPOSE OF THE PLAN

The 1998 Non-Qualified Stock Option Plan, as amended and restated herein effective December 11, 2003 (the “Plan”), is intended to provide a method whereby “Employees,” “Directors” and “Consultants and Advisers” of WMS Industries Inc. (the “Company”) and its “Subsidiaries” (as such quoted terms are hereinafter defined) may be encouraged to acquire a proprietary interest in the Company and whereby such individuals may realize benefits from an increase in the value of the shares of common stock, \$.50 par value per share (“Common Stock”), of the Company; to provide such Employees, Directors and Consultants and Advisers with greater incentive to exert their efforts on behalf of the Company and to encourage their continued provision of services to the Company; to attract new personnel to become employed by or otherwise become associated with the Company; and, generally, to promote the interests of the Company and all of its stockholders. Under the Plan, from time to time on or before May 13, 2008, options to purchase shares of Common Stock and related Stock Appreciation Rights may be granted to such persons as may be selected in the manner hereinafter provided on the terms and subject to the conditions hereinafter set forth. The Plan was originally approved by our Board of Directors on May 12, 1998. Capitalized terms are defined in Article XIV hereof.

ARTICLE II – ADMINISTRATION OF THE PLAN

SECTION 1. Subject to the authority as described herein of the Board of Directors (the “Board”) of the Company, the Plan shall be administered by the Compensation Committee of the Board (the “Committee”) which is composed solely of at least two members of the Board who are Non-Employee Directors. The Committee is authorized to interpret the Plan and may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best. All determinations by the Committee shall be made by the affirmative vote of a majority of its members but any determination reduced to writing and signed by a majority of its members shall be fully enforceable and effective as if it had been made by a majority vote at a meeting duly called and held. Subject to any applicable provisions of the Plan, all determinations by the Committee or by the Board pursuant to the provisions of the Plan, and all related orders or resolutions of the Committee or the Board, shall be final, conclusive and binding on all Persons, including the Company and its stockholders, employees, directors and option holders.

SECTION 2. All authority delegated to the Committee pursuant to the Plan may also be exercised by the Board, except with respect to matters which under Section 162(m) of the Code are required to be determined in the absolute discretion of the Committee. Subject to the foregoing, in the event of any conflict or inconsistency between determinations, orders, resolutions or other actions of the Committee and the Board, the actions of the Board shall control.

SECTION 3. With respect to Section 16 of the 1934 Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

ARTICLE III – STOCK SUBJECT TO THE PLAN

SECTION 1. The shares to be issued or delivered upon exercise of options or rights granted under the Plan shall be made available, at the discretion of the Board, either from the authorized but unissued shares of Common Stock of the Company or from shares of Common Stock reacquired by the Company, including shares purchased by the Company in the open market or otherwise obtained.

SECTION 2. Subject to the provisions of Article X hereof, the aggregate number of shares of Common Stock which may be purchased pursuant to options granted at any time under the Plan shall not exceed 1,000,000. Such number shall be reduced by the aggregate number of shares covered by options in respect of which Stock Appreciation Rights are exercised. Shares subject to any options which are canceled, lapse or are otherwise terminated shall be immediately available for reissuance under the Plan.

SECTION 3. Shares subject to any options which are canceled, lapse or are otherwise terminated shall be immediately available for reissuance under the Plan to the extent permitted by Sections 162 and 422 of the Code.

SECTION 4. This Plan is intended to be a “broadly-based” plan, as defined in Paragraph 312.04(h) of the New York Stock exchange Listed Company Manual. Therefore, during the first three years after the date the Plan is adopted, at least a majority of the shares of Common Stock underlying options granted under the Plan shall be granted to employees who are not officers or directors of the Company.

ARTICLE IV – PURCHASE PRICE OF OPTIONED SHARES

Unless the Committee shall fix a greater purchase price, the purchase price per share of Common Stock under each option granted to Employees, Directors, Consultants and Advisers shall not be less than one hundred percent (100%) of the Fair Market Value (as hereinafter defined) of the Common Stock at the time such option is granted.

ARTICLE V – ELIGIBILITY OF RECIPIENTS

Options will be granted only to such Employees, Directors, Consultants or Advisers as the Committee, in its sole discretion, shall determine.

ARTICLE VI – DURATION OF THE PLAN

Unless previously terminated by the Committee or the Board, the Plan will terminate on April 17, 2010. Such termination will not terminate any option or Stock Appreciation Right then outstanding.

ARTICLE VII – GRANT OF OPTIONS TO EMPLOYEES, DIRECTORS, CONSULTANTS AND ADVISERS

SECTION 1. Each option granted under the Plan to Employees shall constitute a Non-Qualified Stock Option.

SECTION 2. The Committee shall from time to time determine the Employees, Directors, Consultants and Advisers to be granted options, it being understood that options may be granted at different times to the same person. In addition, the Committee shall determine subject to the terms of the Plan (a) the number of shares subject to each option, (b) the time or times when the options will

be granted, (c) whether Stock Appreciation Rights will be granted in connection with the grant of options, (d) the purchase price of the shares subject to each option, (e) the time or times when each option and any related Stock Appreciation Rights may be exercised and (f) any other matters which the Committee shall deem appropriate.

SECTION 3. All instruments evidencing options granted to Employees, Directors, Consultants and Advisers under the Plan shall be in such form as the Committee shall from time to time determine, which form shall be consistent with the Plan and any applicable determinations, orders, resolutions or other actions of the Committee or the Board.

SECTION 4. The Committee, in its sole discretion, on the granting of an option to an Employee or Director under the Plan may also grant Stock Appreciation Rights relating to any number of shares but, except as hereinafter provided, not more than fifty percent (50%) of the number of shares covered by such option shall include Stock Appreciation Rights. Such options shall be subject to such terms and conditions, not inconsistent with the Plan, that the Committee shall impose, including the following:

(i) Stock Appreciation Rights may be granted only in writing and only attached to an underlying option at the time of the grant of the option;

(ii) Stock Appreciation Rights may be exercised only at the time when the option to which it is attached is exercisable;

(iii) Stock Appreciation Rights shall entitle the option holder (or any person entitled to act under the provisions of the Plan) to surrender unexercised all or part of the then exercisable portion of the option to which the Stock Appreciation Rights are attached to the Company and to receive from the Company in exchange therefor a payment in cash equal to the excess, if any, of the then value of one share covered by such portion over the option price per share specified in such option (which excess is herein called the "Appreciated Value"), multiplied by the number of shares covered by the portion of the option so surrendered. For purposes of computation of the Appreciated Value, the value of one share shall be deemed to be the average Fair Market Value of such share during the four-week period immediately preceding the date of notice of exercise of the Stock Appreciation Rights;

(iv) if Stock Appreciation Rights attached to an option are exercised, such option shall be deemed to have been canceled to the extent of the number of shares surrendered on exercise of the Stock Appreciation Rights and no further options may be granted covering such shares; and

(v) if an option to which Stock Appreciation Rights are attached is exercised, such Stock Appreciation Rights shall be canceled to the extent necessary to cause the number of shares to which such Stock Appreciation Rights relate not to exceed the number of remaining shares subject to such option.

ARTICLE VIII – TRANSFERABILITY OF OPTIONS

Any Non-Qualified Stock Option granted under the Plan may be transferable by the option holder to the extent permitted by the Committee as specified in the instrument evidencing the option as the same may be amended from time to time. Except to the extent permitted by such instrument, no Non-Qualified Stock Option shall be transferable except by will or by the laws of descent and distribution.

ARTICLE IX – EXERCISE OF OPTIONS

SECTION 1. Subject to Article XII hereof, each option (and any related Stock Appreciation Rights) granted under the Plan shall terminate on the date specified by the Committee which date shall be not later than the expiration of ten years from the date on which it was granted.

SECTION 2. A person electing to exercise an option or Stock Appreciation Rights then exercisable shall give written notice to the Company of such election and, if electing to exercise an option, of the number of shares of Common Stock such person has elected to purchase. A person exercising an option shall at the time of purchase tender the full purchase price of such shares, which tender, except as provided in Section 3 of this Article, shall be made in cash or cash equivalent (which may be such person's personal check) or, to the extent permitted by applicable law, in shares of Common Stock already owned by such person (which shares shall be valued for such purpose on the basis of their Fair Market Value on the date of exercise), or in any combination thereof; provided, however, that payment in shares of common stock already owned shall not be permitted unless the chief financial officer of the Company determines that such payment will not require the Company to recognize a compensation expense under applicable accounting rules. In the event of payment in shares of Common Stock already owned, such shares shall be appropriately endorsed for transfer to the Company. The Company shall have no obligation to deliver shares of Common Stock pursuant to the exercise of any option, in whole or in part, until such payment in full of the purchase price therefor is received by the Company.

SECTION 3. Each option shall be subject to the requirement that if at any time the Board shall in its discretion determine that the listing, registration or qualification of the shares of Common Stock subject to such option upon any securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with, the granting of such option or the issuance or purchase of shares thereunder, such option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not reasonably acceptable to the Board. Unless at the time of exercise of an option and the issuance of Common Stock so purchased, there shall be in effect as to such Common Stock a registration statement under the Act, the option holder shall deliver a certification (a) acknowledging that such shares of Common Stock may be "restricted securities" as defined in Rule 144 promulgated under the Act; and (b) containing such option holder's agreement that such Common Stock may not be sold or otherwise disposed of except in compliance with applicable provisions of the Act. In the event that the Common Stock is then listed on a national securities exchange, the Company shall use its best efforts to cause the listing of the shares of Common Stock subject to options upon such exchange.

SECTION 4. The Company may establish appropriate procedures to provide for payment or withholding of such income or other taxes as may be required by law to be paid or withheld in connection with the exercise of options or any other matters under the Plan, and to ensure that the Company receives prompt advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or which may make available to the Company any tax deduction resulting from the occurrence of such event.

ARTICLE X – ADJUSTMENTS

SECTION 1. New option rights may be substituted for the options granted under the Plan, or the Company's duties as to options outstanding under the Plan may be assumed by a corporation other than the Company, or by a parent or subsidiary of the Company

or such corporation, in connection with any merger, consolidation, acquisition, separation, reorganization, liquidation or other similar corporate transaction in which the Company is involved. Notwithstanding the foregoing or the provisions of this Article X, in the event such corporation, or parent or subsidiary of the Company or such corporation, does not substitute new option rights for, and substantially equivalent to, the options granted hereunder, or assume the options granted hereunder, the options granted hereunder shall terminate and thereupon become null and void (i) upon dissolution or liquidation of the Company, or similar occurrence, (ii) upon any merger, consolidation, acquisition, separation, reorganization, or similar occurrence, where the Company will not be a surviving entity or (iii) upon a transfer of substantially all of the assets of the Company or more than 80% of the outstanding Common Stock in a single transaction; provided, however, that each option holder shall have the right immediately prior to or concurrently with such dissolution, liquidation, merger, consolidation, acquisition, separation, reorganization or other similar corporate transaction, to exercise any unexpired option granted hereunder whether or not then exercisable.

SECTION 2. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company, or other corporate transaction or event affects the shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then, the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) with respect to which options may be granted and any limitations set forth in the Plan, (ii) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) subject to outstanding options and (iii) the grant or exercise or target price with respect to any option or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding option including, if necessary, the termination of such an option. Without limiting the generality of the foregoing, any such adjustment shall be deemed to have prevented any dilution and enlargement of an option holder's rights if such option holder receives in any such adjustment rights which are substantially similar (after taking into account the fact that the option holder has not paid the applicable exercise price) to the rights the option holder would have received had he exercised his outstanding options and become a stockholder of the Company immediately prior to the event giving rise to such adjustment.

SECTION 3. Adjustments and elections under this Article X shall be made by the Committee whose determination as to what adjustments, if any, shall be made and the extent thereof shall be final, binding and conclusive. Adjustments required under this Article X shall also be deemed to increase by a like number the aggregate number of shares authorized for purchase pursuant to options granted under the Plan as set forth in Section 2 of Article III hereof to the extent consistent with Section 162(m) of the Code.

ARTICLE XI – PRIVILEGES OF STOCK OWNERSHIP

No option holder shall be entitled to any rights or privileges of stock ownership as to any shares of Common Stock not actually issued and delivered to him or her.

ARTICLE XII – TERMINATION OF SERVICE OR EMPLOYMENT

SECTION 1. In the event that an option holder shall cease his or her relationship with the Company or a Subsidiary by voluntarily terminating such relationship without the written consent of the Company, or if the Company or a Subsidiary shall terminate for cause such relationship, unless otherwise provided in the instrument evidencing such option, the option and any associated Stock Appreciation Rights held by such option holder shall terminate forthwith.

SECTION 2. If an option holder shall voluntarily terminate his or her relationship with the Company or a Subsidiary with the written consent of the Company, which written consent expressly sets forth a statement to the effect that options which are exercisable on the date of such termination shall remain exercisable, or if the option holder's relationship with the Company or a Subsidiary shall have terminated by the Company or a Subsidiary for reasons other than cause, unless otherwise provided in the instrument evidencing such option, such option holder may exercise his or her option to the extent exercisable at the time of such termination, at any time prior to the expiration of three months after such termination, or for any longer period of time after such termination as shall be determined by such holder's employer, but not later than the date of expiration of the option as fixed at the time of grant. Options granted under the Plan to Employees shall not be affected by any change in the position of employment so long as the holder thereof continues to be an Employee or Director.

SECTION 3. Should an option holder die during the existence of the option holder's relationship with the Company or after the cessation of the option holder's relationship with the Company, unless otherwise provided in the instrument evidencing such option, all of the option holder's options shall be terminated, except that any option (and any related Stock Appreciation Rights), to the extent exercisable by the option holder at the time of such death, may be exercised within one year after the date of such death but not later than the expiration of the option solely in accordance with all of the terms and conditions of the Plan by the option holder's personal representatives or by the person or persons to whom the option holder's rights under the option shall pass by will or by the applicable laws of descent and distribution.

ARTICLE XIII – AMENDMENTS TO THE PLAN

The Board may at any time terminate or from time to time amend, modify or suspend the Plan; provided, however, that no such amendment or modification shall be made without the approval of the Company's stockholders if such amendment or modification.

- (i) materially increases the benefits accruing to participants under the Plan;
- (ii) materially increases the maximum number (determined as provided in the Plan) of shares of Common Stock which may be purchased pursuant to options granted under the Plan; or
- (iii) materially modifies the requirements as to eligibility for participation in the Plan; or
- (iv) otherwise constitutes a "material revision" of the Plan within the meaning of New York Stock Exchange Rule 303A(8).

The amendment or termination of the Plan shall not, without the written consent of an option holder, adversely affect any rights or obligations under any option theretofore granted to such option holder under the Plan.

For the purposes of this Plan, the following terms shall have the meanings indicated:

1934 Act: The Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

Act: The Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Code: The Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Committee: Such term is defined in Article II, Section 1 hereof.

Common Stock: Such term is defined in Article I hereof.

Consultants and Advisers: Such term includes any third party retained or engaged by the Company or any Subsidiary to provide services to the Company or such Subsidiary, including any employee of such third party providing such services.

Director: Such term includes any director of the Company.

Employee: Such term includes any officer as well as any full-time salaried executive, managerial, professional, administrative or other employee of the Company or a Subsidiary. Such term also includes an employee on approved leave of absence provided such employee's right to continue employment with the Company or a Subsidiary upon expiration of such employee's leave of absence is guaranteed either by statute or by contract with or by a policy of the Company or a Subsidiary and any consultant, independent contractor, professional advisor or other person who is paid by the Company or a Subsidiary for rendering services or furnishing materials or goods to the Company or a Subsidiary.

Fair Market Value: The fair market value as of any date shall be determined by the Committee or Board after giving consideration to the price of the Common Stock in the public market and shall be determined otherwise in a manner consistent with the provisions of the Code.

Non-Employee Director: Any director of the Company who is a Non-Employee Director as that term is defined in Rule 16b-3 promulgated under the 1934 Act and who also qualifies as an outside director within the meaning of Section 162(m) and the related regulations under the Code, except as otherwise determined by the Board of Directors.

Non-Qualified Stock Option: An option which does not qualify under Section 422 of the Code.

Person: Such term shall have the meaning ascribed to it under the 1934 Act.

Plan: Such term is defined in Article I hereof and includes all amendments hereof.

Stock Appreciation Rights: The rights granted by the Committee pursuant to Section 4 of Article VII hereof.

Subsidiary: A "Subsidiary Corporation" of the Company as defined in Section 424 of the Code.

WMS INDUSTRIES INC.**2000 NON-QUALIFIED STOCK OPTION PLAN****ARTICLE I**

PURPOSE OF THE PLAN

The 2000 Non-Qualified Stock Option Plan (the "Plan") is intended to provide a method whereby "Employees," "Directors" and "Consultants and Advisers" of WMS Industries Inc. (the "Company") and its "Subsidiaries" (as such quoted terms are hereinafter defined) may be encouraged to acquire a proprietary interest in the Company and whereby such individuals may realize benefits from an increase in the value of the shares of Common Stock, \$.50 par value per share ("Common Stock"), of the Company; to provide such Employees, Directors and Consultants and Advisers with greater incentive and to encourage their continued provision of services to the Company; and, generally, to promote the interests of the Company and all of its stockholders. Under the Plan, from time to time on or before April 17, 2010, options to purchase shares of Common Stock and related Stock Appreciation Rights may be granted to such persons as may be selected in the manner hereinafter provided on the terms and subject to the conditions hereinafter set forth. Capitalized terms are defined in Article XV hereof.

ARTICLE II

ADMINISTRATION OF THE PLAN

SECTION 1. Subject to the authority as described herein of the Board of Directors (the "Board") of the Company, the Plan shall be administered by the Stock Option Committee of the Board (the "Committee") which is composed of at least two members of the Board who are Non-Employee Directors. The Committee is authorized to interpret the Plan and may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best. All determinations by the Committee shall be made by the affirmative vote of a majority of its members but any determination reduced to writing and signed by a majority of its members shall be fully enforceable and effective as if it had been made by a majority vote at a meeting duly called and held. Subject to any applicable provisions of the Plan, all determinations by the Committee or by the Board pursuant to the provisions of the Plan, and all related orders or resolutions of the Committee or the Board, shall be final, conclusive and binding on all Persons, including the Company and its stockholders, employees, directors and optionees.

SECTION 2. All authority delegated to the Committee pursuant to the Plan may also be exercised by the Board. Subject to the foregoing, in the event of any conflict or inconsistency between determinations, orders, resolutions or other actions of the Committee and the Board, the actions of the Board shall control.

SECTION 3. With respect to Section 16 of the 1934 Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

ARTICLE III

STOCK SUBJECT TO THE PLAN

SECTION 1. The shares to be issued or delivered upon exercise of options or rights granted under the Plan shall be made available, at the discretion of the Board, either from the authorized but unissued shares of Common Stock of the Company or from shares of Common Stock reacquired by the Company, including shares purchased by the Company in the open market or otherwise obtained.

SECTION 2. Subject to the provisions of Article X hereof, the aggregate number of shares of Common Stock which may be purchased pursuant to options granted at any time under the Plan shall not exceed 1,750,000. Such number shall be reduced by the aggregate number of shares covered by options in respect of which Stock Appreciation Rights are exercised.

SECTION 3. Shares subject to any options which are canceled, lapse or are otherwise terminated shall be immediately available for reissuance under the Plan.

SECTION 4. This Plan is intended to be a "broadly-based" plan, as defined in Paragraph 312.04(h) of the New York Stock Exchange Listed Company Manual. Therefore, during the first three years after the date the Plan is adopted, at least a majority of the shares of Common Stock underlying options granted under the Plan shall be granted to employees who are not officers or directors of the Company.

ARTICLE IV

PURCHASE PRICE OF OPTIONED SHARES

Unless the Committee shall fix a greater or lesser purchase price, the purchase price per share of Common Stock under each option granted to Employees, Directors, Consultants and Advisers shall be one hundred percent (100%) of the Fair Market Value (as hereinafter defined) of the Common Stock at the time such option is granted.

ARTICLE V

ELIGIBILITY OF RECIPIENTS

Options will be granted only to Employees, Directors, Consultants or Advisers of the Company or a Subsidiary.

ARTICLE VI

DURATION OF THE PLAN

Unless previously terminated by the Committee or the Board, the Plan will terminate on April 17, 2010. Such termination will not terminate any option or Stock Appreciation Right then outstanding.

ARTICLE VII

GRANT OF OPTIONS TO EMPLOYEES, DIRECTORS, CONSULTANTS AND ADVISERS

SECTION 1. Each option granted under the Plan shall constitute a Non-Qualified Stock Option.

SECTION 2. The Committee shall from time to time determine the Employees, Directors, Consultants and Advisers to be granted options, it being understood that options may be granted at different times to the same person. In addition, the Committee shall determine subject to the terms of the Plan (a) the number of shares subject to each option, (b) the time or times when the options will be granted, (c) whether Stock Appreciation Rights will be granted in connection with the grant of options, (d) the purchase price of the shares subject to each option, (e) the time or times when each option and any related Stock Appreciation Rights may be exercised and (f) any other matters which the Committee shall deem appropriate.

SECTION 3. All instruments evidencing options granted to Employees, Directors, Consultants and Advisers under the Plan shall be in such form as the Committee shall from time to time determine, which form shall be consistent with the Plan and any applicable determinations, orders, resolutions or other actions of the Committee or the Board.

SECTION 4. The Committee, in its sole discretion, on the granting of an option to an Employee, Director, Consultant or Adviser under the Plan may also grant Stock Appreciation Rights relating to any number of shares but, except as hereinafter provided, not more than fifty percent (50%) of the number of shares covered by such option shall include Stock Appreciation Rights. Such options shall be subject to such terms and conditions, not inconsistent with the Plan, that the Committee shall impose, including the following:

(i) Stock Appreciation Rights may be granted only in writing and only attached to an underlying option at the time of the grant of the option;

(ii) Stock Appreciation Rights may be exercised only at the time when the option to which it is attached is exercisable;

(iii) Stock Appreciation Rights shall entitle the optionee (or any person entitled to act under the provisions of the Plan) to surrender unexercised all or part of the then exercisable portion of the option to which the Stock Appreciation Rights are attached to the Company and to receive from the Company in exchange therefor a payment in cash equal to the excess, if any, of the then value of one share covered by such portion over the option price per share specified in such option (which excess is herein called the "Appreciated Value"), multiplied by the number of shares covered by the portion of the option so surrendered. For purposes of computation of the Appreciated Value, the value of one share shall be deemed to be the average Fair Market Value of such share during the four-week period immediately preceding the date of notice of exercise of the Stock Appreciation Rights;

(iv) if Stock Appreciation Rights attached to an option are exercised, such option shall be deemed to have been canceled to the extent of the number of shares surrendered on exercise of the Stock Appreciation Rights and no further options may be granted covering such shares; and

(v) if an option to which Stock Appreciation Rights are attached is exercised, such Stock Appreciation Rights shall be canceled to the extent necessary to cause the number of shares to which such Stock Appreciation Rights relate not to exceed the number of remaining shares subject to such option.

ARTICLE VIII

TRANSFERABILITY OF OPTIONS

An option may be transferable by the optionee to the extent permitted by the Committee as specified in the instrument evidencing the option as the same may be amended from time to time. Except to the extent permitted by such instrument, no option shall be transferable except by will or by the laws of descent and distribution.

ARTICLE IX

EXERCISE OF OPTIONS

SECTION 1. Subject to Article XII hereof, each option (and any related Stock Appreciation Rights) granted under the Plan shall terminate on the date specified by the Committee which date shall be not later than the expiration of ten years from the date on which it was granted.

SECTION 2. A person electing to exercise an option or Stock Appreciation Rights then exercisable shall give written notice to the Company of such election and, if electing to exercise an option, of the number of shares of Common Stock such person has elected to purchase. A person exercising an option shall at the time of purchase tender the full purchase price of such shares, which tender, except as provided in Section 3 of this Article IX, shall be made in cash or cash equivalent (which may be such person's personal check) or, to the extent permitted by applicable law, in shares of Common Stock already owned by such person (which shares shall be valued for such purpose on the basis of their Fair Market Value on the date of exercise), or in any combination thereof; provided, however, that payment in shares of common stock already owned shall not be permitted unless the chief financial officer of the Company determines that such payment will not require the Company to recognize a compensation expense under applicable accounting rules. In the event of payment in shares of Common Stock already owned, such shares shall be appropriately endorsed for transfer to the Company. The Company shall have no obligation to deliver shares of Common Stock pursuant to the exercise of any option, in whole or in part, until such payment in full of the purchase price therefor is received by the Company.

SECTION 3. In order to assist an optionee in the exercise of an option granted under the Plan, the Committee or Board may, in its discretion, authorize, either at the time of the grant of the option or thereafter (a) the extension of a loan to the optionee by the Company, (b) the payment by the optionee of the purchase price of the Common Stock in installments, (c) the guarantee by the Company of a loan obtained by the optionee from a third party or (d) make such other reasonable arrangements to facilitate the exercise of options as are in accordance with applicable law. The Committee or Board shall authorize the terms of any such loan, installment payment arrangement or guarantee, including the interest rate and terms of repayment thereof, and shall cause the instrument evidencing any such option to be amended, if required, to provide for any such extension of credit. Loans, installment

payment arrangements and guarantees may be authorized without security, and the maximum amount of any such loan or guarantee shall be the purchase price of the Common Stock being acquired, plus related interest payments.

SECTION 4. Each option shall be subject to the requirement that if at any time the Board shall in its discretion determine that the listing, registration or qualification of the shares of Common Stock subject to such option upon any securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with, the granting of such option or the issuance or purchase of shares thereunder, such option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not reasonably acceptable to the Board. Unless at the time of exercise of an option and the issuance of Common Stock so purchased, there shall be in effect as to such Common Stock a registration statement under the Act, the optionee shall deliver a certification (a) acknowledging that such shares of Common Stock may be "restricted securities" as defined in Rule 144 promulgated under the Act; and (b) containing such optionee's agreement that such Common Stock may not be sold or otherwise disposed of except in compliance with applicable provisions of the Act. In the event that the Common Stock is then listed on a national securities exchange, the Company shall use its best efforts to cause the listing of the shares of Common Stock subject to options upon such exchange.

SECTION 5. The Company may establish appropriate procedures to provide for payment or withholding of such income or other taxes as may be required by law to be paid or withheld in connection with the exercise of options or any other matters under the Plan, and to ensure that the Company receives prompt advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or which may make available to the Company any tax deduction resulting from the occurrence of such event.

ARTICLE X

ADJUSTMENTS

SECTION 1. New option rights may be substituted for the options granted under the Plan, or the Company's duties as to options outstanding under the Plan may be assumed by a corporation other than the Company, or by a parent or subsidiary of the Company or such corporation, in connection with any merger, consolidation, acquisition, separation, reorganization, liquidation or other similar corporate transaction in which the Company is involved. Notwithstanding the foregoing or the provisions of this Article X, in the event such corporation, or parent or subsidiary of the Company or such corporation, does not substitute new option rights for, and substantially equivalent to, the options granted hereunder, or assume the options granted hereunder, the options granted hereunder shall terminate and thereupon become null and void (i) upon dissolution or liquidation of the Company, or similar occurrence, (ii) upon any merger, consolidation, acquisition, separation, reorganization, or similar occurrence, where the Company will not be a surviving entity or (iii) upon a transfer of substantially all of the assets of the Company or more than 80% of the outstanding Common Stock in a single transaction; provided, however, that each optionee shall have the right immediately prior to or concurrently with such dissolution, liquidation, merger, consolidation, acquisition, separation, reorganization or other similar corporate transaction, to exercise any unexpired option granted hereunder whether or not then exercisable.

SECTION 2. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-

up, spin-off, combination, repurchase, or exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company, or other corporate transaction or event affects the shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then, the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) with respect to which options may be granted and any limitations set forth in the Plan, (ii) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) subject to outstanding options and (iii) the grant or exercise or target price with respect to any option or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding option including, if necessary, the termination of such an option. Without limiting the generality of the foregoing, any such adjustment shall be deemed to have prevented any dilution and enlargement of an optionee's rights if such optionee receives in any such adjustment rights which are substantially similar (after taking into account the fact that the optionee has not paid the applicable exercise price) to the rights the optionee would have received had he exercised his outstanding options and become a stockholder of the Company immediately prior to the event giving rise to such adjustment.

SECTION 3. Adjustments and elections under this Article X shall be made by the Committee whose determination as to what adjustments, if any, shall be made and the extent thereof shall be final, binding and conclusive. Adjustments required under this Article X shall also be deemed to increase by a like number the aggregate number of shares authorized for purchase pursuant to options granted under the Plan as set forth in Section 2 of Article III hereof.

ARTICLE XI

PRIVILEGES OF STOCK OWNERSHIP

No optionee, or legal representative, legatee, distributee or transferee of such optionee, shall be entitled to any rights or privileges of a stockholder of the Company in respect of any shares of Common Stock covered by an option until such shares have been paid for in full and issued and delivered by the Company.

ARTICLE XII

TERMINATION OF SERVICE OR EMPLOYMENT

SECTION 1. In the event that an optionee shall cease his or her relationship with the Company or a Subsidiary by voluntarily terminating such relationship without the written consent of the Company, or if the Company or a Subsidiary shall terminate for cause such relationship, unless otherwise provided in the instrument evidencing such option, the option and any associated Stock Appreciation Rights held by such optionee shall terminate forthwith.

SECTION 2. If an optionee shall voluntarily terminate his or her relationship with the Company or a Subsidiary with the written consent of the Company, which written consent expressly sets forth a statement to the effect that options which are exercisable on the date of such termination shall remain exercisable, or if the optionee's relationship with the Company or a Subsidiary shall have terminated by the Company or a Subsidiary for reasons other than cause, unless otherwise provided in the instrument evidencing such option, such optionee may exercise his or her option to the extent exercisable at the time of such termination, at any time prior to the

expiration of three months after such termination or the date of expiration of the option as fixed at the time of grant, whichever shall first occur. Options granted under the Plan to Employees shall not be affected by any change in the position of employment so long as the holder thereof continues to be an Employee, Director, Consultant or Adviser.

SECTION 3. The Committee or Board may also cancel, suspend, withhold or otherwise limit or restrict any unexpired option and any Stock Appreciation Right held by an optionee at any time if the optionee (i) is not in compliance with all applicable provisions of the instrument evidencing the option or Stock Appreciation Right; or (ii) engages in any activity in competition with any activity of the Company or any Subsidiary, or inimical, contrary or harmful to the interests of the Company and its Subsidiaries, including, but not limited to: (A) conduct related to the optionee's employment for which either criminal or civil penalties against the optionee may be sought, (B) violation of any policies of the Company, including, without limitation, the Company's insider trading policy or anti-harassment policies, (C) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in competition with or acting against the interests of the Company or any Subsidiary, including employing or recruiting any present, former or future employee of the Company or any Subsidiary, (D) disclosing or misusing any confidential information or material concerning the Company or any Subsidiary or (E) participating in a hostile takeover attempt against the Company.

SECTION 4. Should an optionee die during the existence of the optionee's relationship with the Company or after the cessation of the optionee's relationship with the Company, unless otherwise provided in the instrument evidencing such option, all of the optionee's options shall be terminated, except that any option (and any related Stock Appreciation Rights), to the extent exercisable by the optionee at the time of such death, may be exercised within one year after the date of such death but not later than the expiration of the option solely in accordance with all of the terms and conditions of the Plan by the optionee's personal representatives or by the person or persons to whom the optionee's rights under the option shall pass by will or by the applicable laws of descent and distribution.

ARTICLE XIII

AMENDMENTS TO THE PLAN

The Board may at any time terminate or from time to time amend, modify or suspend the Plan. The amendment or termination of the Plan shall not, without the written consent of an optionee, adversely affect any rights or obligations under any option theretofore granted to such optionee under the Plan.

ARTICLE XIV

EFFECTIVE DATE OF THE PLAN

The Plan shall be effective on April 18, 2000.

ARTICLE XV

DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated:

Act: The Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Code: The Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder.

Committee: Such term is defined in Article II, Section 1 hereof.

Common Stock: Such term is defined in Article I hereof.

Consultants and Advisers: Such term includes any third party retained or engaged by the Company or any Subsidiary to provide services to the Company or such Subsidiary, including any employee of such third party providing such services.

Director: Such term includes any director of the Company.

Employee: Such term includes any officer as well as any full-time salaried executive, managerial, professional, administrative or other employee of the Company or a Subsidiary. Such term also includes an employee on approved leave of absence provided such employee's right to continue employment with the Company or a Subsidiary upon expiration of such employee's leave of absence is guaranteed either by statute or by contract with or by a policy of the Company or a Subsidiary and any consultant, independent contractor, professional advisor or other person who is paid by the Company or a Subsidiary for rendering services or furnishing materials or goods to the Company or a Subsidiary.

Fair Market Value: The fair market value as of any date shall be determined by the Committee or Board after giving consideration to the price of the Common Stock in the public market and shall be determined otherwise in a manner consistent with the provisions of the Code.

1934 Act: The Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

Non-Employee Director: Any director of the Company who is a Non-Employee Director as that term is defined in Rule 16b-3 promulgated under the 1934 Act, except as otherwise determined by the Board of Directors.

Non-Qualified Stock Option: An option which does not qualify under Section 422 of the Code.

Person: Such term shall have the meaning ascribed to it under the 1934 Act.

Plan: Such term is defined in Article I hereof and includes all amendments hereof.

Stock Appreciation Rights: The rights granted by the Committee pursuant to Section 4 of Article VII hereof.

Subsidiary: A "Subsidiary Corporation" of the Company as defined in Section 424 of the Code.

WMS INDUSTRIES INC.**2000 STOCK OPTION PLAN****ARTICLE I**

PURPOSE OF THE PLAN

The 2000 Stock Option Plan (the "Plan") is intended to provide a method whereby "Employees," "Directors" and "Consultants and Advisers" of WMS Industries Inc. (the "Company") and its "Subsidiaries" (as such quoted terms are hereinafter defined) may be encouraged to acquire a proprietary interest in the Company and whereby such individuals may realize benefits from an increase in the value of the shares of common stock, \$0.50 par value per share ("Common Stock"), of the Company; to provide such Employees, Directors and Consultants and Advisers with greater incentive and to encourage their continued provision of services to the Company; and, generally, to promote the interests of the Company and all of its stockholders. Under the Plan, from time to time on or before April 17, 2010, options to purchase shares of Common Stock and related Stock Appreciation Rights may be granted to such persons as may be selected in the manner hereinafter provided on the terms and subject to the conditions hereinafter set forth. Capitalized terms are defined in Article XV hereof.

ARTICLE II

ADMINISTRATION OF THE PLAN

SECTION 1. Subject to the authority as described herein of the Board of Directors (the "Board") of the Company, the Plan shall be administered by the Stock Option Committee of the Board (the "Committee") which is composed of at least two members of the Board who are Non-Employee Directors. The Committee is authorized to interpret the Plan and may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best. All determinations by the Committee shall be made by the affirmative vote of a majority of its members but any determination reduced to writing and signed by a majority of its members shall be fully enforceable and effective as if it had been made by a majority vote at a meeting duly called and held. Subject to any applicable provisions of the Plan, all determinations by the Committee or by the Board pursuant to the provisions of the Plan, and all related orders or resolutions of the Committee or the Board, shall be final, conclusive and binding on all Persons, including the Company and its stockholders, employees, directors and optionees.

SECTION 2. All authority delegated to the Committee pursuant to the Plan may also be exercised by the Board, except with respect to matters which under Section 162(m) of the Code are required to be determined in the absolute discretion of the Committee. Subject to the foregoing, in the event of any conflict or inconsistency between determinations, orders, resolutions or other actions of the Committee and the Board, the actions of the Board shall control.

SECTION 3. With respect to Section 16 of the 1934 Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

ARTICLE III

STOCK SUBJECT TO THE PLAN

SECTION 1. The shares to be issued or delivered upon exercise of options or rights granted under the Plan shall be made available, at the discretion of the Board, either from the authorized but unissued shares of Common Stock of the Company or from shares of Common Stock reacquired by the Company, including shares purchased by the Company in the open market or otherwise obtained.

SECTION 2. Subject to the provisions of Article X hereof, the aggregate number of shares of Common Stock which may be purchased pursuant to options granted at any time under the Plan shall not exceed 1,000,000. Such number shall be reduced by the aggregate number of shares covered by options in respect of which Stock Appreciation Rights are exercised. The maximum number of shares with respect to which options may be granted under the Plan in any calendar year to any one employee shall be 350,000 as such number may be adjusted by the Committee in accordance with Article X hereof. The Committee shall calculate such limit in a manner consistent with Section 162(m) of the Code.

SECTION 3. Shares subject to any options which are canceled, lapse or are otherwise terminated shall be immediately available for reissuance under the Plan to the extent permitted by Sections 162 and 422 of the Code.

ARTICLE IV

PURCHASE PRICE OF OPTIONED SHARES

Unless the Committee shall fix a greater purchase price, the purchase price per share of Common Stock under each option granted to Employees, Directors, Consultants and Advisers shall not be less than one hundred percent (100%) of the Fair Market Value (as hereinafter defined) of the Common Stock at the time such option is granted, but in no case shall such price be less than the par value of the Common Stock as of the time of grant; provided, however, that in the case of an Incentive Stock Option granted to an Employee who, at the time of the grant, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company (a "Ten Percent Stockholder"), such purchase price per share shall be at least one hundred and ten percent (110%) of the Fair Market Value.

ARTICLE V

ELIGIBILITY OF RECIPIENTS

Options will be granted only to Employees, Directors, Consultants or Advisers of the Company or a Subsidiary. Incentive stock options will be granted only to Employees.

ARTICLE VI

DURATION OF THE PLAN

Unless previously terminated by the Committee or the Board, the Plan will terminate on April 17, 2010. Such termination will not terminate any option or Stock Appreciation Right then outstanding.

ARTICLE VII

GRANT OF OPTIONS TO EMPLOYEES, DIRECTORS, CONSULTANTS AND ADVISERS

SECTION 1. Each option granted under the Plan to Employees shall constitute either an Incentive Stock Option or a Non-Qualified Stock Option, as determined in each case by the Committee, and each option granted under the Plan to Directors, Consultants and Advisers shall constitute a Non-Qualified Stock Option. With respect to Incentive Stock Options granted to Employees, to the extent that the aggregate Fair Market Value (determined at the time an option is granted) of Common Stock of the Company with respect to which such Incentive Stock Options are exercisable for the first time by any individual during any calendar year (under the Plan and any other stock option plan of the Company) exceeds \$100,000, such Incentive Stock Options shall be treated as Non-Qualified Stock Options to the extent of such excess. The foregoing rule shall be applied by taking Incentive Stock Options into account in the order in which they were granted. In the event outstanding Incentive Stock Options become immediately exercisable under the terms hereof, such Incentive Stock Options will, to the extent the aggregate Fair Market Value thereof exceeds \$100,000, be treated as Non-Qualified Stock Options.

SECTION 2. The Committee shall from time to time determine the Employees, Directors, Consultants and Advisers to be granted options, it being understood that options may be granted at different times to the same person; provided, however, that no one person may receive an option or options under the Plan covering more than the number of shares specified in Section 2 of Article III hereof. In addition, the Committee shall determine subject to the terms of the Plan (a) the number of shares subject to each option, (b) the time or times when the options will be granted, (c) whether such options shall be Incentive Stock Options, Non-Qualified Stock Options or both, (d) whether Stock Appreciation Rights will be granted in connection with the grant of options, (e) the purchase price of the shares subject to each option, which price shall be not less than that specified in Article IV hereof, (f) the time or times when each option and any related Stock Appreciation Rights may be exercised and (g) any other matters which the Committee shall deem appropriate.

SECTION 3. All instruments evidencing options granted to Employees, Directors, Consultants and Advisers under the Plan shall be in such form as the Committee shall from time to time determine, which form shall be consistent with the Plan and any applicable determinations, orders, resolutions or other actions of the Committee or the Board.

SECTION 4. The Committee, in its sole discretion, on the granting of an option to an Employee, Director, Consultant or Adviser under the Plan may also grant Stock Appreciation Rights relating to any number of shares but, except as hereinafter provided, not more than fifty percent (50%) of the number of shares covered by such option shall include Stock Appreciation Rights. Such options shall be subject to such terms and conditions, not inconsistent with the Plan, that the Committee shall impose, including the following:

- (i) Stock Appreciation Rights may be granted only in writing and only attached to an underlying option at the time of the grant of the option;
- (ii) Stock Appreciation Rights may be exercised only at the time when the option to which it is attached is exercisable;
- (iii) Stock Appreciation Rights shall entitle the optionee (or any person entitled to act under the provisions of the Plan) to surrender unexercised all or part of the then exercisable portion of the option to which the Stock Appreciation Rights are attached to the Company and to receive from the Company in exchange therefor a payment in cash equal to the excess, if any, of the then value of one share covered by such portion over the option price per share specified in such option, multiplied by the

number of shares covered by the portion of the option so surrendered (which excess is herein called the "Appreciated Value"). For purposes of computation of the Appreciated Value, the value of one share shall be deemed to be the average Fair Market Value of such share during the four-week period immediately preceding the date of notice of exercise of the Stock Appreciation Rights;

(iv) if Stock Appreciation Rights attached to an option are exercised, such option shall be deemed to have been canceled to the extent of the number of shares surrendered on exercise of the Stock Appreciation Rights and no further options may be granted covering such shares; and

(v) if an option to which Stock Appreciation Rights are attached is exercised, such Stock Appreciation Rights shall be canceled to the extent necessary to cause the number of shares to which such Stock Appreciation Rights relate not to exceed the number of remaining shares subject to such option.

ARTICLE VIII

TRANSFERABILITY OF OPTIONS

No Incentive Stock Option or any related Stock Appreciation Rights granted under the Plan shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution, and any such Incentive Stock Option or any related Stock Appreciation Rights shall be exercisable during the lifetime of the optionee solely by him or her. Any Non-Qualified Stock Option granted under the Plan may be transferable by the optionee to the extent specifically permitted by the Committee as specified in the instrument evidencing the option as the same may be amended from time to time. Except to the extent permitted by such instrument, no Non-Qualified Stock Option shall be transferable except by will or by the laws of descent and distribution.

ARTICLE IX

EXERCISE OF OPTIONS

SECTION 1. Subject to Article XII hereof, each option (and any related Stock Appreciation Rights) granted under the Plan shall terminate on the date specified by the Committee which date shall be not later than the expiration of ten years from the date on which it was granted; provided, however, that in the case of an Incentive Stock Option granted to an Employee who, at the time of the grant is a Ten Percent Stockholder, such period shall not exceed five years from the date of grant.

SECTION 2. A person electing to exercise an option or Stock Appreciation Rights then exercisable shall give written notice to the Company of such election and, if electing to exercise an option, of the number of shares of Common Stock such person has elected to purchase. A person exercising an option shall at the time of purchase tender the full purchase price of such shares, which tender, except as provided in Section 3 of this Article IX, shall be made in cash or cash equivalent (which may be such person's personal check) or, to the extent permitted by applicable law, in shares of Common Stock already owned by such person (which shares shall be valued for such purpose on the basis of their Fair Market Value on the date of exercise), or in any combination thereof; provided, however, that payment in shares of common stock already owned shall not be permitted unless the chief financial officer of the Company determines that such payment will not require the Company to recognize a compensation expense under applicable accounting rules. In the event of payment in shares of Common Stock already owned, such shares shall be appropriately endorsed for transfer to the Company. The Company shall have no obligation to deliver shares of Common Stock pursuant to the exercise of any option, in whole or in part, until such payment in full of the purchase price therefor is received by the Company.

SECTION 3. In order to assist an optionee in the exercise of an option granted under the Plan, the Committee or Board may, in its discretion, authorize, either at the time of the grant of the option or thereafter (a) the extension of a loan to the optionee by the Company, (b) the payment by the optionee of the purchase price of the Common Stock in installments, (c) the guarantee by the Company of a loan obtained by the optionee from a third party or (d) make such other reasonable arrangements to facilitate the exercise of options as are in accordance with applicable law. The Committee or Board shall authorize the terms of any such loan, installment payment arrangement or guarantee, including the interest rate (which, in the case of incentive stock options, shall be not less than the higher of (i) the "prime rate" as from time to time in effect at a commercial bank of recognized standing, and (ii) the rate of interest from time to time required to avoid imputation of interest for federal income tax purposes) and terms of repayment thereof, and shall cause the instrument evidencing any such option to be amended, if required, to provide for any such extension of credit. Loans, installment payment arrangements and guarantees may be authorized without security, and the maximum amount of any such loan or guarantee shall be the purchase price of the Common Stock being acquired, plus related interest payments.

SECTION 4. Each option shall be subject to the requirement that if at any time the Board shall in its discretion determine that the listing, registration or qualification of the shares of Common Stock subject to such option upon any securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with, the granting of such option or the issuance or purchase of shares thereunder, such option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not reasonably acceptable to the Board. Unless at the time of exercise of an option and the issuance of Common Stock so purchased, there shall be in effect as to such Common Stock a registration statement under the Act, the holder of such option shall deliver a certification (a) acknowledging that such shares of Common Stock may be "restricted securities" as defined in Rule 144 promulgated under the Act; and (b) containing such optionee's agreement that such Common Stock may not be sold or otherwise disposed of except in compliance with applicable provisions of the Act. In the event that the Common Stock is then listed on a national securities exchange, the Company shall use its best efforts to cause the listing of the shares of Common Stock subject to options upon such exchange.

SECTION 5. The Company may establish appropriate procedures to provide for payment or withholding of such income or other taxes as may be required by law to be paid or withheld in connection with the exercise of options or any other matters under the Plan, and to ensure that the Company receives prompt advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or which may make available to the Company any tax deduction resulting from the occurrence of such event.

ARTICLE X

ADJUSTMENTS

SECTION 1. New option rights may be substituted for the options granted under the Plan, or the Company's duties as to options outstanding under the Plan may be assumed by a corporation other than the Company, or by a parent or subsidiary of the Company or such corporation, in connection with any merger, consolidation, acquisition, separation, reorganization, liquidation or other similar corporate transaction in which the Company is involved. Notwithstanding the foregoing or the provisions of this Article X, in the event such corporation, or parent or subsidiary of the Company or such corporation, does not substitute new option rights for, and

substantially equivalent to, the options granted hereunder, or assume the options granted hereunder, the options granted hereunder shall terminate and thereupon become null and void (i) upon dissolution or liquidation of the Company, or similar occurrence, (ii) upon any merger, consolidation, acquisition, separation, reorganization, or similar occurrence, where the Company will not be a surviving entity or (iii) upon a transfer of substantially all of the assets of the Company or more than 80% of the outstanding Common Stock in a single transaction; provided, however, that each optionee shall have the right immediately prior to or concurrently with such dissolution, liquidation, merger, consolidation, acquisition, separation, reorganization or other similar corporate transaction, to exercise any unexpired option granted hereunder whether or not then exercisable.

SECTION 2. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company, or other corporate transaction or event affects the shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then, the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) with respect to which options may be granted and any limitations set forth in the Plan, (ii) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) subject to outstanding options and (iii) the grant or exercise or target price with respect to any option or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding option including, if necessary, the termination of such an option; provided, in each case, that with respect to Incentive Stock Options no such adjustment shall be authorized to the extent that such authority would cause the Plan to violate Section 422 of the Code. Without limiting the generality of the foregoing, any such adjustment shall be deemed to have prevented any dilution and enlargement of an optionee's rights if such optionee receives in any such adjustment rights which are substantially similar (after taking into account the fact that the optionee has not paid the applicable exercise price) to the rights the optionee would have received had he exercised his outstanding options and become a stockholder of the Company immediately prior to the event giving rise to such adjustment.

SECTION 3. Adjustments and elections under this Article X shall be made by the Committee whose determination as to what adjustments, if any, shall be made and the extent thereof shall be final, binding and conclusive. Adjustments required under this Article X shall also be deemed to increase by a like number the aggregate number of shares authorized for purchase pursuant to options granted under the Plan as set forth in Section 2 of Article III hereof to the extent consistent with Section 162(m) of the Code.

ARTICLE XI

PRIVILEGES OF STOCK OWNERSHIP

No optionee, or legal representative, legatee, distributee or transferee of such optionee, shall be entitled to any rights or privileges of a stockholder of the Company in respect of any shares of Common Stock covered by an option until such shares have been paid for in full and issued and delivered by the Company.

ARTICLE XII

TERMINATION OF SERVICE OR EMPLOYMENT

SECTION 1. In the event that an optionee shall cease his or her relationship with the Company or a Subsidiary by voluntarily terminating such relationship without the written consent of the Company, or if the Company or a Subsidiary shall terminate for cause such relationship, unless otherwise provided in the instrument evidencing such option, the option and any associated Stock Appreciation Rights held by such optionee shall terminate forthwith.

SECTION 2. If the holder of an option shall voluntarily terminate his or her relationship with the Company or a Subsidiary with the written consent of the Company, which written consent expressly sets forth a statement to the effect that options which are exercisable on the date of such termination shall remain exercisable, or if the optionee's relationship with the Company or a Subsidiary shall have terminated by the Company or a Subsidiary for reasons other than cause, unless otherwise provided in the instrument evidencing such option, such optionee may exercise his or her option to the extent exercisable at the time of such termination, at any time prior to the expiration of three months after such termination or the date of expiration of the option as fixed at the time of grant, whichever shall first occur. Options granted under the Plan to Employees shall not be affected by any change in the position of employment so long as the holder thereof continues to be an Employee, Director, Consultant or Adviser.

SECTION 3. The Committee or Board may also cancel, suspend, withhold or otherwise limit or restrict any unexpired option and any Stock Appreciation Right held by an optionee at any time if the optionee (i) is not in compliance with all applicable provisions of the instrument evidencing the option or Stock Appreciation Right; or (ii) engages in any activity in competition with any activity of the Company or any Subsidiary, or inimical, contrary or harmful to the interests of the Company and its Subsidiaries, including, but not limited to: (A) conduct related to the optionee's employment for which either criminal or civil penalties against the optionee may be sought, (B) violation of any policies of the Company, including, without limitation, the Company's insider trading policy or anti-harassment policies, (C) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in competition with or acting against the interests of the Company or any Subsidiary, including employing or recruiting any present, former or future employee of the Company or any Subsidiary, (D) disclosing or misusing any confidential information or material concerning the Company or any Subsidiary or (E) participating in a hostile takeover attempt against the Company.

SECTION 4. In the event that an optionee shall have exercised any option or Stock Appreciation Right, and at any time prior to or within one year after such exercise the optionee engages in any activity in competition with any activity of the Company or any Subsidiary, or inimical, contrary or harmful to the interests of the Company and its Subsidiaries, including, but not limited to the activities described in Section 2, clauses (A) through (E), such exercise may be rescinded by the Committee or the Board. In the event of such rescission, the optionee shall pay to the Company forthwith the amount of any gain realized or payment received by the optionee as a result of the rescinded exercise. In addition, the Company shall be entitled to set off against the amount of any such gain or payment any amount the Company or any Subsidiary owes to the optionee from time to time (including, but not limited to, amounts owed as wages or other compensation, fringe benefits or vacation pay).

SECTION 5. Should an optionee die during the existence of the optionee's relationship with the Company or after the cessation of the optionee's relationship with the Company, unless otherwise provided in the instrument evidencing such option, all of the optionee's options shall be terminated, except that any option (and any related Stock Appreciation Rights), to the extent exercisable by the optionee at the time of such death, may be exercised within one year after the date of such death but not later than the expiration of the option solely in accordance with all of the terms and conditions of the Plan by the optionee's personal representatives or by the person or persons to whom the optionee's rights under the option shall pass by will or by the applicable laws of descent and distribution.

ARTICLE XIII

AMENDMENTS TO THE PLAN

The Board may at any time terminate or from time to time amend, modify or suspend the Plan; provided, however, that no such amendment or modification without the approval of the stockholders of the Company shall:

(i) materially increase the benefits accruing to participants under the Plan;

(ii) materially increase the maximum number (determined as provided in the Plan) of shares of Common Stock which may be purchased pursuant to options granted under the Plan; or

(iii) materially modify the requirements as to eligibility for participation in the Plan.

The amendment or termination of the Plan shall not, without the written consent of an optionee, adversely affect any rights or obligations under any option theretofore granted to such optionee under the Plan.

ARTICLE XIV

EFFECTIVE DATE OF THE PLAN

The Plan shall be effective on April 18, 2000, subject to the ratification of the Plan by the stockholders of the Company.

ARTICLE XV

DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated:

Act: The Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Code: The Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder.

Committee: Such term is defined in Article II, Section 1 hereof.

Common Stock: Such term is defined in Article I hereof.

Consultants and Advisers: Such term includes any third party retained or engaged by the Company or any Subsidiary to provide services to the Company or such Subsidiary, including any employee of such third party providing such services.

Director: Such term includes any director of the Company.

Employee: Such term includes any officer as well as any full-time salaried executive, managerial, professional, administrative or other employee of the Company or a Subsidiary. Such term also includes an employee on approved leave of absence provided such

employee' s right to continue employment with the Company or a Subsidiary upon expiration of such employee' s leave of absence is guaranteed either by statute or by contract with or by a policy of the Company or a Subsidiary and any consultant, independent contractor, professional advisor or other person who is paid by the Company or a Subsidiary for rendering services or furnishing materials or goods to the Company or a Subsidiary.

Fair Market Value: The fair market value as of any date shall be determined by the Committee or Board after giving consideration to the price of the Common Stock in the public market and shall be determined otherwise in a manner consistent with the provisions of the Code.

Incentive Stock Option: An option intended to qualify under Section 422 of the Code.

1934 Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Non-Employee Director: Any director of the Company who is a Non-Employee Director as that term is defined in Rule 16b-3 promulgated under the 1934 Act and who also qualifies as an outside director within the meaning of Section 162(m) and the related regulations under the Code, except as otherwise determined by the Board of Directors.

Non-Qualified Stock Option: An option which does not qualify under Section 422 of the Code.

Person: Such term shall have the meaning ascribed to it under the 1934 Act.

Plan: Such term is defined in Article I hereof and includes all amendments hereof.

Stock Appreciation Rights: The rights granted by the Committee pursuant to Section 4 of Article VII hereof.

Subsidiary: A “Subsidiary Corporation” of the Company as defined in Section 424 of the Code.

Ten Percent Stockholder: Such term is defined in Article IV hereof.

Date: _____, 2000

TO: «NameofOptionee»

Re: 2000 Stock Option Plan
WMS Industries Inc. 2000 Stock Option Plan

This letter agreement (the "Agreement") will evidence the grant to you on _____, 2000 by the Compensation and Stock Option Committee of the Board of Directors of WMS Industries Inc. (the "Company") of an option pursuant to the Company's 2000 Stock Option Plan (the "Plan") to purchase «NumberofShares» («Numeral») shares of the common stock of the Company, par value \$.50 per share ("Common Stock"), at a price of _____ Dollars (\$) per share (the "Option") and the terms and conditions of such grant. Under applicable provisions of the Internal Revenue Code of 1986, as amended, the Option is treated as a stock option.

1. This Option is issued in accordance with and is subject to and conditioned upon all of the terms and conditions of this Agreement and of the Plan as from time to time amended, provided, however, that no future amendment or termination of the Plan shall, without your consent, alter or impair any of your rights or obligations under the Plan, all of which are incorporated by reference in this Agreement as if fully set forth herein.

2. As used in this Agreement, your primary employer ("Employer"), the Company, its subsidiaries and affiliates are collectively referred to as the "Employer Group".

3. In consideration of the granting of this Option, and in addition to the Company's rights under any other similar provisions in the Plan, you agree as follows:

(a) *Non-Competition.* You shall render faithful and efficient services to your Employer and the Company with such duties and responsibilities as your Employer shall from time to time prescribe during the term of this Option, and you further agree that for a period of one (1) year after your voluntary termination of employment or a termination of your employment with the Employer Group for cause, you will not own, manage, control or associate, as an agent, officer, employee, investor, lender, or otherwise, with any business entity which is in competition with any member of the Employer Group, which includes without limitation, the design, manufacture, sale or lease of electronic gaming devices or gaming products.

(b) *Forfeiture of option gain and unexercised options if you engage in certain activities.* If, at any time within one year after termination of employment or (z) within one year after you exercise any portion of this option, whichever is the latest, you engage in Competition or any other activity inimical, contrary or harmful to the interests of the Employer Group, including, but not limited to: (i) conduct related to your employment for which either criminal or civil penalties against you may be sought, (ii) violation of any policies of the Employer Group, including, but not limited to, the Company's insider trading policy or anti-harassment policies,

(iii) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in Competition with or acting against the interests of any member of the Employer Group, including, but not limited to, employing or recruiting any present, former or future employee of any member of the Employer Group, (iv) disclosing or misusing any confidential information or material concerning any member of the Employer Group or (v) participating in a hostile takeover attempt against the Company, then (1) this option and all other options of the Company that have been granted to you shall terminate effective the date on which you enter into such activity, unless terminated sooner by operation of another term or condition of this option or the Plan, and (2) any option gain realized by you from exercising all or a portion of this option shall be paid by you to the Company forthwith.

(c) *Right of set-off.* By accepting this Agreement, you consent to a deduction from any amounts that any member of the Employer Group owes you from time to time (including, but not limited to, amounts owed to you as wages or other compensation, fringe benefits, or vacation pay), to the extent of the amounts you owe the Company under the preceding paragraphs in this Section 3. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount you owe it, calculated as set forth above, you agree to pay immediately the unpaid balance to the Company.

4. Should a court of competent jurisdiction deem any of the provisions in this Agreement to be unenforceable in any respect, it is the intention of the parties to this Agreement that this Agreement be enforced to the greatest extent deemed to be enforceable.

5. You hereby further agree that during your employment and thereafter, you will not disclose, discuss, copy or otherwise use or allow to be used, in any manner, in competition with or contrary to the interests of any member of the Employer Group, the customer lists, product research, engineering data or other trade secrets of any member of the Employer Group. Nothing in this Agreement or in the Plan shall confer upon you any right to continue in the employ of the Employer or any member of the Employer Group or shall interfere with or restrict in any way the rights of any member of the Employer Group, which are hereby expressly reserved.

6. The Company shall not be obligated to issue any shares pursuant to this Option if, in the opinion of counsel to the Company, the shares to be so issued are required to be registered or otherwise qualified under the Securities Act of 1933, as amended, or under any other applicable statute, regulation or ordinance affecting the sale of securities, unless and until such shares have been so registered or otherwise qualified.

7. It is understood that the Company may establish, from time to time, appropriate procedures to provide for payment or withholding of such income or other taxes as may be required by law to be paid or withheld in connection with the exercise of this Option. By the execution hereof, you hereby agree to pay to your Employer all such amounts requested by the Company to permit the Company to take any tax deduction available to it resulting from the exercise of this Option. You also agree to comply with any

procedures established from time to time by the Company, to ensure that the Company receives prompt notice concerning any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or which may make available to the Company any tax deduction resulting from the occurrence of such event.

8. This Option may be exercised as follows:

[VESTING SCHEDULE]

9. This Option is to be exercised by delivering to the Company a written notice of exercise in the form attached hereto as Exhibit A, together with payment as provided in the Plan.

Please evidence your acceptance of this Option and your agreement to comply with the provisions of this Agreement and of the Plan by executing the enclosed copy of the Agreement under the words "ACCEPTED AND AGREED TO" and returning a copy to the Vice President and Secretary of the Company, c/o the Legal Department of WMS Industries Inc., within thirty days of the date of this letter.

Very truly yours,

WMS INDUSTRIES INC.

By: _____
Brian R. Gamache, President

Attachments

ACCEPTED AND AGREED TO
this day of , 2000.

«NameofOptionee»

EXHIBIT A

Dated:

Vice President and Secretary
WMS INDUSTRIES INC.
3401 North California Avenue
Chicago, IL 60618

Gentlemen:

Notice is hereby given of my election to purchase _____ shares of common stock, par value \$.50 per share, of WMS Industries Inc. (the "Company") at a price of _____ Dollars (\$) per share pursuant to the provisions of the stock option ("Option") granted to me on _____ under the terms of the WMS Industries Inc. _____ Stock Option Plan.

Enclosed is my check made payable to the Company in the amount of \$ _____ in payment of the exercise price of the Option and my check in the amount of \$ _____ made payable to the subsidiary of the Company which is my employer (or to the Company as my employer) in payment of the tax due on exercise of the Option.

The following information is supplied for use in issuing and registering the shares purchased:

Number of certificates: _____

Denomination of
each certificate: _____

Full Name: _____

Address: _____

Social Security Number: _____

Very truly yours,

«NameofOptionee»

Date: _____, 2000

TO: «NameofOptionee»

Re: Non-Qualified Stock Option
WMS Industries Inc. 2000 Stock Option Plan

This letter agreement (the "Agreement") will evidence the grant to you on _____, 2000 by the Compensation and Stock Option Committee of the Board of Directors of WMS Industries Inc. (the "Company") of an option pursuant to the Company's 2000 Stock Option Plan (the "Plan") to purchase «NumberofShares» («Numeral») shares of the common stock of the Company, par value \$.50 per share ("Common Stock"), at a price of _____ Dollars (\$) per share (the "Option") and the terms and conditions of such grant. Under applicable provisions of the Internal Revenue Code of 1986, as amended, the Option is treated as a non-qualified stock option.

1. This Option is issued in accordance with and is subject to and conditioned upon all of the terms and conditions of this Agreement and of the Plan as from time to time amended, provided, however, that no future amendment or termination of the Plan shall, without your consent, alter or impair any of your rights or obligations under the Plan, all of which are incorporated by reference in this Agreement as if fully set forth herein.

2. As used in this Agreement, your primary employer ("Employer"), the Company, its subsidiaries and affiliates are collectively referred to as the "Employer Group".

3. In consideration of the granting of this Option, and in addition to the Company's rights under any other similar provisions in the Plan, you agree as follows:

(a) *Forfeiture of option gain if you leave the Employer within one year after exercise.* If you exercise any portion of this option and you leave the employment of the Employer within [one year] after such exercise for any reason except death, disability or normal retirement, then the gain represented by the mean market price on the date of exercise over the exercise price, multiplied by the number of shares you purchased ("option gain"), without regard to any subsequent market price decrease or increase, shall be paid by you to the Company. [ORRIN-You may wish to delete this paragraph 3(a)-it is extremely aggressive. Alternatively, you could reduce the time period in the brackets.]

(b) *Forfeiture of option gain and unexercised options if you engage in certain activities.* If, at any time within one year after termination of employment or (z) within one year after you exercise any portion of this option, whichever is the latest, you engage in any activity in Competition with (as defined in Exhibit A hereto) any activity of any member of the Employer Group, or inimical, contrary or harmful to the interests of the Employer Group, including, but not limited to: (i) conduct related to your employment for

which either criminal or civil penalties against you may be sought, (ii) violation of any policies of the Employer Group, including, but not limited to, the Company's insider trading policy or anti-harassment policies, (iii) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in Competition with or acting against the interests of any member of the Employer Group, including, but not limited to, employing or recruiting any present, former or future employee of any member of the Employer Group, (iv) disclosing or misusing any confidential information or material concerning any member of the Employer Group or (v) participating in a hostile takeover attempt against the Company, then (1) this option and all other options of the Company that have been granted to you shall terminate effective the date on which you enter into such activity, unless terminated sooner by operation of another term or condition of this option or the Plan, and (2) any option gain realized by you from exercising all or a portion of this option shall be paid by you to the Company forthwith.

(c) *Right of set-off.* By accepting this Agreement, you consent to a deduction from any amounts that any member of the Employer Group owes you from time to time (including, but not limited to, amounts owed to you as wages or other compensation, fringe benefits, or vacation pay), to the extent of the amounts you owe the Company under the preceding paragraphs in this Section 3. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount you owe it, calculated as set forth above, you agree to pay immediately the unpaid balance to the Company.

4. Should a court of competent jurisdiction deem any of the provisions in this Agreement to be unenforceable in any respect, it is the intention of the parties to this Agreement that this Agreement be enforced to the greatest extent deemed to be enforceable.

5. You hereby further agree that during your employment and thereafter, you will not disclose, discuss, copy or otherwise use or allow to be used, in any manner, in competition with or contrary to the interests of any member of the Employer Group, the customer lists, product research, engineering data or other trade secrets of any member of the Employer Group. Nothing in this Agreement or in the Plan shall confer upon you any right to continue in the employ of the Employer or any member of the Employer Group or shall interfere with or restrict in any way the rights of any member of the Employer Group, which are hereby expressly reserved.

5. The Company shall not be obligated to issue any shares pursuant to this Option if, in the opinion of counsel to the Company, the shares to be so issued are required to be registered or otherwise qualified under the Securities Act of 1933, as amended, or under any other applicable statute, regulation or ordinance affecting the sale of securities, unless and until such shares have been so registered or otherwise qualified.

6. It is understood that the Company may establish, from time to time, appropriate procedures to provide for payment or withholding of such income or other taxes as may be required by law to be paid or withheld in connection with the exercise of this

Option. By the execution hereof, you hereby agree to pay to your Employer all such amounts requested by the Company to permit the Company to take any tax deduction available to it resulting from the exercise of this Option. You also agree to comply with any procedures established from time to time by the Company, to ensure that the Company receives prompt notice concerning any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or which may make available to the Company any tax deduction resulting from the occurrence of such event.

7. This Option may be exercised as follows:

[VESTING SCHEDULE]

8. This Option is to be exercised by delivering to the Company a written notice of exercise in the form attached hereto as Exhibit B, together with payment as provided in the Plan.

Please evidence your acceptance of this Option and your agreement to comply with the provisions of this Agreement and of the Plan by executing the enclosed copy of the Agreement under the words "ACCEPTED AND AGREED TO" and returning a copy to the Vice President and Secretary of the Company, c/o the Legal Department of WMS Industries Inc., within thirty days of the date of this letter.

Very truly yours,

WMS INDUSTRIES INC.

By: _____
Brian Gamache, President

Attachments

ACCEPTED AND AGREED TO
this day of , 2000.

«NameofOptionee»

EXHIBIT A

The term, in “Competition” with, means engaging in the design, manufacture or sale of coin-operated video games or the design, publishing or marketing of interactive entertainment.

EXHIBIT B

Dated:

Vice President and Secretary
WMS INDUSTRIES INC.
3401 North California Avenue
Chicago, IL 60618

Gentlemen:

Notice is hereby given of my election to purchase _____ shares of common stock, par value \$.50 per share, of WMS Industries Inc. (the "Company") at a price of _____ Dollars (\$) per share pursuant to the provisions of the stock option ("Option") granted to me on _____ under the terms of the WMS Industries Inc. _____ Stock Option Plan.

Enclosed is my check made payable to the Company in the amount of \$ _____ in payment of the exercise price of the Option and my check in the amount of \$ _____ made payable to the subsidiary of the Company which is my employer (or to the Company as my employer) in payment of the tax due on exercise of the Option.

The following information is supplied for use in issuing and registering the shares purchased:

Number of certificates: _____

Denomination of
each certificate: _____

Full Name: _____

Address: _____

Social Security Number: _____

Very truly yours,

«NameofOptionee»

WMS INDUSTRIES INC.**2002 STOCK OPTION PLAN**

ARTICLE I – PURPOSE OF THE PLAN

The 2002 Stock Option Plan (the “Plan”) is intended to provide a method whereby “Employees,” “Directors” and “Consultants and Advisers” of WMS Industries Inc. (the “Company”) and its “Subsidiaries” (as such quoted terms are hereinafter defined) may be encouraged to acquire a proprietary interest in the Company and whereby such individuals may realize benefits from an increase in the value of the shares of common stock, \$.50 par value per share (“Common Stock”), of the Company; to provide such Employees, Directors and Consultants and Advisers with greater incentive to exert their efforts on behalf of the Company and to encourage their continued provision of services to the Company; to attract new personnel to become employed by or otherwise become associated with the Company; and, generally, to promote the interests of the Company and all of its stockholders. Under the Plan, from time to time on or before August 7, 2012, options to purchase shares of Common Stock and related Stock Appreciation Rights may be granted to such persons as may be selected in the manner hereinafter provided on the terms and subject to the conditions hereinafter set forth. Capitalized terms are defined in Article XV hereof.

ARTICLE II – ADMINISTRATION OF THE PLAN

SECTION 1. Subject to the authority as described herein of the Board of Directors (the “Board”) of the Company, the Plan shall be administered by the Stock Option Committee of the Board (the “Committee”) which is composed solely of at least two members of the Board who are Non-Employee Directors. The Committee is authorized to interpret the Plan and may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best. All determinations by the Committee shall be made by the affirmative vote of a majority of its members but any determination reduced to writing and signed by a majority of its members shall be fully enforceable and effective as if it had been made by a majority vote at a meeting duly called and held. Subject to any applicable provisions of the Plan, all determinations by the Committee or by the Board pursuant to the provisions of the Plan, and all related orders or resolutions of the Committee or the Board, shall be final, conclusive and binding on all Persons, including the Company and its stockholders, employees, directors and option holders.

SECTION 2. All authority delegated to the Committee pursuant to the Plan may also be exercised by the Board, except with respect to matters which under Section 162(m) of the Code are required to be determined in the absolute discretion of the Committee. Subject to the foregoing, in the event of any conflict or inconsistency between determinations, orders, resolutions or other actions of the Committee and the Board, the actions of the Board shall control.

SECTION 3. With respect to Section 16 of the 1934 Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

ARTICLE III – STOCK SUBJECT TO THE PLAN

SECTION 1. The shares to be issued or delivered upon exercise of options or rights granted under the Plan shall be made available, at the discretion of the Board, either from the authorized but unissued shares of Common Stock of the Company or from shares of Common Stock reacquired by the Company, including shares purchased by the Company in the open market or otherwise obtained.

SECTION 2. Subject to the provisions of Article X hereof, the aggregate number of shares of Common Stock which may be purchased pursuant to options granted at any time under the Plan shall not exceed 1,500,000. Such number shall be reduced by the aggregate number of shares covered by options in respect of which Stock Appreciation Rights are exercised. The maximum number of shares with respect to which options may be granted under the Plan in any calendar year to any one employee shall be 500,000 as such number may be adjusted by the Committee in accordance with Article X hereof. The Committee shall calculate such limit in a manner consistent with Section 162(m) of the Code.

SECTION 3. Shares subject to any options which are canceled, lapse or are otherwise terminated shall be immediately available for reissuance under the Plan to the extent permitted by Sections 162 and 422 of the Code.

ARTICLE IV – PURCHASE PRICE OF OPTIONED SHARES

The purchase price per share of Common Stock under each option granted to Employees, Directors, Consultants and Advisers shall not be less than one hundred percent (100%) of the Fair Market Value (as hereinafter defined) of the Common Stock at the time such option is granted, except in the case of a Non-Qualified Stock Option, as determined by the Committee, but in no case shall such price be less than the par value of the Common Stock as of the time of grant; provided, however, that in the case of an Incentive Stock Option granted to an Employee who, at the time of the grant, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company (a “Ten Percent Stockholder”), such purchase price per share shall be at least one hundred and ten percent (110%) of the Fair Market Value.

ARTICLE V – ELIGIBILITY OF RECIPIENTS

Options will be granted only to Employees, Directors, Consultants or Advisers of the Company or a Subsidiary. Incentive stock options will be granted only to Employees.

ARTICLE VI – DURATION OF THE PLAN

Unless previously terminated by the Committee or the Board, the Plan will terminate on August 7, 2012. Such termination will not terminate any option or Stock Appreciation Right then outstanding.

ARTICLE VII – GRANT OF OPTIONS TO EMPLOYEES, DIRECTORS, CONSULTANTS AND ADVISERS

SECTION 1. Each option granted under the Plan to Employees shall constitute either an Incentive Stock Option or a Non-Qualified Stock Option, as determined in each case by the Committee, and each option granted under the Plan to Directors, Consultants and Advisers shall constitute a Non-Qualified Stock Option. With respect to Incentive Stock Options granted to Employees, to the extent that the aggregate Fair Market Value (determined at the time an option is granted) of Common Stock of the Company with respect to which such Incentive Stock Options are exercisable for the first time by any individual during any calendar year (under the Plan and any other stock option plan of the Company) exceeds \$100,000, such Incentive Stock Options shall be treated as Non-Qualified Stock Options to the extent of such excess. The foregoing rule shall be applied by taking Incentive Stock Options into account in the order in which they were granted. In the event outstanding Incentive Stock Options become immediately exercisable under the terms hereof, such Incentive Stock Options will, to the extent the aggregate Fair Market Value of Common Stock of the Company with respect to which such Incentive Stock Options are exercisable exceeds \$100,000, be treated as Non-Qualified Stock Options.

SECTION 2. The Committee shall from time to time determine the Employees, Directors, Consultants and Advisers to be granted options, it being understood that options may be granted at different times to the same person; provided, however, that no one person may receive an option or options under the Plan covering more than the number of shares specified in Section 2 of Article III hereof. In addition, the Committee shall determine subject to the terms of the Plan the number of shares subject to each option, the time or times when the options will be granted, whether such options shall be Incentive Stock Options, Non-Qualified Stock Options or both, whether Stock Appreciation Rights will be granted in connection with the grant of options, the purchase price of the shares subject to each option, which price shall be not less than that specified in Article IV hereof, the time or times when each option and any related Stock Appreciation Rights may be exercised and (g) any other matters which the Committee shall deem appropriate.

SECTION 3. All instruments evidencing options granted to Employees, Directors, Consultants and Advisers under the Plan shall be in such form as the Committee shall from time to time determine, which form shall be consistent with the Plan and any applicable determinations, orders, resolutions or other actions of the Committee or the Board.

SECTION 4. The Committee, in its sole discretion, on the granting of an option to an Employee, Director, Consultant or Adviser under the Plan may also grant Stock Appreciation Rights relating to any number of shares but, except as hereinafter provided, not more than fifty percent (50%) of the number of shares covered by such option shall include Stock Appreciation Rights. Such options shall be subject to such terms and conditions, not inconsistent with the Plan, that the Committee shall impose, including the following:

(i) Stock Appreciation Rights may be granted only in writing and only attached to an underlying option at the time of the grant of the option;

(ii) Stock Appreciation Rights may be exercised only at the time when the option to which it is attached is exercisable;

(iii) Stock Appreciation Rights shall entitle the option holder (or any person entitled to act under the provisions of the Plan) to surrender unexercised all or part of the then exercisable portion of the option to which the Stock Appreciation Rights are attached to the Company and to receive from the Company in exchange therefor a payment in cash equal to the excess, if any, of the then value of one share covered by such portion over the option price per share specified in such option (which excess is herein called the "Appreciated Value"), multiplied by the number of shares covered by the portion of the option so surrendered. For purposes of computation of the Appreciated Value, the value of one share shall be deemed to be the average Fair Market Value of such share during the four-week period immediately preceding the date of notice of exercise of the Stock Appreciation Rights;

(iv) if Stock Appreciation Rights attached to an option are exercised, such option shall be deemed to have been canceled to the extent of the number of shares surrendered on exercise of the Stock Appreciation Rights and no further options may be granted covering such shares; and

(v) if an option to which Stock Appreciation Rights are attached is exercised, such Stock Appreciation Rights shall be canceled to the extent necessary to cause the number of shares to which such Stock Appreciation Rights relate not to exceed the number of remaining shares subject to such option.

ARTICLE VIII – TRANSFERABILITY OF OPTIONS

No Incentive Stock Option or any related Stock Appreciation Rights granted under the Plan shall be transferable by the option holder otherwise than by will or by the laws of descent and distribution, and any such Incentive Stock Option or any related Stock Appreciation Rights shall be exercisable during the lifetime of the option holder solely by him or her. Any Non-Qualified Stock Option granted under the Plan may be transferable by the option holder to the extent permitted by the Committee as specified in the instrument evidencing the option as the same may be amended from time to time. Except to the extent permitted by such instrument, no Non-Qualified Stock Option shall be transferable except by will or by the laws of descent and distribution.

ARTICLE IX – EXERCISE OF OPTIONS

SECTION 1. Subject to Article XII hereof, each option (and any related Stock Appreciation Rights) granted under the Plan shall terminate on the date specified by the Committee which date shall be not later than the expiration of ten years from the date on which it was granted; provided, however, that in the case of an Incentive Stock Option granted to an Employee who, at the time of the grant is a Ten Percent Stockholder, such period shall not exceed five years from the date of grant.

SECTION 2. A person electing to exercise an option or Stock Appreciation Rights then exercisable shall give written notice to the Company of such election and, if electing to exercise an option, of the number of shares of Common Stock such person has elected to purchase. A person exercising an option shall at the time of purchase tender the full purchase price of such shares, which tender, except as provided in Section 3 of this Article, shall be made in cash or cash equivalent (which may be such person's personal check) or, to the extent permitted by applicable law, in shares of Common Stock already owned by such person (which shares shall be valued for such purpose on the basis of their Fair Market Value on the date of exercise), or in any combination thereof; provided, however, that payment in shares of common stock already owned shall not be permitted unless the chief financial officer of the Company determines that such payment will not require the Company to recognize a compensation expense under applicable accounting rules. In the event of payment in shares of Common Stock already owned, such shares shall be appropriately endorsed for transfer to the Company. The Company shall have no obligation to deliver shares of Common Stock pursuant to the exercise of any option, in whole or in part, until such payment in full of the purchase price therefor is received by the Company.

SECTION 3. In order to assist an option holder in the exercise of an option granted under the Plan, the Committee or Board may, in its discretion, authorize, either at the time of the grant of the option or thereafter the extension of a loan to the option holder by the Company, the payment by the option holder of the purchase price of the Common Stock in installments, the guarantee by the Company of a loan obtained by the option holder from a third party or make such other reasonable arrangements to facilitate the exercise of options as are in accordance with applicable law. The Committee or Board shall authorize the terms of any such loan, installment payment arrangement or guarantee, including the interest rate (which, in the case of incentive stock options, shall be not less than the higher of the "prime rate" as from time to time in effect at a commercial bank of recognized standing, and the rate of interest from time to time required to avoid imputation of interest for federal income tax purposes) and terms of repayment thereof, and shall cause the instrument evidencing any such option to be amended, if required, to provide for any such extension of credit. Loans, installment payment arrangements and guarantees may be authorized without security, and the maximum amount of any such loan or guarantee shall be the purchase price of the Common Stock being acquired, plus related interest payments.

SECTION 4. Each option shall be subject to the requirement that if at any time the Board shall in its discretion determine that the listing, registration or qualification of the shares of Common Stock subject to such option upon any securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with, the granting of such option or the issuance or purchase of shares thereunder, such option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not reasonably acceptable to the Board. Unless at the time of exercise of an option and the issuance of Common Stock so purchased, there shall be in effect as to such Common Stock a registration statement under the Act, the option holder shall deliver a certification (a) acknowledging that such shares of Common Stock may be "restricted securities" as defined in Rule 144 promulgated under the Act; and (b) containing such option holder's agreement that such Common Stock may not be sold or otherwise disposed of except in compliance with applicable provisions of the Act. In the event that the Common Stock is then listed on a national securities exchange, the Company shall use its best efforts to cause the listing of the shares of Common Stock subject to options upon such exchange.

SECTION 5. The Company may establish appropriate procedures to provide for payment or withholding of such income or other taxes as may be required by law to be paid or withheld in connection with the exercise of options or any other matters under the Plan, and to ensure that the Company receives prompt advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or which may make available to the Company any tax deduction resulting from the occurrence of such event.

ARTICLE X – ADJUSTMENTS

SECTION 1. New option rights may be substituted for the options granted under the Plan, or the Company's duties as to options outstanding under the Plan may be assumed by a corporation other than the Company, or by a parent or subsidiary of the Company or such corporation, in connection with any merger, consolidation, acquisition, separation, reorganization, liquidation or other similar corporate transaction in which the Company is involved. Notwithstanding the foregoing or the provisions of this Article X, in the event such corporation, or parent or subsidiary of the Company or such corporation, does not substitute new option rights for, and substantially equivalent to, the options granted hereunder, or assume the options granted hereunder, the options granted hereunder shall terminate and thereupon become null and void (i) upon dissolution or liquidation of the Company, or similar occurrence, (ii) upon any merger, consolidation, acquisition, separation, reorganization, or similar occurrence, where the Company will not be a surviving entity or (iii) upon a transfer of substantially all of the assets of the Company or more than 80% of the outstanding Common Stock in a single transaction; provided, however, that each option holder shall have the right immediately prior to or concurrently with such dissolution, liquidation, merger, consolidation, acquisition, separation, reorganization or other similar corporate transaction, to exercise any unexpired option granted hereunder whether or not then exercisable.

SECTION 2. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company, or other corporate transaction or event affects the shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then, the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) with respect to which options may be granted and any limitations set forth in the Plan, (ii) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or property) subject to outstanding options and (iii) the grant or exercise or target price with respect to any option or, if deemed appropriate, make provision for a cash payment to the

holder of an outstanding option including, if necessary, the termination of such an option; provided, in each case, that with respect to Incentive Stock Options no such adjustment shall be authorized to the extent that such authority would cause the Plan to violate Section 422 of the Code. Without limiting the generality of the foregoing, any such adjustment shall be deemed to have prevented any dilution and enlargement of an option holder's rights if such option holder receives in any such adjustment rights which are substantially similar (after taking into account the fact that the option holder has not paid the applicable exercise price) to the rights the option holder would have received had he exercised his outstanding options and become a stockholder of the Company immediately prior to the event giving rise to such adjustment.

SECTION 3. Adjustments and elections under this Article X shall be made by the Committee whose determination as to what adjustments, if any, shall be made and the extent thereof shall be final, binding and conclusive. Adjustments required under this Article X shall also be deemed to increase by a like number the aggregate number of shares authorized for purchase pursuant to options granted under the Plan as set forth in Section 2 of Article III hereof to the extent consistent with Section 162(m) of the Code.

ARTICLE XI – PRIVILEGES OF STOCK OWNERSHIP

No option holder, or legal representative, legatee, distributee or transferee of such option holder, shall be entitled to any rights or privileges of a stockholder of the Company in respect of any shares of Common Stock covered by an option until such shares have been paid for in full and issued and delivered by the Company.

ARTICLE XII – TERMINATION OF SERVICE OR EMPLOYMENT

SECTION 1. In the event that an option holder shall cease his or her relationship with the Company or a Subsidiary by voluntarily terminating such relationship without the written consent of the Company, or if the Company or a Subsidiary shall terminate for cause such relationship, unless otherwise provided in the instrument evidencing such option, the option and any associated Stock Appreciation Rights held by such option holder shall terminate forthwith.

SECTION 2. If an option holder shall voluntarily terminate his or her relationship with the Company or a Subsidiary with the written consent of the Company, which written consent expressly sets forth a statement to the effect that options which are exercisable on the date of such termination shall remain exercisable, or if the option holder's relationship with the Company or a Subsidiary shall have terminated by the Company or a Subsidiary for reasons other than cause, unless otherwise provided in the instrument evidencing such option, such option holder may exercise his or her option to the extent exercisable at the time of such termination, at any time prior to the expiration of three months after such termination, or for any longer period of time after such termination as shall be determined by such holder's employer, but not later than the date of expiration of the option as fixed at the time of grant. Options granted under the Plan to Employees shall not be affected by any change in the position of employment so long as the holder thereof continues to be an Employee, Director, Consultant or Adviser.

SECTION 3. The Committee or Board may also cancel, suspend, withhold or otherwise limit or restrict any unexpired option and any Stock Appreciation Right held by an option holder at any time if the option holder (i) is not in compliance with all applicable provisions of the instrument evidencing the option or Stock Appreciation Right; or (ii) engages in any activity in competition with any activity of the Company or any Subsidiary, or inimical, contrary or harmful to the interests of the Company and its Subsidiaries, including, but not limited to:

- (A) conduct related to the option holder's employment for which either criminal or civil penalties against the option holder may be sought,
- (B) violation of any policies of the Company, including, without limitation, the Company's insider trading policy or anti-harassment policies,
- (C) accepting employment with or serving as a consultant, advisor or in any other

capacity to an employer that is in competition with or acting against the interests of the Company or any Subsidiary, including employing or recruiting any present, former or future employee of the Company or any Subsidiary, (D) disclosing or misusing any confidential information or material concerning the Company or any Subsidiary or (E) participating in a hostile takeover attempt against the Company.

SECTION 4. Should an option holder die during the existence of the option holder's relationship with the Company or after the cessation of the option holder's relationship with the Company, unless otherwise provided in the instrument evidencing such option, all of the option holder's options shall be terminated, except that any option (and any related Stock Appreciation Rights), to the extent exercisable by the option holder at the time of such death, may be exercised within one year after the date of such death but not later than the expiration of the option solely in accordance with all of the terms and conditions of the Plan by the option holder's personal representatives or by the person or persons to whom the option holder's rights under the option shall pass by will or by the applicable laws of descent and distribution.

ARTICLE XIII – AMENDMENTS TO THE PLAN

The Board may at any time terminate or from time to time amend, modify or suspend the Plan; provided, however, that no such amendment or modification without the approval of the stockholders of the Company shall:

- (i) materially increase the benefits accruing to participants under the Plan;
- (ii) materially increase the maximum number (determined as provided in the Plan) of shares of Common Stock which may be purchased pursuant to options granted under the Plan; or
- (iii) materially modify the requirements as to eligibility for participation in the Plan.

The amendment or termination of the Plan shall not, without the written consent of an option holder, adversely affect any rights or obligations under any option theretofore granted to such option holder under the Plan.

ARTICLE XIV – EFFECTIVE DATE OF THE PLAN

The Plan shall be effective on August 8, 2002, subject to the ratification of the Plan by the stockholders of the Company.

ARTICLE XV – DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated:

Act: The Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Code: The Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Committee: Such term is defined in Article II, Section 1 hereof.

Common Stock: Such term is defined in Article I hereof.

Consultants and Advisers: Such term includes any third party retained or engaged by the Company or any Subsidiary to provide services to the Company or such Subsidiary, including any employee of such third party providing such services.

Director: Such term includes any director of the Company.

Employee: Such term includes any officer as well as any full-time salaried executive, managerial, professional, administrative or other employee of the Company or a Subsidiary. Such term also includes an employee on approved leave of absence provided such employee's right to continue employment with the Company or a Subsidiary upon expiration of such employee's leave of absence is guaranteed either by statute or by contract with or by a policy of the Company or a Subsidiary and any consultant, independent contractor, professional advisor or other person who is paid by the Company or a Subsidiary for rendering services or furnishing materials or goods to the Company or a Subsidiary.

Fair Market Value: The fair market value as of any date shall be determined by the Committee or Board after giving consideration to the price of the Common Stock in the public market and shall be determined otherwise in a manner consistent with the provisions of the Code.

Incentive Stock Option: An option intended to qualify under Section 422 of the Code.

1934 Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Non-Employee Director: Any director of the Company who is a Non-Employee Director as that term is defined in Rule 16b-3 promulgated under the 1934 Act and who also qualifies as an outside director within the meaning of Section 162(m) and the related regulations under the Code, except as otherwise determined by the Board of Directors.

Non-Qualified Stock Option: An option which does not qualify under Section 422 of the Code.

Person: Such term shall have the meaning ascribed to it under the 1934 Act.

Plan: Such term is defined in Article I hereof and includes all amendments hereof.

Stock Appreciation Rights: The rights granted by the Committee pursuant to Section 4 of Article VII hereof.

Subsidiary: A "Subsidiary Corporation" of the Company as defined in Section 424 of the Code.

Ten Percent Stockholder: Such term is defined in Article IV hereof.

**WMS INDUSTRIES INC.
INCENTIVE PLAN
(2009 RESTATEMENT)**

1. **Establishment and Effective Date.** Effective December 9, 2004, WMS Industries Inc., a Delaware corporation (the “Company”) established the WMS Industries Inc. Incentive Plan (the “Plan”). The Plan was subsequently amended and restated with the approval of the Company’s stockholders effective December 14, 2006. The Plan is hereby further amended and restated, subject to the approval of the Company’s stockholders, on December 10, 2009, to be effective at the time set forth in Section 12(p) (“2009 Restatement”).

2. **Purpose.** The purpose of this Plan is to aid the Company in attracting, retaining, motivating and rewarding employees, non-employee directors and key consultants to the Company or its subsidiaries, to provide for equitable and competitive compensation opportunities, to recognize individual contributions and reward achievement of Company goals, and promote the creation of long-term value for stockholders by closely aligning the interests of Participants with those of stockholders. The Plan authorizes equity-based and cash-based incentives for Participants.

3. **Definitions.** In addition to the terms defined above and elsewhere in the Plan, the following capitalized terms used in the Plan have the respective meanings set forth in this Section:

(a) “Annual Incentive Award” means a type of Performance Award granted to a Participant under Section 8(c) representing a conditional right to receive cash, Stock or other Awards or payments, as determined by the Committee, based on performance in a performance period of one fiscal year or a portion thereof.

(b) “Award” means any Option, SAR, Restricted Stock, Deferred Stock Unit, Stock granted as a bonus, Performance Award, other Stock-Based Award or Annual Incentive Award, together with any related right or interest, granted to a Participant under the Plan.

(c) “Beneficiary” means the legal representatives of the Participant’s estate entitled by will or the laws of descent and distribution to receive the benefits under a Participant’s Award upon a Participant’s death, provided that, if and to the extent authorized by the Committee, a Participant may be permitted to designate a Beneficiary, in which case the “Beneficiary” instead will be the person, persons, trust or trusts (if any are then surviving) which have been designated by the Participant in his or her most recent written beneficiary designation filed with the Company to receive the benefits specified under the Participant’s Award upon such Participant’s death.

(d) “Board” means the Company’s Board of Directors.

(e) “Change in Control” and related terms have the meanings specified in Section 10.

(f) “Code” means the Internal Revenue Code of 1986, as amended, and proposed and final Treasury Department regulations issued thereunder.

(g) “Committee” means the Compensation Committee of the Board, the composition and governance of which complies with Section 303A.05 of the Listed Company Manual of the New York Stock Exchange (as applicable), and/or other corporate governance documents of the Company. No action of the Committee shall be void or deemed to be without authority due to the failure of any member, at the time the action was taken, to meet any qualification standard set forth in this Plan. The full Board may perform any function of the Committee hereunder, in which case the term “Committee” shall refer to the Board.

(h) “Covered Employee” means an Eligible Person who is a “covered employee” under the provisions of Code Section 162(m) and pursuant to the guidance provided in IRS Notice 2007-49.

(i) “Deferred Stock Unit” means a deferred stock unit granted to a Participant under Section 7(e).

(j) “Effective Date” means the effective date specified in Section 12(p).

(k) “Eligible Person” has the meaning specified in Section 6(a).

(l) “Exchange Act” means the Securities Exchange Act of 1934, as amended. References to any provision of the Exchange Act or rule (including a proposed rule) thereunder shall include any successor provisions and rules.

(m) “Fair Market Value” means:

(i) The closing sale price per share of Stock on the principal stock exchange or market on which Stock is traded on the date as of which such value is being determined or, if there is no sale on the principal stock exchange or market that day, then on the last previous day on which a sale on the principal stock exchange or market was reported; or

(ii) Such other method of determining fair market value as shall be permissible under the Code, or the rules and regulations thereunder, and adopted by the Committee.

(n) “Option” means a right, granted to a Participant under Section 7(b), to purchase Stock at a specified price during specified time periods and that does not qualify as an incentive stock option within the meaning of Code Section 422(b).

(o) “Other Stock-Based Awards” means Awards granted to a Participant under Section 7(h).

(p) “Participant” means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(q) “Performance Award” means a conditional right, granted to a Participant under Sections 7(g) and 8, to receive cash, Stock or other Awards or payments, as determined by the Committee, based upon performance criteria specified by the Committee.

(r) “Preexisting Plans” means the Company’ s 2002 Stock Option Plan, 2000 Stock Options Plan, 2000 Non-Qualified Stock Option Plan, 1998 Non-Qualified Stock Option Plan, 1994 Stock Option Plan and 1991 Stock Option Plan and the Company’ s Treasury Stock Bonus Plan.

(s) “Qualified Member” means a member of the Committee who is a “Non-Employee Director” within the meaning of Rule 16b-3(b)(3) and an “outside director” within the meaning of Treasury Regulation 1.162-27 under Code Section 162(m).

(t) “Related Corporation” means any corporation or other entity in which the Company holds, directly or indirectly, a controlling interest. For purposes of the preceding sentence, the term “controlling interest” shall have the same meaning as provided in Treas. Reg. §1.1414(c)-2(b)(2)(i), using “at least 50% percent” instead of “at least 80 percent” each place it appears in such regulation.

(u) “Restricted Stock” means Stock granted to a Participant under Section 7(d) which is subject to certain restrictions and to a risk of forfeiture.

(v) “Rule 16b-3” means Rule 16b-3, as from time to time in effect and applicable to Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(w) “Short Term Deferral Period” means, with respect to an amount (including Stock) payable pursuant to an Award, the period ending on the later of (1) the 15th day of the third month following the Participant’ s first taxable year in which the amount is no longer subject to a substantial risk of forfeiture, or (2) the 15th day of the third month following the Company’ s first taxable year in which the amount is no longer subject to a substantial risk of forfeiture; provided, however, that such period (measured from the last day of the period) shall be within one calendar year and shall not exceed 2 1/2 months. A Participant shall have no discretion over the payment date and shall have no right to interest as a result of payment on a date other than the first day of the Short-Term Deferral Period.

(x) “Stock” means the Company’ s Common Stock, and any other equity securities of the Company that may be substituted or resubstituted for Stock pursuant to Section 12(c).

(y) “Stock Appreciation Rights” or “SAR” means a right granted to a Participant under Section 7(c).

(z) “Termination of Service” means (1) with respect to an Award granted to an employee, the termination of the employment relationship between the employee and the Company and all Related Corporations; (2) with respect to an Award granted to a consultant, the termination of the consulting or advisory arrangement between the consultant and the Company and all Related Corporations; and (3) with respect to an Award granted to a non-employee director, the cessation of the provision of services as a

director of the Company and all Related Corporations. A Termination of Service shall not be deemed to have resulted by reason of a bona fide leave of absence approved by the Company. Notwithstanding the foregoing: (A) if the Participant's status changes from employee, consultant or non-employee director to any other status eligible to receive an Award under the Plan, no Termination of Service shall occur for purposes of the Plan until the Participant's new status with the Company and all Related Corporations terminates; (B) with respect to a Deferred Stock Unit that is subject to Code §409A, "Termination of Service" shall mean separation from service as defined in Treas. Reg. §1.409A-1(h); and (C) if a Participant's relationship is with a Related Corporation and not the Company, the Participant shall incur a Termination of Service when such corporation ceases to be a Related Corporation, except as otherwise determined by the Committee, or as otherwise necessary to comply with Code §409A (to the extent applicable).

4. *Administration.*

(a) Authority of the Committee. The Plan shall be administered by the Committee, which shall have full and final authority, in each case subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants; to grant Awards; to determine the type and number of Awards, the dates on which Awards may be exercised and on which the risk of forfeiture or deferral period relating to Awards shall lapse or terminate, the acceleration of any such dates, the expiration date of any Award, whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Stock, other Awards, or other property, and other terms and conditions of, and all other matters relating to Awards; to prescribe documents evidencing or setting terms of Awards (such Award documents need not be identical for each Participant), amendments thereto, and rules and regulations for the administration of the Plan and amendments thereto; to construe and interpret the Plan and Award documents and correct defects, supply omissions or reconcile inconsistencies therein; and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan; provided, however, that the Committee shall submit any equity awards granted to members of the Executive Committee of the Company or any of its subsidiaries to the Board for ratification. Decisions of the Committee with respect to the administration and interpretation of the Plan shall be final, conclusive, and binding upon all persons interested in the Plan, including Participants, Beneficiaries, transferees under Section 12(b) and other persons claiming rights from or through a Participant, and stockholders. The foregoing notwithstanding, the Board shall perform the functions of the Committee for purposes of granting Awards under the Plan to non-employee directors (authority with respect to other aspects of non-employee director awards is not exclusive to the Board, however); provided however, any employee director shall abstain from voting on any grant made to non-employee directors.

(b) Manner of Exercise of Committee Authority. At any time that a member of the Committee is not a Qualified Member, any action of the Committee relating to an Award intended by the Committee to qualify as "performance-based compensation" within the meaning of Code Section 162(m) and regulations thereunder or intended to be covered by an exemption under Rule 16b-3 under the Exchange Act may be taken by a subcommittee, designated by the Committee or the Board, composed solely of two or more Qualified Members or may be taken by the Committee but with each such member who is not a Qualified Member abstaining or

recusing himself or herself from such action, provided that, upon such abstention or recusal, the Committee remains composed of two or more Qualified Members. Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such non-Qualified Member(s), shall be the action of the Committee for purposes of the Plan. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. To the fullest extent authorized under Section 157(c) and other applicable provisions of the Delaware General Corporation Law, the Committee may delegate to officers or managers of the Company or any subsidiary, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions, as the Committee may determine, to the extent that such delegation will not cause Awards intended to qualify as “performance-based compensation” under Code Section 162(m) to fail to so qualify.

(c) Limitation of Liability. The Committee and each member thereof, and any person acting pursuant to authority delegated by the Committee, shall be entitled, in good faith, to rely or act upon any report or other information furnished by any executive officer, other officer or employee of the Company or a subsidiary, the Company’s independent auditors, consultants, legal counsel or any other agents assisting in the administration of the Plan. Members of the Committee, any person acting pursuant to authority delegated by the Committee, and any officer or employee of the Company or a subsidiary acting at the direction or on behalf of the Committee or a delegee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

5. *Stock Subject to Plan.*

(a) Overall Number of Shares Available for Delivery. Subject to adjustment as provided in Section 12(c), the total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan shall be the sum of (i) 3,800,000 new shares approved on December 10, 2009, (ii) 3,479,559 new shares approved with first adoption of the Plan on December 9, 2004, (iii) 3,750,000 new shares approved on December 14, 2006, (iii) the number of shares remaining under the Preexisting Plans which are not the subject of outstanding Awards as of the Effective Date, and (iv) the number of shares subject to outstanding Awards under any Preexisting Plan as of the Effective Date which become available in accordance with Section 5(b) after the Effective Date Reserve”).

Awards that may be granted to non-employee directors are subject to aggregate limitations under Section 6(c). Any shares of Stock delivered under the Plan shall consist of authorized and unissued shares or treasury shares. Subject to the adjustment provisions of Section 12(c), the Company shall not amend this Plan to increase the number of shares available for issuance under the Plan without such amendment being subject to receipt of stockholder approval.

(b) Share Counting Rules. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award.

With regard to any shares granted pursuant to full-value Awards after stockholder approval of the 2009 Restatement, each such share shall reduce the shares available by 1.6 shares.

Shares that are potentially deliverable under an Award under the Plan or an award under any Preexisting Plan that are canceled, expired, forfeited, settled in cash or otherwise terminated without a delivery of such shares to the Participant will not be counted as delivered under the Plan or such Preexisting Plan and shall be available for Awards under this Plan. Shares that have been issued in connection with an Award under this Plan (e.g., Restricted Stock) or Preexisting Plan award that is canceled, forfeited, or settled in cash such that those shares are returned to the Company shall be available for Awards under this Plan. Notwithstanding the preceding sentence, after stockholder approval of the 2009 Restatement, each share made available for Awards under this provision in connection with the cancellation, forfeiture or cash settlement of full-value Awards shall increase the shares available for grant by 1.6 shares. However, shares withheld in payment of the exercise price or taxes relating to an Award or Preexisting Plan award and shares equal to the number surrendered in payment of any exercise price or taxes relating to an Award or Preexisting Plan award shall be deemed to constitute shares delivered to the Participant and shall not be available for reissue as Awards under this Plan.

Because shares will count against the number reserved in Section 5(a) upon delivery, and subject to the share counting rules under this Section 5(b), the Committee may determine that Awards may be outstanding that relate to a greater number of shares than the aggregate remaining available under the Plan, so long as Awards will not result in delivery and vesting of shares in excess of the number then available under the Plan.

6. Eligibility and Certain Award Limitations.

(a) **Eligibility.** Awards may be granted under the Plan only to Eligible Persons. For purposes of the Plan, an “Eligible Person” means an employee of the Company or any subsidiary, a non-employee director or key consultant to the Company, or a subsidiary, and any person who has been offered employment by the Company or a subsidiary, provided that such prospective employee may not receive any payment or exercise any right relating to an Award until such person has commenced employment with the Company or a subsidiary.

(b) **Per-Person Award Limitations.** In each calendar year during any part of which the Plan is in effect, an Eligible Person may be granted Awards intended to qualify as “performance-based compensation” under Code Section 162(m) under each of Section 7(b), 7(c), 7(d), 7(e), 7(f), 7(g) or 7(h) relating to up to his or her Annual Limit (such Annual Limit to apply separately to the type of Award authorized under each specified subsection). Subject to Section 5(a), a Participant’s Annual Limit, in any year during any part of which the Participant is then eligible under the Plan, shall equal 750,000 shares plus the amount of the Participant’s unused Annual Limit relating to the same type of Award as of the close of the previous year, subject to adjustment as provided in Section 12(c) (“Annual Limit”). In the case of an Award which is not valued in a way in which the limitation set forth in the preceding sentence would operate as an effective limitation satisfying Treasury Regulation 1.162-27(e)(4) (including a Performance Award under Section 8 not related to an Award specified in Section 7), an Eligible Person may not be granted Awards authorizing the earning

during any calendar year of an amount that exceeds the Participant's Annual Limit, which for this purpose shall equal \$3,000,000 plus the amount of the Participant's unused cash Annual Limit as of the close of the previous year (this limitation is separate and not affected by the number of Awards granted during such calendar year subject to the limitation in the preceding sentence). For this purpose, (i) "earning" means satisfying performance conditions so that an amount becomes payable, without regard to whether it is to be paid currently or on a deferred basis or continues to be subject to any service requirement or other non-performance condition, and (ii) a Participant's Annual Limit is used to the extent an amount or number of shares may be potentially earned or paid under an Award, regardless of whether such amount or shares are in fact earned or paid.

(c) Limits on Non-Employee Director Awards. Non-employee directors may be granted any type of Award under the Plan, but the aggregate number of shares that may be delivered in connection with Awards granted to non-employee directors shall be forty percent (40%) of the total reserved under the Plan, and in each calendar year during any part of which the Plan is in effect, a non-employee director may be granted Awards relating to no more than 750,000 shares, subject to adjustment as provided in Section 12(c).

7. *Specific Terms of Awards*.

(a) General. Awards may be granted on the terms and conditions set forth in this Section 7. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 12(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of Termination of Service by the Participant, terms in the event of a Change in Control and terms permitting a Participant to make elections relating to his or her Award. The Committee shall retain full power and discretion with respect to any term or condition of an Award that is not mandatory under the Plan. The Committee shall require the payment of lawful consideration for an Award to the extent necessary to satisfy the requirements of the Delaware General Corporation Law, and may otherwise require payment of consideration for an Award except as limited by the Plan.

(b) Options. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(i) Exercise Price. The exercise price per share of Stock purchasable under an Option shall be determined by the Committee, provided that such exercise price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such Option.

(ii) Option Term; Time and Method of Exercise. The Committee shall determine the term of each Option, provided that in no event shall the term of any Option or SAR issued in tandem therewith exceed seven years. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the methods by which such exercise price may be paid or deemed to be paid and the form of such payment (subject to Section 12(k)), including, without limitation, cash, Stock (including through withholding of Stock deliverable upon exercise, if such withholding will not result in the recognition of additional

accounting expense to the Company), other Awards or awards granted under other plans of the Company or any subsidiary, or other property (including through “cashless exercise” arrangements, to the extent permitted by applicable law), and the methods by or forms in which Stock will be delivered or deemed to be delivered in satisfaction of Options to Participants.

(c) Stock Appreciation Rights. The Committee is authorized to grant SARs to Participants on the following terms and conditions:

(i) *Right to Payment*. A SAR shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise (or, in the case of a “Limited SAR,” the Fair Market Value determined by reference to the Change in Control Price, as defined under Section 10(d) hereof) over (B) the grant price of the SAR as determined by the Committee, which grant price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such SAR.

(ii) *Other Terms*. The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Stock will be delivered or deemed to be delivered to Participants, whether or not a SAR shall be free-standing or in tandem or combination with an Option, and the maximum term of a SAR, which in no event shall exceed a period of seven years from the date of grant. Limited SARs that may only be exercised in connection with a Change in Control or other event as specified by the Committee may be granted on such terms, not inconsistent with this Section 7(c), as the Committee may determine.

(d) Restricted Stock. The Committee is authorized to grant Restricted Stock to Participants on the following terms and conditions:

(i) *Grant and Restrictions*. Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise and under such other circumstances as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award document relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a stockholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee).

(ii) *Forfeiture*. Except as otherwise determined by the Committee, upon Termination of Service during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Company;

provided that the Committee may provide, by rule or regulation or in any Award document, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock will lapse in whole or in part, including in the event of terminations resulting from specified causes.

(iii) *Certificates for Stock.* Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(e) Deferred Stock Units. The Committee is authorized to grant Deferred Stock Units to Participants. A Deferred Stock Unit entitles the Participant to receive, with respect to each Deferred Stock Unit that vests in accordance with paragraph (i), one share of Stock, or cash equal to Fair Market Value of a share of Stock on the date of vesting, or a combination thereof as determined by the Committee and set forth in the Award agreement. Any fractional Deferred Stock Unit shall be paid in cash.

(i) *Vesting.*

(1) Deferred Stock Units other than Performance-Based Deferred Stock Units. With respect to Deferred Stock Units that are not Performance-Based Deferred Stock Units, the Committee shall determine when such units shall vest and any conditions (such as continued employment or performance measures) that must be met in order for such units to vest at the end of the applicable restriction period. The Committee may at any time accelerate the time at which Deferred Stock Units (other than Performance-Based Deferred Stock Units) shall vest.

(2) Performance-Based Deferred Stock Units. Performance-Based Deferred Stock Units shall vest at the end of the applicable performance period, if and to the extent the performance goals (established in accordance with Section 8) have been achieved for such period. The Committee shall certify the extent to which the performance goals are achieved and shall have the discretion to decrease (but not increase) the extent to which Performance-Based Deferred Stock Units vest on account of such achievement. Performance-Based Deferred Stock Units shall also vest (A) as provided in Section 10, or (B) if and to the extent determined by the Committee in the case of the Participant's death or disability.

(ii) *Payment.* Except as otherwise provided in the Award Agreement, upon the vesting of a Deferred Stock Unit in accordance with subsection (i) or Section 10, payment, in Stock or cash (as applicable), shall be made in the Short-Term Deferral Period; provided, however, that a Change in Control (as defined in Section 10) shall not accelerate the payment date of a Deferred Stock Unit that is subject to Code Section 409A unless such Change in Control is also a "change in control event" as defined in regulations under Code Section 409A.

(iii) *Forfeitures*. Except as otherwise determined by the Committee, upon Termination of Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award document evidencing the Deferred Stock Unit), all Deferred Stock Units that are at that time subject to such forfeiture conditions shall be forfeited.

(f) *Bonus Stock*. The Committee is authorized to grant Stock as a bonus subject to such terms as shall be determined by the Committee; provided, however, that such bonus shall either be limited to (i) a de minimus amount of not more than five percent (5%) of the shares subject to the Plan or to (ii) Awards made in lieu of cash bonuses under the Company's or a subsidiary's bonus plan on no more than a dollar-for-dollar basis.

(g) *Performance Awards*. Performance Awards, denominated in cash or in Stock or other Awards, may be granted by the Committee in accordance with Section 8.

(h) *Other Stock-Based Awards*. The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Stock or factors that may influence the value of Stock, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Stock, purchase rights for Stock, Awards with value and payment contingent upon performance of the Company or business units thereof or any other factors designated by the Committee, and Awards valued by reference to the book value of Stock or the value of securities of or the performance of specified subsidiaries or other business units. The Committee shall determine the terms and conditions of such Awards. Stock delivered pursuant to an Award in the nature of a purchase right granted under this Section 7(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Stock, other Awards, notes, or other property, as the Committee shall determine. Cash awards, as an element of or supplement to any other Award under the Plan, may also be granted pursuant to this Section 7(h).

8. *Performance Awards, Including Annual Incentive Awards.*

(a) *Performance Awards Generally*. The Committee is authorized to grant any of the awards described in Sections 7(d), (e), (f), (g) and (h) as Performance Awards, the terms and conditions of which are described in this Section 8. Performance Awards may be denominated as a cash amount, number of shares of Stock, or specified number of other Awards (or a combination) which may be earned upon achievement or satisfaction of performance conditions specified by the Committee. In addition, the Committee may specify that any other Award shall constitute a Performance Award by conditioning the right of a Participant to exercise the Award or have it settled, and the timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions, except as limited under Sections 8(b) and 8(c) in the case of a Performance Award intended to qualify as "performance-based compensation" under Code Section 162(m).

(b) Performance Awards Granted to Covered Employees. If the Committee determines that a Performance Award to be granted to an Eligible Person who is designated by the Committee as likely to be a Covered Employee should qualify as “performance-based compensation” for purposes of Code Section 162(m), the grant, exercise and/or settlement of such Performance Award shall be contingent upon achievement of a preestablished performance goal and other terms set forth in this Section 8(b).

(i) *Performance Goal Generally*. The performance goal for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 8(b). The performance goal shall be objective and shall otherwise meet the requirements of Code Section 162(m) and regulations thereunder (including Regulation 1.162-27 and successor regulations thereto), including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being “substantially uncertain.” The Committee may determine that such Performance Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Performance Awards. Performance goals may differ for Performance Awards granted to any one Participant or to different Participants.

(ii) *Business Criteria*. One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified subsidiaries or affiliates or other business units of the Company, shall be used by the Committee in establishing performance goals for such Performance Awards: (1) revenues; (2) earnings from operations, earnings before or after taxes, earnings before or after interest, depreciation, amortization, incentives, service fees or extraordinary or special items; (3) net income or net income per common share (basic or diluted); (4) return on assets, return on net assets, return on investment, return on capital, or return on equity; (5) cash flow, free cash flow, cash flow return on investment, or net cash provided by operations; (6) economic value created or added; (7) operating margin or profit margin; (8) stock price, dividends or total stockholder return; and (9) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration or value added, product development or introduction, geographic business expansion goals, cost targets, debt reduction, customer satisfaction, employee satisfaction, information technology, and goals relating to acquisitions or divestitures of subsidiaries, affiliates or joint ventures. The targeted level or levels of performance with respect to such business criteria may be established at such levels and in such terms as the Committee may determine, in its discretion, including in absolute terms, as a goal relative to performance in prior periods, or as a goal compared to the performance of one or more comparable companies or an index covering multiple companies.

(iii) *Performance Period; Timing for Establishing Performance Goals*. Achievement of performance goals in respect of such Performance Awards shall be measured over a performance period of up to one year or more than one year, as specified by the Committee. A performance goal shall be established not later than the earlier of (A) 90 days after the beginning of any

performance period applicable to such Performance Award or (B) the time 25% of such performance period has elapsed.

(iv) *Performance Award Pool.* The Committee may establish a Performance Award pool, which shall be an unfunded pool, for purposes of measuring performance of the Company in connection with Performance Awards. The amount of such Performance Award pool shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 8(b)(ii) during the given performance period, as specified by the Committee in accordance with Section 8(b)(iii). The Committee may specify the amount of the Performance Award pool as a percentage of any of such business criteria, a percentage thereof in excess of a threshold amount, or as another amount which need not bear a strictly mathematical relationship to such business criteria.

(v) *Settlement of Performance Awards; Other Terms.* Settlement of such Performance Awards shall be in cash, Stock, or other property, in the discretion of the Committee. The Committee may, in its discretion, increase or reduce the amount of a settlement otherwise to be made in connection with such Performance Awards, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of a Performance Award subject to this Section 8(b). Any settlement which changes the form of payment from that originally specified shall be implemented in a manner such that the Performance Award and other related Awards do not, solely for that reason, fail to qualify as “performance-based compensation” for purposes of Code Section 162(m). The Committee shall specify the circumstances in which such Performance Awards shall be paid or forfeited in the event of Termination of Service by the Participant or other event (including a Change in Control) prior to the end of a performance period or settlement of such Performance Awards.

(c) Annual Incentive Awards Granted to Designated Covered Employees. The Committee may grant an Annual Incentive Award to an Eligible Person who is designated by the Committee as likely to be a Covered Employee. Such Annual Incentive Award will be intended to qualify as “performance-based compensation” for purposes of Code Section 162(m), and therefore its grant, exercise and/or settlement shall be contingent upon achievement of preestablished performance goals and other terms set forth in this Section 8(c).

(i) *Grant of Annual Incentive Awards.* Not later than the earlier of 90 days after the beginning of any performance period applicable to such Annual Incentive Award or the time 25% of such performance period has elapsed, the Committee shall determine the Covered Employees who will potentially receive Annual Incentive Awards, and the amount(s) potentially payable thereunder, for that performance period. The amount(s) potentially payable shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 8(b)(ii) in the given performance period, as specified by the Committee. The Committee may designate an annual incentive award pool as the means by which Annual Incentive Awards will be measured, which pool shall conform to the provisions of Section 8(b)(iv). In such case, the portion of the Annual Incentive Award pool potentially payable to each Covered Employee shall be preestablished by the Committee. In all cases, the maximum Annual Incentive Award of any Participant shall be subject to the limitation set forth in Section 6.

(d) *Payout of Annual Incentive Awards.* After the end of each performance period, the Committee shall determine the amount, if any, of the Annual Incentive Award for that performance period payable to each Participant. The Committee may, in its discretion, determine that the amount payable to any Participant as a final Annual Incentive Award shall be reduced from the amount of his or her potential Annual Incentive Award, including a determination to make no final Award whatsoever, but may not exercise discretion to increase any such amount. The Committee shall specify the circumstances in which an Annual Incentive Award shall be paid or forfeited in the event of Termination of Service by the Participant or other event (including a Change in Control) prior to the end of a performance period or settlement of such Annual Incentive Award.

(e) *Written Determinations.* Determinations by the Committee as to the establishment of performance goals, the amount potentially payable in respect of Performance Awards and Annual Incentive Awards, the level of actual achievement of the specified performance goals relating to Performance Awards and Annual Incentive Awards, and the amount of any final Performance Award and Annual Incentive Award shall be recorded in writing in the case of Performance Awards intended to qualify under Section 162(m). Specifically, the Committee shall certify in writing, in a manner conforming to applicable regulations under Section 162(m), prior to settlement of each such Award granted to a Covered Employee, that the performance objective relating to the Performance Award and other material terms of the Award upon which settlement of the Award was conditioned have been satisfied.

9. *Certain Provisions Applicable to Awards.*

(a) *Stand-Alone, Additional, Tandem, and Substitute Awards.* Options and SARs granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to or in tandem with the other, and any Award granted under the Plan may, in the discretion of the Committee, be granted in substitution or exchange for any other Award or any award granted under another plan of the Company, any subsidiary, or any business entity to be acquired by the Company or a subsidiary, or any other right of a Participant to receive payment from the Company or any subsidiary, provided that such substitution or exchange does not cause the recipient to become subject to excise taxes under Code Section 409A. Options and SARs granted in addition to or in tandem with the other may be granted either as of the same time as or a different time from the grant of such other Award, except to the extent that grants at different times would cause the recipient of the Option or SAR to become subject to excise taxes under Code Section 409A.

(b) *Term of Awards.* The term of each Award shall be for such period as may be determined by the Committee, subject to the express limitations set forth in Section 7(b)(ii).

(c) *Form and Timing of Payment under Awards; Deferrals.* Subject to the terms of the Plan (including Section 12(k)) and any applicable Award document, payments to be made by the Company or a subsidiary upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Stock, or

other property. The settlement of any Award may be accelerated, and cash paid in lieu of Stock in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events (subject to Section 12(k)), provided such acceleration does not cause the recipient to become subject to excise taxes under Code Section 409A.

(d) Exemptions from Section 16(b) Liability. With respect to a Participant who is then subject to the reporting requirements of Section 16(a) of the Exchange Act in respect of the Company, the Committee shall implement transactions under the Plan and administer the Plan in a manner that will ensure that each transaction with respect to such a Participant is exempt from liability under Rule 16b-3 or otherwise not subject to liability under Section 16(b), except that this provision shall not limit sales by such a Participant, and such a Participant may engage in other non-exempt transactions under the Plan. The Committee may authorize the Company to repurchase any Award or shares of Stock deliverable or delivered in connection with any Award (subject to Section 12(k)) in order to avoid a Participant who is subject to Section 16 of the Exchange Act incurring liability under Section 16(b). Unless otherwise specified by the Participant, equity securities or derivative securities acquired under the Plan which are disposed of by a Participant shall be deemed to be disposed of in the order acquired by the Participant.

(e) Limitation on Vesting of Certain Awards. If the granting or vesting of full-value Awards (as defined in Section 5(a)) is subject to performance conditions, the minimum vesting period of such Awards shall be no less than one year. If neither the granting nor vesting of full-value Awards is subject to performance conditions, such Awards shall have a minimum vesting period of no less than three years; provided, however, that such Awards may vest on an accelerated basis in the event of a Participant's death, disability, Termination of Service after age 65 (or such other age as determined by the Committee), or in the event of a Change in Control or other special circumstances; provided however, the vesting of no more than 10% of the shares of Stock authorized under the Plan may be accelerated for other special circumstances. For purposes of this Section 9(e), (i) a performance period that precedes the grant of the Award will be treated as part of the vesting period if the participant has been notified promptly after the commencement of the performance period that he or she has the opportunity to earn the Award based on performance and continued service, and (ii) vesting over a one-year period or three-year period will include periodic vesting (i.e., monthly step vesting in the case of a one-year award, or annual step vesting over a two or three year award) over such period if the rate of such vesting is proportional (or less rapid) to the number of months or years that have lapsed, as applicable, in such period. The foregoing notwithstanding, up to 10% of the shares of Stock authorized under the Plan may be granted as full-value Awards without the minimum vesting requirements set forth in this Section 9(e).

(f) Deferred Compensation Awards. Notwithstanding anything to the contrary contained herein, any Award which is subject to Code Section 409A shall, at a minimum, comply with all of the requirements set forth in Code Section 409A as are necessary to allow the deferral of federal income tax on the deferred compensation resulting from the Award and to avoid the constructive receipt of such deferred compensation.

10. ***Change in Control.***

(a) Effect of “Change in Control” on Non-Performance Based Awards. In the event of a “Change in Control,” the following provisions shall apply to non-performance based Awards, including Awards as to which performance conditions previously have been satisfied or are deemed satisfied under Section 10(b), unless otherwise determined by the Committee at the time of the Change in Control or as otherwise provided in a current employment agreement between the Company and the Participant:

(i) All deferral of settlement, forfeiture conditions and other restrictions applicable to Awards granted under the Plan shall lapse and such Awards shall be fully payable as of the time of the Change in Control without regard to deferral and vesting conditions, except to the extent of any waiver by the Participant or other express election to defer beyond the Change in Control and subject to applicable restrictions set forth in Section 12(a);

(ii) Any Award carrying a right to exercise that was not previously exercisable and vested shall become fully exercisable and vested as of the time of the Change in Control and shall remain exercisable and vested for the balance of the stated term of such Award without regard to any Termination of Service by the Participant other than a termination for “cause” (as defined in any employment or severance agreement between the Company or its subsidiary and the Participant then in effect or, if none, as defined by the Committee and in effect at the time of the Change in Control), subject only to applicable restrictions set forth in Section 12(a); and

(iii) The Committee may, in its discretion, determine to extend to any Participant who holds an Option the right to elect, during the 60-day period immediately following the Change in Control, in lieu of acquiring the shares of Stock covered by such Option, to receive in cash the excess of the Change in Control Price over the exercise price of such Option, multiplied by the number of shares of Stock covered by such Option, and to extend to any Participant who holds other types of Awards denominated in shares the right to elect, during the 60-day period immediately following the Change in Control, in lieu of receiving the shares of Stock covered by such Award, to receive in cash the Change in Control Price multiplied by the number of shares of Stock covered by such Award.

(b) Effect of “Change in Control” on Performance-Based Awards. In the event of a “Change in Control,” with respect to an outstanding Award subject to achievement of performance goals and conditions, such performance goals and conditions shall be deemed to be met or exceeded if and to the extent so provided by the Committee in the Award document governing such Award or other agreement with the Participant.

(c) Definition of “Change in Control.” A “Change in Control” shall be deemed to have occurred if, after the Effective Date, there shall have occurred any of the following:

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- (i) a complete dissolution or liquidation of the Company, or similar occurrence;
 - (ii) the consummation of a merger, consolidation, acquisition, separation, reorganization, or similar occurrence, where the Company is not the surviving entity;
 - (iii) a transfer of substantially all of the assets of the Company or more than 80% of the outstanding Common Stock in a single transaction; or
 - (iv) the individuals who constitute the Board as of the Effective Date, or who have been recommended for election to the Board by two-thirds of the Board consisting of individuals who are either on the Board as of the Effective Date or such successors, cease for any reason to constitute at least a majority of such Board.

Notwithstanding the foregoing, with respect to any deferred compensation Award which is subject to Code Section 409A and with respect to which Section 409A(a)(2)(A)(v) is applicable, a "Change in Control" shall not have been deemed to have occurred unless the requirements of Section 409A(a)(2)(A)(v) have been satisfied.

(d) Definition of "Change in Control Price." The "Change in Control Price" means an amount in cash equal to the amount of cash and fair market value of property that is the highest price per share paid (including extraordinary dividends) in any transaction triggering the Change in Control or any liquidation of shares following a sale of substantially all assets of the Company.

11. *Additional Award Forfeiture Provisions.*

(a) Forfeiture of Options and Other Awards and Gains Realized Upon Prior Option Exercises or Award Settlements. Unless otherwise determined by the Committee, each Award granted hereunder shall be subject to the following additional forfeiture conditions, to which the Participant, by accepting an Award hereunder, agrees. If any of the events specified in Section 11(b)(i), (ii), or (iii) occurs (a "Forfeiture Event"), all of the following forfeitures will result, with such forfeitures becoming effective at the later of the occurrence of the Forfeiture Event or the Participant's Termination of Service:

(i) The unexercised portion of the Option, whether or not vested, and any other Award not then settled (except for an Award that has not been settled solely due to an elective deferral by the Participant and otherwise is not forfeitable in the event of any termination of service of the Participant) will be immediately forfeited and canceled upon the occurrence of the Forfeiture Event; and

(ii) The Participant will be obligated to repay to the Company, in cash, within five business days after demand is made therefor by the Company, the total amount of Award Gain (as defined herein) realized by the Participant upon each exercise of an Option or settlement of an Award (regardless of any elective deferral) that occurred on or after (A) the date that is six months prior to the occurrence of the Forfeiture Event, if the Forfeiture Event occurred while the Participant was employed by the Company or a subsidiary, or (B) the date that is six months prior to the date the Participant's employment by the Company or a

subsidiary terminated, if the Forfeiture Event occurred after the Participant ceased to be so employed. For purposes of this Section, the term "Award Gain" shall mean (i) in respect of a given Option exercise, the product of (X) the Fair Market Value per share of Stock at the date of such exercise (without regard to any subsequent change in the market price of shares) minus the exercise price times (Y) the number of shares as to which the Option was exercised at that date, and (ii) in respect of any other settlement of an Award granted to the Participant, the Fair Market Value of the cash or Stock paid or payable to Participant (regardless of any elective deferral) less any cash or the Fair Market Value of any Stock or property (other than an Award or award which would have itself then been forfeitable hereunder and excluding any payment of tax withholding) paid by the Participant to the Company as a condition of or in connection with such settlement.

(b) Events Triggering Forfeiture. The forfeitures specified in Section 11(a) will be triggered upon the occurrence of any one of the following Forfeiture Events at any time during the Participant's employment by the Company or a subsidiary or during the one-year period following termination of such employment:

(i) The Participant, acting alone or with others, directly or indirectly, prior to a Change in Control, (A) engages, either as employee, employer, consultant, advisor, or director, or as an owner, investor, partner, or stockholder unless the Participant's interest is insubstantial, in any business in an area or region in which the Company conducts business at the date the event occurs, which is directly in competition with a business then conducted by the Company or a subsidiary; (B) induces any customer, supplier, licensee or licensor of the Company or a subsidiary, or other company with which the Company or a subsidiary has a business relationship, to curtail, cancel, not renew, or not continue his or her or its business with the Company or any subsidiary; or (C) induces, or attempts to influence, any employee of or service provider (including, but not limited to, licensees and licensors) to the Company or a subsidiary to terminate such employment or service. The Committee shall, in its discretion, determine which lines of business the Company conducts on any particular date and which third parties may reasonably be deemed to be in competition with the Company. For purposes of this Section 11(b)(i), a Participant's interest as a stockholder is insubstantial if it represents beneficial ownership of less than five percent of the outstanding class of stock, and a Participant's interest as an owner, investor, or partner is insubstantial if it represents ownership, as determined by the Committee in its discretion, of less than five percent of the outstanding equity of the entity;

(ii) The Participant discloses, uses, sells, or otherwise transfers, except in the course of employment with or other service to the Company or any subsidiary, any confidential or proprietary information of the Company or any subsidiary, including but not limited to information regarding the Company's current and potential customers, organization, employees, finances, and methods of operations and investments, so long as such information has not otherwise been disclosed to the public or is not otherwise in the public domain, except as required by law or pursuant to legal process, or the Participant makes statements or representations, or otherwise communicates, directly or indirectly, in writing, orally, or otherwise, or takes any other action

which may, directly or indirectly, disparage or be damaging to the Company or any of its subsidiaries or their respective officers, directors, employees, advisors, businesses or reputations, except as required by law or pursuant to legal process; or

(iii) The Participant fails to cooperate with the Company or any subsidiary or by making himself or herself available to testify on behalf of the Company or such subsidiary in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, or otherwise fails to assist the Company or any subsidiary in any such action, suit, or proceeding by providing information and meeting and consulting with members of management of, other representatives of, or counsel to, the Company or such subsidiary, as reasonably requested.

(c) Agreement Does Not Prohibit Competition or Other Participant Activities. Although the conditions set forth in this Section 11 shall be deemed to be incorporated into an Award, a Participant is not thereby prohibited from engaging in any activity, including but not limited to competition with the Company and its subsidiaries. Rather, the non-occurrence of the Forfeiture Events set forth in Section 11(b) is a condition to the Participant's right to realize and retain value from his or her compensatory Options and Awards, and the consequence under the Plan if the Participant engages in an activity giving rise to any such Forfeiture Event are the forfeitures specified herein. The Company and the Participant shall not be precluded by this provision or otherwise from entering into other agreements concerning the subject matter of Section 11(a) and 11(b).

(d) Committee Discretion. The Committee may, in its discretion, waive in whole or in part the Company's right to forfeiture under this Section, but no such waiver shall be effective unless evidenced by a writing signed by a duly authorized officer of the Company. In addition, the Committee may impose additional conditions on Awards, by inclusion of appropriate provisions in the document evidencing or governing any such Award.

12. **General Provisions.**

(a) Compliance with Legal and Other Requirements. The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Stock or payment of other benefits under any Award until completion of such registration or qualification of such Stock or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Stock or other securities of the Company are listed or quoted, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Stock or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

(b) Limits on Transferability; Beneficiaries. No Award or other right or interest of a Participant under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party (other

than the Company or a subsidiary thereof), or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights may be transferred to one or more transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee, subject to any terms and conditions which the Committee may impose thereon (including limitations the Committee may deem appropriate in order that offers and sales under the Plan will meet applicable requirements of registration forms under the Securities Act of 1933 specified by the Securities and Exchange Commission). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award document applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) Adjustments. In the event of any large, special and non-recurring dividend or other distribution (whether in the form of cash or property other than Stock), recapitalization, forward or reverse split, Stock dividend, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Stock, the Committee shall adjust any or all of (i) the number and kind of shares of Stock which may be delivered in connection with Awards granted thereafter, (ii) the number and kind of shares of Stock by which annual per-person Award limitations are measured under Section 6(b) and Section 6(c), (iii) the number and kind of shares of Stock subject to or deliverable in respect of outstanding Awards and (iv) the exercise price, grant price or purchase price relating to any Award or, if deemed appropriate, the Committee may make provision for a payment of cash or property to the holder of an outstanding Option (subject to Section 12(k)). In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards and performance goals and any hypothetical funding pool relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence, as well as acquisitions and dispositions of businesses and assets) affecting the Company, any subsidiary or other business unit, or the financial statements of the Company or any subsidiary, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any subsidiary or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that no such adjustment shall be authorized or made if and to the extent that the existence of such authority (i) would cause Options, SARs, or Performance Awards granted under Section 8 to Participants designated by the Committee as Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder to otherwise fail to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder, or (ii) would cause the Committee to be deemed to have authority to change the targets, within the meaning of Treasury Regulation 1.162-27(e)(4)(vi), under the performance goals relating to Options or SARs granted to Covered Employees and intended

to qualify as “performance-based compensation” under Code Section 162(m) and regulations thereunder.

(d) Tax Provisions.

(i) *Withholding.* The Company and any subsidiary is authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Stock, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Stock or other property and to make cash payments in respect thereof in satisfaction of a Participant’s withholding obligations, either on a mandatory or elective basis in the discretion of the Committee. Other provisions of the Plan notwithstanding, only the minimum amount of Stock deliverable in connection with an Award necessary to satisfy statutory withholding requirements will be withheld, except a greater amount of Stock may be withheld if such withholding would not result in the recognition of additional accounting expense to the Company.

(ii) *Required Consent to and Notification of Code Section 83(b) Election.* No election under Code Section 83(b) (to include in gross income in the year of transfer the amounts specified in Code Section 83(b)) or under a similar provision of the laws of a jurisdiction outside the United States may be made unless expressly permitted by the terms of the Award document or by action of the Committee in writing prior to the making of such election, which election right shall not be unreasonably withheld if the Participant requests to make such an election in writing to the Committee. In any case in which a Participant is permitted to make such an election in connection with an Award, the Participant shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to regulations issued under Code Section 83(b) or other applicable provision.

(e) Changes to the Plan. The Board may amend, suspend or terminate the Plan or the Committee’s authority to grant Awards under the Plan without the consent of stockholders or Participants; provided, however, that any amendment to the Plan shall be submitted to the Company’s stockholders for approval not later than the earliest annual meeting for which the record date is after the date of such Board action if such stockholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Stock may then be listed or quoted, and the Board may otherwise, in its discretion, determine to submit other amendments to the Plan to stockholders for approval and provided further, that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any outstanding Award. Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding awards may not be amended to reduce the exercise price of outstanding

Options or SARs or cancel outstanding Options or SARs in exchange for cash, other awards or Options or SARs with an exercise price that is less than the exercise price of the original Options or SARs without stockholder approval.

(f) Right of Setoff. The Company or any subsidiary may, to the extent permitted by applicable law, deduct from and set off against any amounts the Company or its subsidiary may owe to the Participant from time to time, including amounts payable in connection with any Award, owed as wages, fringe benefits, or other compensation owed to the Participant, any such amounts as may be owed by the Participant to the Company, including but not limited to amounts owed under Section 11(a), although the Participant shall remain liable for any part of the Participant's payment obligation not satisfied through such deduction and setoff. By accepting any Award granted hereunder, the Participant agrees to any deduction or setoff under this Section 12(f).

(g) Unfunded Status of Awards; Creation of Trusts. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Stock pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, Stock, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant.

(h) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements, apart from the Plan, as it may deem desirable, including incentive arrangements and awards which do not qualify under Code Section 162(m), and such other arrangements may be either applicable generally or only in specific cases.

(i) Payments in the Event of Forfeitures; Fractional Shares. Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash consideration, the Participant shall be repaid the amount of such cash consideration. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) Compliance with Code Section 162(m). It is the intent of the Company that Options and SARs granted to Covered Employees and other Awards designated as Awards to Covered Employees subject to Section 8 shall constitute qualified "performance-based compensation" within the meaning of Code Section 162(m) and regulations thereunder, unless otherwise determined by the Committee at the time of allocation of an Award. Accordingly, the terms of Sections 8(b), (c), and (d), including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a

given Participant will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Committee as likely to be a Covered Employee with respect to a specified fiscal year. If any provision of the Plan or any Award document relating to a Performance Award that is designated as intended to comply with Code Section 162(m) does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, and no provision shall be deemed to confer upon the Committee or any other person discretion to increase the amount of compensation otherwise payable in connection with any such Award upon attainment of the applicable performance objectives.

(k) Certain Limitations Relating to Accounting Treatment of Awards. At any time that the Company is accounting for stock-denominated Awards under the Statement of Financial Accounting Standards No. 123R (“FAS 123R”), the Company intends that, with respect to such Awards, the compensation measurement date for accounting purposes shall occur at the date of grant or such other date that applies to Awards that are treated as equity awards under FAS 123R, unless the Committee specifically determines otherwise. Therefore, other provisions of the Plan notwithstanding, in order to preserve this fundamental objective of the Plan, if any authority granted to the Committee hereunder or any provision of the Plan or an Award agreement would result, under FAS 123R, in “liability” accounting, if the Committee was not specifically aware of such accounting consequence at the time such Award was granted or provision otherwise became effective, such authority shall be limited and such provision shall be automatically modified and reformed to the extent necessary to preserve the accounting treatment of the award intended by the Committee. This provision shall cease to be effective if and at such time as the Company no longer accounts for equity compensation under FAS 123R.

(l) Governing Law. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan and any Award document shall be determined in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable provisions of federal law.

(m) Awards to Participants Outside the United States. The Committee may modify the terms of any Award under the Plan made to or held by a Participant who is then resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant’s residence or employment abroad shall be comparable to the value of such an Award to a Participant who is resident or primarily employed in the United States. An Award may be modified under this Section 12(m) in a manner that is inconsistent with the express terms of the Plan, so long as such modifications will not contravene any applicable law or regulation or result in actual liability under Section 16(b) for the Participant whose Award is modified.

(n) Limitation on Rights Conferred under Plan. Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the

Company or a subsidiary, (ii) interfering in any way with the right of the Company or a subsidiary to terminate any Eligible Person's or Participant's employment or service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and employees, or (iv) conferring on a Participant any of the rights of a stockholder of the Company unless and until the Participant is duly issued or transferred shares of Stock in accordance with the terms of an Award or an Option is duly exercised. Except as expressly provided in the Plan and an Award document, neither the Plan nor any Award document shall confer on any person other than the Company and the Participant any rights or remedies thereunder.

(o) Severability; Entire Agreement. If any of the provisions of this Plan or any Award document is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability, and the remaining provisions shall not be affected thereby; provided, that, if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision shall be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder. The Plan and any Award documents contain the entire agreement of the parties with respect to the subject matter thereof and supersede all prior agreements (unless an employment agreement entered into between the Company and the Participant specifically provides contradictory terms, in which case the terms of the employment agreement shall govern), promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

(p) Plan Effective Date and Termination. The Plan shall become effective if, and at such time as, the stockholders of the Company have approved it by the affirmative votes of the holders of a majority of the voting securities of the Company present in person or by proxy and entitled to vote on the subject matter at a duly held meeting of stockholders at which a quorum is present provided at least a majority of the Company's outstanding shares entitled to vote on the Plan have voted. Notwithstanding the foregoing, any outstanding awards (as of the Effective Date) granted pursuant to any Preexisting Plan continue to be governed by the terms of such Preexisting Plans. Unless earlier terminated by action of the Board of Directors, the Plan will remain in effect until such time as no Stock remains available for delivery under the Plan and the Company has no further rights or obligations under the Plan with respect to outstanding Awards under the Plan.