SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
February 6, 2003

CORNICHE GROUP INCORPORATED

(Exact name of registrant as specified in charter)

Delaware	0-10909	22-2343568
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

610 SOUTH INDUSTRIAL BOULEVARD, SUITE 220, EULESS, TEXAS	76040
(Address of principal executive offices)	(Zip Code)

864-963-8718

Registrant's Telephone Number

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

Corniche Group Incorporated (the "Company") has appointed Mark Weinreb as a member of the Board of Directors and as its President and Chief Executive Officer. The Company and Mr. Weinreb have been exploring business plans for the Company that may involve, under the name "Phase III Medical, Inc.", entering the medical sector by acquiring or participating in one or more biotech and/or medical companies or technologies, owning one or more drugs or medical devices that may or may not yet be available to the public, or acquiring rights to one or more of such drugs or medical devices or the royalty streams therefrom. Mr. Weinreb has been appointed to finalize and execute the Company's new business plan. In any event, the Company will need to recruit management, business development and technical personnel, and develop its business model. Accordingly, it will be necessary for the Company to raise new capital. There can be no assurance that any such business plan developed by the Company will be successful, that the Company will be able to acquire such new business or rights or raise new capital, or that the terms of any transaction will be favorable to the Company.

Mr. Weinreb, age 49, has many years of experience with medical services, equipment and operations, as well as with development stage private and public companies. From 2000 until 2002, Mr. Weinreb served as the Chief Executive Officer of Jestertek, Inc., a 12-year old software development company pioneering gesture recognition and control using proprietary inter-active video technology. He was recruited to commercialize Jestertek's technology (initially focused on interactive entertainment), find the necessary financing for on-going development, and position the company for an eventual IPO. Recognizing the market potential in the rehabilitation medicine field, Mr. Weinreb helped develop the first of its kind interactive "marker less" and peripheral-free computer controlled, physical therapy and exercise systems, using the company's proprietary video gesture control technology. Prior to his service with Jestertek, Inc., Mr. Weinreb was the founder of Big City Bagels, Inc., a national chain of franchised upscale bagel bakeries, which went public in 1995. Mr. Weinreb was Big City Bagels' Chief Executive Officer until 1999 when he redirected its business focus and completed a merger with an internet service provider. In 1976, Mr. Weinreb joined Bio Health Laboratories, Inc., a medical

diagnostic laboratory providing clinical testing services for physicians, hospitals and other medical laboratories. He became an owner and the laboratory's Chief Operating Officer from 1982 to 1989. Mr. Weinreb received a Bachelor of Arts degree in 1975 from Northwestern University and a Master of Science degree in 1982 in Medical Biology, from C.W. Post, Long Island University.

To secure Mr. Weinreb's service as President and Chief Executive Officer, the Company has entered into an employment agreement with Mr. Weinreb. The employment agreement has an initial term of three years, with automatic annual extensions unless terminated by the Company or Mr. Weinreb at least 90 days prior to applicable anniversary date. The Company has agreed to pay Mr. Weinreb an annual salary of $180,000 for the initial year of the term, $198,000 for the second year of the term, and $217,800 for the third year of the term. In addition, he is entitled to an annual bonus in the amount of $20,000 for the initial year in the event, and concurrently on the date, that the Company has received debt and/or equity financing in the aggregate amount of at least $1,000,000 since the beginning of his service, and $20,000 for each subsequent year of the term, without condition.

In addition, the Company, pursuant to its newly adopted 2003 Equity Participation Plan, entered into a Stock Option Agreement with Mr. Weinreb (the "Initial Option Agreement"). Under the Initial Option Agreement, the Company granted Mr. Weinreb the right and option, exercisable for 10 years, to purchase up to 2,500,000 shares of the Company's common stock at an exercise price of $0.03 per share and otherwise upon the terms set forth in the Initial Option Agreement. In addition, in the event that the closing price of the Company's common stock equals or exceeds $0.50 per share for any five (5) consecutive trading days during the term of the employment agreement (whether during initial term or an annual extension), the Company has agreed to grant to Mr. Weinreb, on the day immediately following the end of the five (5) day period, an option for the purchase of an additional 2,500,000 shares of the Company's common stock for an exercise price of $0.50 per share, pursuant to the 2003 Equity Participation Plan and a Stock Option Agreement to be entered into between the Company and Mr. Weinreb containing substantially the same terms as the Initial Option Agreement, except for the exercise price and that the option would be treated as an "incentive stock option" for tax purposes only to the maximum extent permitted by law (the "Additional Option Agreement"). Mr. Weinreb has agreed that he will not resell publicly any shares of the Company's common stock obtained upon exercise of any Initial Agreement or the Additional Option Agreement prior to the first anniversary of the date of the employment agreement.

In connection with the hiring of Mr. Weinreb and the Company's anticipated new business line, the Company intends to call a meeting of stockholders: (1) to elect five directors (including Mr. Weinreb and, if he requests, a person designated by him); (2) to ratify the Company's 2003 Equity Participation Plan pursuant to which 15,000,000 shares of the Company's common stock are authorized to be issued; (3) to approve an amendment to the Company's Certificate of Incorporation to increase the authorized number of shares of common stock to 250,000,000; and (4) to approve a change of the Company's name to "Phase III Medical, Inc."

* * * * *

This Report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements represent management's judgment regarding future events. Although management believes that the expectations reflected in such statements are reasonable, they give no assurance that such expectations will prove to be correct and you should be aware that actual results could differ materially from those contained in the forward-looking statements due to a number of factors. These factors include the risk that the Company will be unable to raise capital, to enter successfully the biotech or medical business, to have appropriate personnel, or the risks inherent in any new business venture or those detailed in the Company's other reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise the information contained in this Report whether as a result of new information, future events or circumstances or otherwise.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

Exhibit 99.1 Press Release

Exhibit 99.2 Employment Agreement dated as of February 6, 2003 by and between Corniche Group Incorporated and Mark Weinreb

Exhibit 99.3 Stock Option Agreement dated as of February 6, 2003 between Corniche Group Incorporated and Mark Weinreb

Exhibit 99.4 Corniche Group Incorporated 2003 Equity Participation Plan

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CORNICHE GROUP INCORPORATED

By: /s/ James J. Fyfe

Name: James J. Fyfe
Title: Director

Dated: February 11, 2003

Corniche Group Incorporated Announces Appointment of Mark Weinreb as new President and CEO

New York, NY, February 12, 2003. Corniche Group Incorporated (OTCBB: CNGI) today announced the appointment of Mark Weinreb as its President and CEO. This move signals a strategic change of direction for the Company following the closure last year of its online extended warranty business, warrantysuperstore.com. Under Mark Weinreb's direction the Company will now be focused on building a business in the medical sector.

The Company will seek to exploit value from assets and opportunities in the medical sector by acquiring or participating in biotech and medical companies and technologies. The Company will focus on new technology developments and may participate, or acquire, the rights to new drugs and medical devices currently under development by smaller independent Biotechnology companies, medical institutions and medical researchers.

Commenting on his appointment Mark Weinreb said, "I am very excited about this opportunity. The market for medical device innovation and new drug development is both huge and fragmented. Right now there appears to be significant potential to acquire rights, interests and royalty streams on advantageous terms in interesting projects."

He continued, "We are currently in the process of putting together a high caliber management team and advisory board drawn from the relevant disciplines to assist the Company in the execution of its business model."

Mr. Weinreb, age 49, has many years of experience with medical services, equipment and operations, as well as with development stage private and public companies. Prior to joining Corniche he served as the Chief Executive Officer of a software development company pioneering gesture recognition and control using proprietary inter-active video technology.

To secure Mr. Weinreb's service as President and Chief Executive Officer, Corniche has entered into a three-year employment agreement with Mr. Weinreb, and granted him the right and option, exercisable for 10 years, to purchase up to 2,500,000 shares of Corniche's common stock at an exercise price of $0.03 per share.

* * * * *

This release contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements represent management's judgment regarding future events. Although management believes that the expectations reflected in such statements are reasonable, they give no assurance that such expectations will prove to be correct and you should be aware that actual results could differ materially from those contained in the forward-looking statements due to a number of factors. These factors include the risk that the Company will be unable to raise capital, to enter successfully the biotech or medical business, to hire appropriate personnel, or the risks inherent in any new business venture or those detailed in Corniche's reports filed with the Securities and Exchange Commission. Corniche undertakes no obligation to update or revise the information contained in this release whether as a result of new information, future events or circumstances or otherwise.

For further information please contact:

Mark Weinreb on (516) 496 3053

EMPLOYMENT AGREEMENT, dated as of the 6th day of February, 2003, by and between CORNICHE GROUP INCORPORATED, a Delaware corporation (the "Company"), and MARK WEINREB (the "Employee").

RECITALS

WHEREAS, the Company and the Employee desire to enter into an employment agreement which will set forth the terms and conditions upon which the Employee shall be employed by the Company and upon which the Company shall compensate the Employee.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties hereto have agreed, and do hereby agree, as follows:

1. EMPLOYMENT; TERM; SEVERANCE

1.1 The Company will employ the Employee in its business, and the Employee will work for the Company therein, as its Chief Executive Officer and President for a term commencing as of the date hereof and terminating on the third anniversary of the date hereof (the "Initial Term"). The term shall be extended for additional one (1) year periods (the "Extended Period") unless either party gives ninety (90) days prior written notice to the other of its desire to terminate this Agreement as of the end of the initial term or any successive term. The term of this Agreement, as may be extended, is hereinafter referred to as the "Term." Each twelve (12) month period of the Term is referred to herein as a "Contract Year." Except as provided for herein, the provisions of this Agreement shall apply during the Extended Period.

1.2 The Employee's employment may be terminated by the Company at any time for "cause". As used in this Agreement, "cause" shall mean the following: (i) the Employee's commission of any act in the performance of his duties constituting common law fraud; (ii) the Employee's conviction of, or plea of guilty or nolo contendre to, any felony; or (iii) any embezzlement or misappropriation by the Employee of the Company's assets, properties or rights.

1.3 The Company may also terminate the Employee's employment without cause at any time. In the event of termination without cause (other than pursuant to Paragraph 6.1 hereof), as liquidated damages and as the sole and exclusive remedy of the Employee, the Employee shall be entitled to (a) (i) a lump sum payment equal to the greater of (A) his then Base Salary and Automobile Allowance (each as hereinafter defined) for the remainder of the Term or (B) his then Base Salary and Automobile Allowance for a period of nine (9) months and (ii) a lump sum payment equal to the Employee's Bonus (as hereinafter defined) for the remainder of the Term, and (b) be reimbursed for the remainder of the Term pursuant to Paragraphs 9.2 and 9.3 hereof.

2. DUTIES

2.1 During the Term, the Employee shall serve as the Company's Chief Executive Officer. In such capacity, he shall perform duties of an executive character consisting of administrative and managerial responsibilities on behalf of the Company, and he shall have such further duties of an executive character as shall, from time to time, be delegated or assigned to him by the Board of Directors of the Company (the "Board") consistent with the Employee's position. The Company acknowledges and agrees that, in his capacity as Chief Executive Officer of the Company, the Employee shall have the power and authority to cause the Company to establish and/or move its principal executive offices and/or its operations to the New York metropolitan area.

3. DEVOTION OF TIME

3.1 During the Term, the Employee shall (i) devote his full-time efforts in discharging his duties hereunder; (ii) devote his best efforts, energy and skill to the services of the Company and the promotion of its interests; and (iii) not take part in activities detrimental to the best interests of the Company.

4. COMPENSATION; STOCK OPTIONS

4.1 For all services to be rendered by the Employee during the Term, the Employee shall be entitled to the compensation set forth in Paragraphs 4.2, 4.3 and 4.4 hereof.

4.2 The Employee shall be entitled to receive from the Company minimum compensation at the following rates per annum ("Base Salary"):

Year	Base Salary
1	$180,000
2	198,000
3	217,800

In the event the Term of this Agreement is extended beyond the Initial Term, the Base Salary payable hereunder shall be increased by ten percent (10%) per annum. The Employee shall be entitled to such additional compensation as may be determined from time to time by the Board of Directors of the Company in its sole discretion. All amounts due hereunder shall be payable in accordance with the Company's standard payroll practices.

4.3 The Employee shall be entitled to an annual bonus amount ("Bonus") in the amount of $20,000. The Bonus for the initial Contract Year shall be payable in the event, and concurrently on the date, that the Company shall have received debt and/or equity financing in the aggregate amount of at least $1,000,000 since the date hereof. The Bonus for each subsequent Contract Year shall be payable on August 1 and shall not be subject to any condition. In the sole discretion of the Board, any Bonus payment may be made sooner than the times provided for above.

4.4 (a) Concurrently with the execution hereof, pursuant to the Company's 2003 Equity Participation Plan (the "Equity Participation Plan") and a Stock Option Agreement of even date (the "Initial Option Agreement"), the Company is granting to the Employee the right and option to purchase up to 2,500,000 Common Shares of the Company at an exercise price of $.03 per share and otherwise upon the terms set forth in the Stock Option Agreement (the "Initial Option").

(b) In addition, in the event that the closing price of the Company's Common Shares equals or exceeds $.50 per share for any five (5) consecutive trading days during the Term, the Company shall grant to the Employee, on the day immediately following the end of the five (5) day period, pursuant to the Equity Participation Plan and a Stock Option Agreement, an option for the purchase of an additional 2,500,000 Common Shares substantially upon the terms of the Initial Option and in the form of the Initial Option Agreement, except that the exercise price shall be $.50 per share and the option shall be treated as an "incentive stock option" for tax purposes only to the maximum extent permitted by law (the "Additional Option").

(c) The Employee agrees that he will not resell publicly any Common Shares obtained upon exercise of the Initial Option and/or Additional Option prior to the first anniversary of the date of this Agreement.

5. REIMBURSEMENT OF EXPENSES; AUTOMOBILE ALLOWANCE

5.1 The Company shall pay directly, or reimburse the Employee for, all reasonable expenses and disbursements incurred by the Employee for and on behalf of the Company in the performance of his duties during and prior to the Term, including, without limitation, all reasonable expenses incurred by the Employee for food, lodging and transportation, if he is required to perform any of his duties away from his primary place of residence. For such purposes, the Employee shall submit to the Company, not less than once in each calendar month, reports of such expenses and other disbursements in the form normally used by the Company.

5.2 The Employee shall be entitled to receive an automobile allowance for the use of his automobile in the amount of one thousand dollars ($1,000) per month (the "Automobile Allowance").

5.3 The Company shall also pay directly, or shall reimburse the Employee for, all wired and wireless telephone expenses, all other reasonable home office expenses incurred in the performance of his duties during the Term, including installation and monthly charges in connection with broad-band service, and all expenses incurred by the Employee for legal fees and disbursements in connection with this Agreement and the Initial Option Agreement.

5.4 The Employee shall be given, and shall be entitled to use, a Company credit card and telephone card in connection with the performance of his duties.

6. DISABILITY

6.1 If, during the Term, the Employee shall, in the opinion of a majority of the members of the Board, as confirmed by competent medical evidence, become physically or mentally incapacitated to perform his duties for the Company hereunder for a continuous period, then for the first three (3) months of such period he shall receive his full Base Salary and for the second three (3) months of such period, in lieu of full Base Salary, he shall receive one-half (1/2) of his Base Salary. In no event shall the Employee be entitled to receive any payments under this Paragraph 6.1 beyond the expiration or termination date of this Agreement. Effective with the date of his resumption of full employment, the Employee shall be re-entitled to receive his full Base Salary. If such illness or other incapacity shall endure for a continuous period of at least six (6) months, the Company shall have the right, by written notice, to terminate the Employee's employment hereunder as of a date (not less than five (5) days after the date of the sending of such notice of termination of employment) to be specified in such notice. The Employee agrees to submit himself for appropriate medical examination to a physician of the Company's designation as necessary for purposes of this Paragraph 6.1. The provisions hereof are not intended to limit the Employee's right to receive other amounts payable to him pursuant to the provisions of this Agreement.

6.2 The obligations of the Company under this Paragraph 6 may be satisfied, in whole or in part, by payments to the Employee under disability insurance provided by the Company.

7. RESTRICTIVE COVENANT; CONFIDENTIAL INFORMATION

7.1 The Employee agrees that, if the term of his employment hereunder shall expire or his employment shall at any time terminate voluntary by the Employee (other than for Good Reason (as hereinafter defined)) or by the Company for cause, the Employee will not at any time within one (1) year after such expiration or termination, without the prior written approval of the Company, anywhere in the United States of America, whether individually or as a principal, officer, employee, partner, member, director or agent of, or consultant for, any person or other entity ("Person"), engage or participate in a business which, as of such expiration or termination date, is competitive with that of the Company, and shall not make any investments in any such similar or competitive entity, except that the Employee may acquire up to one percent (1%) of the outstanding voting stock of any entity whose securities are listed on a stock exchange or Nasdaq. As used herein, "Good Reason" shall mean the failure of the Company to obtain Stockholder Approval (as hereinafter defined) and/or file the Registration Statement (as hereinafter defined) by June 30, 2003 or a breach by the Company of any of its obligations set forth in this Agreement.

7.2 (a) The Employee represents that he has been informed that it is the policy of the Company to maintain as secret all Confidential Information (as hereinafter defined) and further acknowledges that such Confidential Information is of great value to the Company. The Employee recognizes that, by reason of his employment with the Company, he will acquire Confidential Information. The Employee confirms that it is necessary to protect the Company's goodwill, and, accordingly, hereby agrees that he will not (except where reasonably necessary in the performance of his duties, or where authorized by the Board or as required by law, rule or regulation or applicable regulatory

or administrative process or by a court of competent jurisdiction), at any time during the Term or thereafter, divulge to any Person, or use, any such Confidential Information.

(b) The Employee agrees that, upon the expiration or termination of this Agreement for any reason whatsoever, he shall deliver to the Company any material relating to any Confidential Information received by the Employee during the Term arising out of, in connection with, or related to any activity or business of the Company.

(c) For purposes hereof, the term "Confidential Information" shall mean all proprietary and confidential information obtained by or given to the Employee during the course of his employment. Confidential Information shall not include information which (i) was in the public domain at the time furnished to, or acquired by, the Employee, or (ii) thereafter enters the public domain other than through disclosure, directly or indirectly, by the Employee or others in violation of an agreement of confidentiality or nondisclosure.

8. VACATIONS

8.1 The Employee shall be entitled to five (5) weeks vacation during each Contract Year of the Term, the time and duration of any particular vacation period to be determined by mutual agreement between the Employee and the Company. The Employee shall be paid for up to two (2) weeks unused vacation time in any Contract Year. Any other vacation time not used by the end of a Contract Year will be forfeited without compensation.

9. PARTICIPATION IN EMPLOYEE BENEFIT PLANS; OTHER INSURANCE

9.1 The Employee and any beneficiary of the Employee shall be accorded the right to participate in and receive benefits under and in accordance with the provisions of any pension, profit sharing, medical, dental, life insurance and disability insurance benefits and plans of the Company either in existence as of the date hereof or hereafter adopted for the benefit of its executive employees.

9.2 Until such time as a medical and dental insurance plan of the Company is established, the Company shall reimburse the Employee for all medical and dental insurance premiums paid by him for himself and his family covering the year 2003 and through the Term.

9.3 The Company shall reimburse the Employee for all premiums paid by him for disability insurance. Such reimbursement obligation shall relate to premiums covering the year 2003 and through the Term.

9.4 In the event of termination without cause, the Employee shall be entitled to be reimbursed for comparable medical and dental insurance premiums incurred until the earlier of (a) the end of the Term or (b) the date on which comparable medical and dental coverage is obtained from another employer.

10. OFFICER AND DIRECTOR LIABILITY INSURANCE

10.1 The Company shall obtain and maintain throughout the Term officer and director liability insurance from an insurer reasonably acceptable to the Employee in the amount of at least two million dollars ($2,000,000) or such lesser amount as shall be agreed to by the Employee. In the event a "claims made" policy is obtained, the Company shall continue to cover the Employee thereunder as a named issued following termination of employment and until the expiration of all applicable statutes of limitation.

11. EARLIER TERMINATION

11.1 The Employee's employment hereunder shall automatically terminate upon his death and may terminate at the option of the Company upon:

(a) the Employee's incapacity in accordance with the provisions set forth in Paragraph 6.1 hereof; or

(b) written notice to the Employee in the event the Company terminates his employment hereunder for cause or without cause as set forth in Paragraph 1.2 or 1.3 hereof, respectively.

11.2 The Employee may terminate this Agreement at any time upon written notice to the Company for Good Reason.

12. REPRESENTATIONS AND WARRANTIES

12.1 The Company has the power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Board and no other proceedings on the part of the Company are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement constitutes the valid and binding obligation of the Company and is enforceable in accordance with its terms. The Option Plan and the grant of the Initial Option and the Additional Option have been duly authorized by the Board and no other proceedings on the part of the Company are necessary in connection therewith.

12.2 Neither the execution and delivery of this Agreement by the Company nor compliance by the Company with any of the provisions hereof nor the consummation of the transactions contemplated hereby, will:

(a) violate or conflict with any provision of the Certificate of Incorporation or By-laws of the Company;

(b) violate or, alone or with notice or the passage of time, result in the breach or termination of, or otherwise give any contracting party the right to terminate, or declare a default under, the terms of any contract, agreement, understanding or commitment to which the Company is a party or by which it may be bound;

(c) violate any order, judgment, injunction, award or decree against, or binding upon, the Company; or

(d) violate any law or regulation of any jurisdiction relating to the Company.

12.3 Attached hereto as Exhibit 12.3 is a true and complete copy of the Option Plan.

13. COVENANTS

13.1 The Company agrees that, promptly following the execution of this Agreement, it shall prepare the necessary materials for, and shall call, a meeting of stockholders pursuant to which the following matters shall be submitted for stockholder approval: (a) election of five (5) directors (including the Employee and, at the request of the Employee, a person designated by the Employee), (b) approval of the Equity Participation Plan pursuant to which 15,000,000 Common Shares are authorized to be issued thereunder, (c) approval of an amendment to the Company's Certificate of Incorporation pursuant to which the number of authorized Common Shares is increased to 250,000,000 and (d) approval of a change in the name of the Company to "Phase III Medical, Inc." (collectively, "Stockholder Approval"). The Company shall recommend approval of each of the foregoing proposals. The failure of the Company to obtain Stockholder Approval shall not affect the Employee's rights under the Initial Option Agreement or his right to obtain the Additional Option.

13.2 The Company agrees that, promptly following the execution of this Agreement, it shall file with the Securities and Exchange Commission a Registration Statement on Form S-8 (the "Registration Statement") pursuant to which the issuance of the shares covered by the Option Plan, as well as the resale of the Common Shares issuable upon exercise of the Initial Option, are registered. Promptly following any grant of the Additional Option, the Company shall file a post-effective amendment to the Registration Statement pursuant to which the Common Shares issuable upon the exercise thereof shall be registered for resale.

14. ARBITRATION

14.1 All disputes between the parties hereto concerning the performance, breach, construction or interpretation of this Agreement or any portion thereof, or in any manner arising out of this Agreement or the performance thereof, shall be submitted to binding arbitration, in accordance with the rules of the American Arbitration Association, which arbitration proceeding shall take place at a mutually agreeable location in Nassau County, New York or such other location as agreed to by the parties. The parties

acknowledge and agree that the foregoing arbitration provision is the exclusive means for resolving disputes hereunder and neither party shall claim that such proceeding is in an inconvenient forum.

14.2 The award rendered by the arbitrators shall be final, binding and conclusive, and judgment may be entered upon it in accordance with applicable law in the appropriate court in the State of New York, with no right of appeal therefrom.

14.3 The prevailing party shall be entitled to be reimbursed by the other party for its or his expenses of arbitration, including, without limitation, reasonable attorneys' fees and the expenses of the arbitrators and the arbitration proceeding; provided, however, that, in the event it is not evident whether a particular party prevailed in the proceeding, each party shall pay its or his own expenses of arbitration, and the expenses of the arbitrators and the arbitration proceeding shall be shared equally; provided further that, in such event, if, in the opinion of the arbitrator, or a majority of the arbitrators, as the case may be, any claim or defense was unreasonable, the arbitrator(s) may assess, as part of his/their award, all or any part of the arbitration expenses of the other party (including reasonable attorneys' fees) and of the arbitrator(s) and the arbitration proceeding against the party raising such unreasonable claim or defense.

15. ASSIGNMENT

15.1 This Agreement, as it relates to the employment of the Employee, is a personal contract and the rights and interests of the Employee hereunder may not be sold, transferred, assigned, pledged or hypothecated.

16. NOTICES

16.1 Any notice required or permitted to be given pursuant to this Agreement shall be deemed to have been duly given when delivered by hand or sent by certified or registered mail, return receipt requested and postage prepaid, overnight mail or telecopier as follows:

If to the Employee:

c/o Certilman, Balin, Adler & Hyman, LLP
90 Merrick Avenue
East Meadow, New York 11554
Attention: Fred Skolnik
Telecopier Number: (516) 296-7111

If to the Company:

c/o Lowenstein Sandler PC
65 Livingston Avenue
Roseland, New Jersey 07068-1791
Attention: Alan Wovsaniker, Esq.
Telecopier Number: (973) 597-2565

or at such other address as any party shall designate by notice to the other party given in accordance with this Paragraph 16.1.

17. GOVERNING LAW

17.1 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, excluding choice of law principles thereof.

18. WAIVER OF BREACH; PARTIAL INVALIDITY

18.1 The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach. If any provision, or part thereof, of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and not in any way affect or render invalid or unenforceable any other provisions of this Agreement, and this Agreement shall be carried out as if such invalid or unenforceable provision, or part thereof, had been reformed, and any court of competent jurisdiction or arbiters, as the case may be, are authorized to so reform such invalid or unenforceable provision, or part thereof, so that it would be valid, legal and enforceable to the fullest extent permitted by applicable law.

19. ENTIRE AGREEMENT

19.1 This Agreement constitutes the entire agreement between the parties and there are no representations, warranties or commitments except as set forth herein. This Agreement supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, of the parties hereto relating to the subject matter hereof. This Agreement may be amended only by a writing executed by the parties hereto.

20. REPRESENTATION BY COUNSEL; INTERPRETATION

20.1 Each party acknowledges that it or he has been represented by counsel, or has been afforded the opportunity to be represented by counsel, in connection with this Agreement. Accordingly, any rule or law or any legal decision that would require the interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived by the parties. The provisions of this Agreement shall be interpreted in a reasonable manner to give effect to the intent of the parties hereto.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year above written.

CORNICHE GROUP INCORPORATED

By:_____
James Fyfe, Chairman

_____
Mark Weinreb

STOCK OPTION AGREEMENT, made as of the 6th day of February, 2003 (the "Agreement"), between CORNICHE GROUP INCORPORATED, a Delaware corporation (the "Company"), and MARK WEINREB (the "Optionee").

WHEREAS, concurrently herewith, the Company has adopted the 2003 Equity Participation Plan (the "Plan").

WHEREAS, concurrently herewith, the Company and the Optionee are entering into an Employment Agreement of even date pursuant to which the Company has agreed to grant to the Optionee an option to purchase Common Shares of the Company pursuant to the Plan.

NOW, THEREFORE, in consideration of the foregoing, the Company hereby grants to the Optionee the right and option to purchase Common Shares under and pursuant to the terms and conditions of the Plan and upon and subject to the following terms and conditions:

1. GRANT OF OPTION. The Company hereby grants to the Optionee the right and option (the "Option") to purchase up to Two Million Five Hundred Thousand (2,500,000) Common Shares of the Company (the "Option Shares") during the period commencing on the date hereof and terminating at 5:00 P.M. on February 5, 2013 (the "Expiration Date").

2. NATURE OF OPTION. The Option is intended to meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, relating to "incentive stock options".

3. EXERCISE PRICE. The exercise price of each of the Option Shares shall be Three Cents ($.03) (the "Exercise Price"). The Company shall pay all original issue or transfer taxes on the exercise of the Option.

4. EXERCISE OF OPTIONS. The Option shall be exercised in accordance with the provisions of the Plan. In addition to the permissible methods of exercise provided for in the Plan, the Optionee may elect to have the Company reduce the number of shares otherwise issuable to him upon exercise of the Option by a number of shares having a fair market value (determined in accordance with the provisions of the Plan) equal to the Exercise Price of the Option being exercised (a "Net Exercise"). As soon as practicable after the receipt of notice of exercise and payment of the Option Price as provided for in the Plan, or upon a Net Exercise, the Company shall tender to the Optionee certificates issued in the Optionee's name evidencing the number of Option Shares covered thereby.

5. RELOAD OPTIONS. In the event the Exercise Price is paid by delivery of Common Shares (as provided for in Section 13(b)(ii) of the Plan) or through a Net Exercise, the Optionee shall receive, contemporaneously with the payment of the Exercise Price in such manner, and in accordance with the provisions of the Plan, a reload stock option to purchase that number of Common Shares equal to the sum of (i) the number of Common Shares used to exercise the Option (or not issued in the case of a Net Exercise) and (ii) the number of Common Shares used to satisfy any tax withholding incident to the exercise of the Option, as provided for in the Plan.

6. TERMINATION OF EMPLOYMENT. The Option shall remain exercisable until the Expiration Date notwithstanding any termination or cessation of employment with the Company or its subsidiaries for any reason whatsoever.

7. INCORPORATION BY REFERENCE. The terms and conditions of the Plan are hereby incorporated by reference and made a part hereof.

8. NOTICES. Any notice or other communication given hereunder shall be deemed sufficient if in writing and hand delivered or sent by registered or certified mail, return receipt requested, addressed to the Company, c/o Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068-1791, Attention Alan Wovsaniker, Esq. and to the Optionee at the address indicated below. Notices shall be deemed to have been given on the date of hand delivery or mailing, except notices of change of address, which shall be deemed to have been given when received.

9. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

10. ENTIRE AGREEMENT. This Agreement, together with the Plan,

contains the entire understanding of the parties hereto with respect to the subject matter hereof and may be modified only by an instrument executed by the party sought to be charged.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

CORNICHE GROUP INCORPORATED

By:_____
James Fyfe, Chairman

_____
Signature of Optionee

Mark Weinreb
_____
Name of Optionee

c/o Certilman, Balin, Adler & Hyman, LLP
90 Merrick Avenue
East Meadow, New York 11554
Attention: Fred Skolnik

_____
Address of Optionee

CORNICHE GROUP INCORPORATED
2003 Equity Participation Plan

1. Purpose of the Plan. The Corniche Group Incorporated 2003 Equity Participation Plan (the "Plan") is intended to advance the interests of Corniche Group Incorporated (the "Company") by inducing individuals or entities of outstanding ability and potential to join and remain with, or provide consulting or advisory services to, the Company, by encouraging and enabling eligible employees, non-employee Directors, consultants and advisors to acquire proprietary interests in the Company, and by providing the participating employees, non-employee Directors, consultants and advisors with an additional incentive to promote the success of the Company. This is accomplished by providing for the granting of "Options," which term as used herein includes both "Incentive Stock Options" and "Nonstatutory Stock Options," as later defined, and "Restricted Stock," to employees, non-employee Directors, consultants and advisors.

2. Administration. The Plan shall be administered by the Board of Directors of the Company (the "Board" or "Board of Directors") or by a committee (the "Committee") consisting of at least two (2) persons chosen by the Board of Directors. Except as herein specifically provided, the interpretation and construction by the Board of Directors or the Committee of any provision of the Plan or of any Option, or with respect to any Restricted Stock, granted under it shall be final and conclusive. The receipt of Options or Restricted Stock by Directors, or any members of the Committee, shall not preclude their vote on any matters in connection with the administration or interpretation of the Plan.

3. Shares Subject to the Plan. The shares subject to Options granted under the Plan, and shares granted as Restricted Stock under the Plan, shall be shares of the Company's common stock, par value $.001 per share (the "Common Stock"), whether authorized but unissued or held in the Company's treasury, or shares purchased from stockholders expressly for use under the Plan. The maximum number of shares of Common Stock which may be issued pursuant to Options or as Restricted Stock granted under the Plan shall not exceed in the aggregate fifteen million (15,000,000) shares. The Company shall at all times while the Plan is in force reserve such number of shares of Common Stock as will be sufficient to satisfy the requirements of all outstanding Options granted under the Plan. In the event any Option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject thereto shall again be available for Options and grants of Restricted Stock under the Plan. In the event any shares of Restricted Stock are forfeited for any reason, the shares forfeited shall again be available for Options and grants of Restricted Stock under the Plan. In the event shares of Common Stock are delivered to, or withheld by, the Company pursuant to Sections 13(b) or 26 hereof, only the net number of shares issued, i.e., net of the shares so delivered or withheld, shall be considered to have been issued pursuant to the Plan.

4. Participation. The class of individuals that shall be eligible to receive Options ("Optionees") and Restricted Stock ("Grantees") under the Plan shall be (a) with respect to Incentive Stock Options described in Section 6 hereof, all employees of either the Company or any parent or subsidiary corporation of the Company, and (b) with respect to Nonstatutory Stock Options described in Section 7 hereof and Restricted Stock described in Section 17 hereof, all employees, and non-employee Directors of, or consultants and advisors to, either the Company or any parent or subsidiary corporation of the Company; provided, however, neither Nonstatutory Stock Options nor Restricted Stock shall be granted to any such consultant or advisor unless (i) the consultant or advisor is a natural person (or an entity wholly-owned by the consultant or advisor), (ii) bona fide services have been or are to be rendered by such consultant or advisor and (iii) such services are not in connection with

the offer or sale of securities in a capital raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities. The Board of Directors or the Committee, in its sole discretion, but subject to the provisions of the Plan, shall determine the employees and non-employee Directors of, and the consultants and advisors to, the Company and its parent and subsidiary corporations to whom Options and Restricted Stock shall be granted, and the number of shares to be covered by each Option and each Restricted Stock grant, taking into account the nature of the employment or services rendered by the individuals or entities being considered, their annual compensation, their present and potential contributions to the success of the Company, and such other factors as the Board of Directors or the Committee may deem relevant. For purposes hereof, a non-employee to whom an offer of employment has been extended shall be considered an employee, provided that the Options granted to such individual shall not be exercisable, and the Restricted Stock granted shall not vest, in whole or in part, for a period of at least one year from the date of grant and in the event the individual does not commence employment with the Company, the Options and/or Restricted Stock granted shall be considered null and void.

5. Stock Option Agreement. Each Option granted under the Plan shall be authorized by the Board of Directors or the Committee, and shall be evidenced by a Stock Option Agreement which shall be executed by the Company and by the individual or entity to whom such Option is granted. The Stock Option Agreement shall specify the number of shares of Common Stock as to which any Option is granted, the period during which the Option is exercisable, and the option price per share thereof, and such other terms and provisions as the Board of Directors or the Committee may deem necessary or appropriate.

6. Incentive Stock Options. The Board of Directors or the Committee may grant Options under the Plan which are intended to meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to "incentive stock options," and which are subject to the following terms and conditions and any other terms and conditions as may at any time be required by Section 422 of the Code (referred to herein as an "Incentive Stock Option"):

(a) No Incentive Stock Option shall be granted to individuals other than employees of the Company or of a parent or subsidiary corporation of the Company.

(b) Each Incentive Stock Option under the Plan must be granted prior to February 6, 2013, which is within ten (10) years from the date the Plan was adopted by the Board of Directors.

(c) The option price of the shares subject to any Incentive Stock Option shall not be less than the fair market value (as defined in subsection (f) of this Section 6) of the Common Stock at the time such Incentive Stock Option is granted; provided, however, if an Incentive Stock Option is granted to an individual who owns, at the time the Incentive Stock Option is granted, more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of a parent or subsidiary corporation of the Company (a "10% Stockholder"), the option price of the shares subject to the Incentive Stock Option shall be at least one hundred ten percent (110%) of the fair market value of the Common Stock at the time such Incentive Stock Option is granted.

(d) No Incentive Stock Option granted under the Plan shall be exercisable after the expiration of ten (10) years from the date of its grant. However, if an Incentive Stock Option is granted to a 10% Stockholder, such Incentive Stock Option shall not be exercisable after the expiration of five (5) years from the date of its grant. Every Incentive Stock Option granted under the Plan shall be subject to earlier termination as expressly provided in Section 12 hereof.

(e) For purposes of determining stock ownership under this Section 6, the attribution rules of Section 424(d) of the Code shall apply.

(f) For purposes of the Plan, fair market value shall be determined by the Board of Directors or the Committee. If the Common Stock is listed or traded on a national securities exchange, The Nasdaq Stock Market ("Nasdaq"), the National Association of Securities Dealers OTC Electronic Bulletin Board (the "Bulletin Board"), the Bulletin Board Exchange (the "BBX") or the Pink Sheets (or any successor organization), fair market value shall be the closing selling price or, if not available, the closing bid price or, if not available, the high bid price of the Common Stock quoted on such exchange, Nasdaq, the Bulletin Board, the BBX or the Pink Sheets (or any successor organization), as reported thereby, as the case may be, on the day immediately preceding the day on which the Option is granted (or, if granted after the close of business for trading, then on the day on which the Option is granted), or, if there is no selling or bid price on that day, the closing selling price, closing bid price or high bid price, as the case may be, on the most recent day which precedes that day and for which such prices are available. If there is no selling or bid price for the ninety (90) day period preceding the date of grant of an Option hereunder, fair market value shall be determined in good faith by the Board of Directors or the Committee.

7. Nonstatutory Stock Options. The Board of Directors or the Committee may grant Options under the Plan which are not intended to meet the requirements of Section 422 of the Code, as well as Options which are intended to meet the requirements of Section 422 of the Code but the terms of which provide that they will not be treated as Incentive Stock Options (referred to herein as a "Nonstatutory Stock Option"). Nonstatutory Stock Options shall be subject to the following terms and conditions:

(a) A Nonstatutory Stock Option may be granted to any individual or entity eligible to receive an Option under the Plan pursuant to clause (b) of Section 4 hereof.

(b) The option price of the shares subject to a Nonstatutory Stock Option shall be determined by the Board of Directors or the Committee, in its sole discretion, at the time of the grant of the Nonstatutory Stock Option.

(c) A Nonstatutory Stock Option granted under the Plan may be of such duration as shall be determined by the Board of Directors or the Committee (subject to earlier termination as expressly provided in Section 12 hereof).

8. Reload Options. The Board of Directors or the Committee may grant Options with a reload feature. A reload feature shall only apply when the option price is paid by delivery of Common Stock (as set forth in Section 13(b)(ii)) or by having the Company reduce the number of shares otherwise issuable to an Optionee (as provided for in the last sentence of Section 13(b)) (a "Net Exercise"). The Stock Option Agreement for the Options containing the reload feature shall provide that the Option holder shall receive, contemporaneously with the payment of the option price in shares of Common Stock or in the event of a Net Exercise, a reload stock option (the "Reload Option") to purchase that number of shares of Common Stock equal to the sum of (i) the number of shares of Common Stock used to exercise the Option (or not issued in the case of a Net Exercise), and (ii) with respect to Nonstatutory Stock Options, the number of shares of Common Stock used to satisfy any tax withholding requirement incident

to the exercise of such Nonstatutory Stock Option. The terms of the Plan applicable to the Option shall be equally applicable to the Reload Option with the following exceptions: (i) the option price per share of Common Stock deliverable upon the exercise of the Reload Option, (A) in the case of a Reload Option which is an Incentive Stock Option being granted to a 10% Stockholder, shall be one hundred ten percent (110%) of the fair market value of a share of Common Stock on the date of grant of the Reload Option and (B) in the case of a Reload Option which is an Incentive Stock Option being granted to a person other than a 10% Stockholder or is a Nonstatutory Stock Option, shall be the fair market value of a share of Common Stock on the date of grant of the Reload Option; and (ii) the term of the Reload Option shall be equal to the remaining option term of the Option (including a Reload Option) which gave rise to the Reload Option. The Reload Option shall be evidenced by an appropriate amendment to the Stock Option Agreement for the Option which gave rise to the Reload Option. In the event the exercise price of an Option containing a reload feature is paid by check and not in shares of Common Stock, the reload feature shall have no application with respect to such exercise.

9. Rights of Option Holders. The holder of an Option granted under the Plan shall have none of the rights of a stockholder with respect to the stock covered by his Option until such stock shall be transferred to him upon the exercise of his Option.

10. Alternate Stock Appreciation Rights.

(a) Concurrently with, or subsequent to, the award of any Option to purchase one or more shares of Common Stock, the Board of Directors or the

Committee may, in its sole discretion, subject to the provisions of the Plan and such other terms and conditions as the Board of Directors or the Committee may prescribe, award to the Optionee with respect to each share of Common Stock covered by an Option ("Related Option"), a related alternate stock appreciation right ("SAR"), permitting the Optionee to be paid the appreciation on the Related Option in lieu of exercising the Related Option. A SAR granted with respect to an Incentive Stock Option must be granted together with the Related Option. A SAR granted with respect to a Nonstatutory Stock Option may be granted together with, or subsequent to, the grant of such Related Option.

(b) Each SAR granted under the Plan shall be authorized by the Board of Directors or the Committee, and shall be evidenced by a SAR Agreement which shall be executed by the Company and by the individual or entity to whom such SAR is granted. The SAR Agreement shall specify the period during which the SAR is exercisable, and such other terms and provisions not inconsistent with the Plan.

(c) A SAR may be exercised only if and to the extent that its Related Option is eligible to be exercised on the date of exercise of the SAR. To the extent that a holder of a SAR has a current right to exercise, the SAR may be exercised from time to time by delivery by the holder thereof to the Company at its principal office (attention: Secretary) of a written notice of the number of shares with respect to which it is being exercised. Such notice shall be accompanied by the agreements evidencing the SAR and the Related Option. In the event the SAR shall not be exercised in full, the Secretary of the Company shall endorse or cause to be endorsed on the SAR Agreement and the Related Option Agreement the number of shares which have been exercised thereunder and the number of shares that remain exercisable under the SAR and the Related Option and return such SAR and Related Option to the holder thereof.

(d) The amount of payment to which an Optionee shall be entitled upon the exercise of each SAR shall be equal to one hundred percent (100%) of the amount, if any, by which the fair market value of a share of Common Stock on the exercise date exceeds the exercise price per share of the Related Option; provided, however, the Company may, in its sole discretion, withhold from any such cash payment any amount necessary to satisfy the Company's obligation for withholding taxes with respect to such payment.

(e) The amount payable by the Company to an Optionee upon exercise of a SAR may, in the sole determination of the Company, be paid in shares of Common Stock, cash or a combination thereof, as set forth in the SAR Agreement. In the case of a payment in shares, the number of shares of Common Stock to be paid to an Optionee upon such Optionee's exercise of a SAR shall be determined by dividing the amount of payment determined pursuant to Section 10(d) hereof by the fair market value of a share of Common Stock on the exercise date of such SAR. For purposes of the Plan, the exercise date of a SAR shall be the date the Company receives written notification from the Optionee of the exercise of the SAR in accordance with the provisions of Section 10(c) hereof. As soon as practicable after exercise, the Company shall either deliver to the Optionee the amount of cash due such Optionee or a certificate or certificates for such shares of Common Stock. All such shares shall be issued with the rights and restrictions specified herein.

(f) SARs shall terminate or expire upon the same conditions and in the same manner as the Related Options, and as set forth in Section 12 hereof.

(g) The exercise of any SAR shall cancel and terminate the right to purchase an equal number of shares covered by the Related Option.

(h) Upon the exercise or termination of any Related Option, the SAR with respect to such Related Option shall terminate to the extent of the number of shares of Common Stock as to which the Related Option was exercised or terminated.

(i) A SAR granted pursuant to the Plan shall be transferable to the same extent as the Related Option.

(j) All references in this Plan to "Options" shall be deemed to include "SARs" where applicable.

11. Transferability of Options.

(a) No Option granted under the Plan shall be transferable by the individual or entity to whom it was granted other than by will or the laws of descent and distribution, and, during the lifetime of an individual, shall not be exercisable by any other person, but only by him.

(b) Notwithstanding Section 11(a) above, a Nonstatutory Stock Option granted under the Plan may be transferred in whole or in part during an Optionee's lifetime, upon the approval of the Board of Directors or the Committee, to an Optionee's "family members" (as such term is defined in Rule 701(c)(3) of the Securities Act of 1933, as amended, and General Instruction A(1)(a)(5) to Form S-8) through a gift or domestic relations order. The transferred portion of a Nonstatutory Stock Option may only be exercised by the person or entity who acquires a proprietary interest in such option pursuant to the transfer. The terms applicable to the transferred portion shall be the same as those in effect for the Option immediately prior to such transfer and shall be set forth in such documents issued to the transferee as the Board of Directors or the Committee may deem appropriate. As used in this Plan the terms "Optionee" and "holder of an Option" shall refer to the grantee of the Option and not any transferee thereof.

12. Effect of Termination of Employment or Death on Options.

(a) Unless otherwise provided in the Stock Option Agreement, if the employment of an employee by, or the services of a non-employee Director for, or consultant or advisor to, the Company or a parent or subsidiary corporation of the Company shall be terminated for cause or voluntarily by the employee, non-employee Director, consultant or advisor, then his Option shall expire forthwith. Unless otherwise provided in the Stock Option Agreement, and except as provided in subsections (b) and (c) of this Section 12, if such employment or services shall terminate for any other reason, then such Option may be exercised at any time within three (3) months after such termination, subject to the provisions of subsection (d) of this Section 12. For purposes of the Plan, the retirement of an individual either pursuant to a pension or retirement plan adopted by the Company or at the normal retirement date prescribed from time to time by the Company shall be deemed to be termination of such individual's employment other than voluntarily or for cause. For purposes of this subsection (a), an employee, non-employee Director, consultant or advisor who leaves the employ or services of the Company to become an employee or non-employee Director of, or a consultant or advisor to, a parent or subsidiary corporation of the Company or a corporation (or subsidiary or parent corporation of the corporation) which has assumed the Option of the Company as a result of a corporate reorganization or like event shall not be considered to have terminated his employment or services.

(b) Unless otherwise provided in the Stock Option Agreement, if the holder of an Option under the Plan dies (i) while employed by, or while serving as a non-employee Director for or a consultant or advisor to, the Company or a parent or subsidiary corporation of the Company, or (ii) within three (3) months after the termination of his employment or services other than voluntarily or for cause, then such Option may, subject to the provisions of

subsection (d) of this Section 12, be exercised by the estate of the employee or non-employee Director, consultant or advisor, or by a person who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of such employee or non-employee Director, consultant or advisor, at any time within one (1) year after such death.

(c) Unless otherwise provided in the Stock Option Agreement, if the holder of an Option under the Plan ceases employment or services because of permanent and total disability (within the meaning of Section 22(e)(3) of the Code) ("Permanent Disability") while employed by, or while serving as a non-employee Director for or consultant or advisor to, the Company or a parent or subsidiary corporation of the Company, then such Option may, subject to the provisions of subsection (d) of this Section 12, be exercised at any time within one (1) year after his termination of employment, termination of Directorship or termination of consulting or advisory services, as the case may be, due to the disability.

(d) An Option may not be exercised pursuant to this Section 12 except to the extent that the holder was entitled to exercise the Option at the time of termination of employment, termination of Directorship, termination of consulting or advisory services, or death, and in any event may not be exercised after the expiration of the Option.

(e) For purposes of this Section 12, the employment relationship of an employee of the Company or of a parent or subsidiary corporation of the Company will be treated as continuing intact while he is on military or sick leave or other bona fide leave of absence (such as temporary employment by the Government) if such leave does not exceed ninety (90) days, or, if longer, so long as his right to reemployment is guaranteed either by statute or by contract.

13. Exercise of Options.

(a) Unless otherwise provided in the Stock Option Agreement, any Option granted under the Plan shall be exercisable in whole at any time, or in part from time to time, prior to expiration. The Board of Directors or the Committee, in its absolute discretion, may provide in any Stock Option Agreement that the exercise of any Options granted under the Plan shall be subject (i) to such condition or conditions as it may impose, including, but not limited to, a condition that the holder thereof remain in the employ or service of, or continue to provide consulting or advisory services to, the Company or a parent or subsidiary corporation of the Company for such period or periods from the date of grant of the Option as the Board of Directors or the Committee, in its absolute discretion, shall determine; and (ii) to such limitations as it may impose, including, but not limited to, a limitation that the aggregate fair market value (determined at the time the Option is granted) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any employee during any calendar year (under all plans of the Company and its parent and subsidiary corporations) shall not exceed one hundred thousand dollars ($100,000). In addition, in the event that under any Stock Option Agreement the aggregate fair market value (determined at the time the Option is granted) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any employee during any calendar year (under all plans of the Company and its parent and subsidiary corporations) exceeds one hundred thousand dollars ($100,000), the Board of Directors or the Committee may, when shares are transferred upon exercise of such Options, designate those shares which shall be treated as transferred upon exercise of an Incentive Stock Option and those shares which shall be treated as transferred upon exercise of a Nonstatutory Stock Option.

(b) An Option granted under the Plan shall be exercised by the delivery by the holder thereof to the Company at its principal office (attention of the Secretary) of written notice of the number of shares with respect to which the Option is being exercised. Such notice shall be accompanied, or followed within ten (10) days of delivery thereof, by payment of the full option price of such shares, and payment of such option price shall be made by the holder's delivery of (i) his check payable to the order of the Company, or (ii) previously acquired Common Stock, the fair market value of which shall be determined as of the date of exercise (provided that the shares delivered pursuant hereto are acceptable to the Board of Directors or the Committee in its sole discretion) or (iii) if provided for in the Stock Option Agreement, his check payable to the order of the Company in an amount at least equal to the par value of the Common Stock being acquired, together with a promissory note, in form and upon such terms as are acceptable to the Board or the Committee, made payable to the order of the Company in an amount equal to the balance of the exercise price, or (iv) by the holder's delivery of any combination of the foregoing (i), (ii) and (iii). Alternatively, if provided for in the Stock Option Agreement, the holder may elect to have the Company reduce the number of shares otherwise issuable by a number of shares having a fair market value equal to the exercise price of the Option being exercised.

14. Adjustment Upon Change in Capitalization.

(a) In the event that the outstanding Common Stock is hereafter changed by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination of shares, reverse split, stock dividend or the like, an appropriate adjustment shall be made by the Board of Directors or the Committee in the aggregate number of shares available under the Plan, in the number of shares and option price per share subject to outstanding

Options, and in any limitation on exerciseability referred to in Section 13(a)(ii) hereof which is set forth in outstanding Incentive Stock Options. If the Company shall be reorganized, consolidated, or merged with another corporation, subject to the provisions of Section 18 hereof, the holder of an Option shall be entitled to receive upon the exercise of his Option the same number and kind of shares of stock or the same amount of property, cash or securities as he would have been entitled to receive upon the happening of any such corporate event as if he had been, immediately prior to such event, the holder of the number of shares covered by his Option; provided, however, that in such event the Board of Directors or the Committee shall have the discretionary power to take any action necessary or appropriate to prevent any Incentive Stock Option granted hereunder which is intended to be an "incentive stock option" from being disqualified as such under the then existing provisions of the Code or any law amendatory thereof or supplemental thereto; and provided, further, however, that in such event the Board of Directors or the Committee shall have the discretionary power to take any action necessary or appropriate to prevent such adjustment from being deemed or considered as the adoption of a new plan requiring shareholder approval under Section 422 of the Code and the regulations promulgated thereunder.

(b) Any adjustment in the number of shares shall apply proportionately to only the unexercised portion of the Option granted hereunder. If fractions of a share would result from any such adjustment, the adjustment shall be revised to the next lower whole number of shares.

15. Further Conditions of Exercise of Options.

(a) Unless prior to the exercise of the Option the shares issuable upon such exercise have been registered with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, the notice of exercise shall be accompanied by a representation or agreement of the person or estate exercising the Option to the Company to the effect that such

shares are being acquired for investment purposes and not with a view to the distribution thereof, and such other documentation as may be required by the Company, unless in the opinion of counsel to the Company such representation, agreement or documentation is not necessary to comply with such Act.

(b) If the Common Stock is listed on any securities exchange, including, without limitation, Nasdaq, the Company shall not be obligated to deliver any Common Stock pursuant to this Plan until it has been listed on each such exchange. In addition, the Company shall not be obligated to deliver any Common Stock pursuant to this Plan until there has been qualification under or compliance with such federal or state laws, rules or regulations as the Company may deem applicable. The Company shall use reasonable efforts to obtain such listing, qualification and compliance.

16. Restricted Stock Grant Agreement. Each Restricted Stock grant under the Plan shall be authorized by the Board of Directors or the Committee, and shall be evidenced by a Restricted Stock Grant Agreement which shall be executed by the Company and by the individual or entity to whom such Restricted Stock is granted. The Restricted Stock Grant Agreement shall specify the number of shares of Restricted Stock granted, the vesting periods and such other terms and provisions as the Board of Directors or the Committee may deem necessary or appropriate.

17. Restricted Stock Grants.

(a) The Board of Directors or the Committee may grant Restricted Stock under the Plan to any individual or entity eligible to receive Restricted Stock pursuant to clause (b) of Section 4 hereof.

(b) In addition to any other applicable provisions hereof and except as may otherwise be specifically provided in a Restricted Stock Grant Agreement, the following restrictions in this Section 17(b) shall apply to grants of Restricted Stock made by the Board or the Committee:

(i) No shares granted pursuant to a grant of Restricted Stock may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until, and to the extent that, such shares are vested.

(ii) Shares granted pursuant to a grant of Restricted Stock shall vest as determined by the Board or the Committee, as provided for in the Restricted Stock Grant Agreement. The foregoing notwithstanding (but subject to the provisions of (iii) hereof and subject to the discretion of the Board or the Committee), a Grantee shall forfeit all shares not previously vested, if any, at such time as the Grantee is no longer employed by, or serving as a Director of, or rendering consulting or advisory services to, the Company or a parent or subsidiary corporation of the Company. All forfeited shares shall be returned to the Company.

(iii) Notwithstanding the provisions of (ii) hereof, non-vested Restricted Stock shall automatically vest to the same extent as non-vested options as provided for in Section 18 hereof.

(c) In determining the vesting requirements with respect to a grant of Restricted Stock, the Board or the Committee may impose such restrictions on any shares granted as it may deem advisable including, without limitation, restrictions relating to length of service, corporate performance, attainment of individual or group performance objectives, and federal or state securities laws, and may legend the certificates representing Restricted Stock to give appropriate notice of such restrictions. Any such restrictions shall be specifically set forth in the Restricted Stock Grant Agreement.

(d) Certificates representing shares granted that are subject to restrictions shall be held by the Company or, if the Board or the Committee so specifies, deposited with a third-party custodian or trustee until lapse of all restrictions on the shares. After such lapse, certificates for such shares (or the vested percentage of such shares) shall be delivered by the Company to the Grantee; provided, however, that the Company need not issue fractional shares.

(e) During any applicable period of restriction, the Grantee shall be the record owner of the Restricted Stock and shall be entitled to vote such shares and receive all dividends and other distributions paid with respect to such shares while they are so restricted. However, if any such dividends or distributions are paid in shares of Company stock or cash or other property during an applicable period of restriction, the shares, cash and/or other property deliverable shall be held by the Company or third party custodian or trustee and be subject to the same restrictions as the shares with respect to which they were issued. Moreover, the Board or the Committee may provide in each grant such other restrictions, terms and conditions as it may deem advisable with respect to the treatment and holding of any stock, cash or property that is received in exchange for Restricted Stock granted pursuant to the Plan.

(f) Each Grantee making an election pursuant to Section 83(b) of the Code shall, upon making such election, promptly provide a copy thereof to the Company.

18. Liquidation, Merger or Consolidation. Notwithstanding Section 14(a) hereof, if the Board of Directors approves a plan of complete liquidation or a merger or consolidation (other than a merger or consolidation that would

result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), at least fifty percent (50%) of the combined voting power of the voting securities of the Company (or such surviving entity) outstanding immediately after such merger or consolidation), the Board of Directors or the Committee may, in its sole discretion, upon written notice to the holder of an Option, provide that the Option must be exercised within twenty (20) days following the date of such notice or it will be terminated. In the event such notice is given, the Option shall become immediately exercisable in full.

19. Effectiveness of the Plan. The Plan was adopted by the Board of Directors and is effective on February 6, 2003.

20. Termination, Modification and Amendment.

(a) The Plan (but not Options previously granted under the Plan) shall terminate on February 6, 2013, which is within ten (10) years from the date of its adoption by the Board of Directors, or sooner as hereinafter provided, and no Option or Restricted Stock shall be granted after termination of the Plan. The foregoing shall not be deemed to limit the vesting period for Restricted Stock granted pursuant to the Plan.

(b) The Board of Directors may at any time, on or before the termination date referred to in Section 20(a) hereof, without stockholder approval, terminate the Plan, or from time to time make such modifications or amendments to the Plan as it may deem advisable.

(c) No termination, modification, or amendment of the Plan may, without the consent of the individual or entity to whom any Option or Restricted Stock shall have been granted, adversely affect the rights conferred by such Option or Restricted Stock grant.

21. Not a Contract of Employment. Nothing contained in the Plan or in any Stock Option Agreement or Restricted Stock Grant Agreement executed pursuant hereto shall be deemed to confer upon any individual or entity to whom an Option or Restricted Stock is or may be granted hereunder any right to remain in the employ or service of the Company or a parent or subsidiary corporation of the Company or any entitlement to any remuneration or other benefit pursuant to any consulting or advisory arrangement.

22. Use of Proceeds. The proceeds from the sale of shares pursuant to Options or Restricted Stock granted under the Plan shall constitute general funds of the Company.

23. Indemnification of Board of Directors or Committee. In addition to such other rights of indemnification as they may have, the members of the Board of Directors or the Committee, as the case may be, shall be indemnified by the Company to the extent permitted under applicable law against all costs and expenses reasonably incurred by them in connection with any action, suit, or proceeding to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any rights granted thereunder and against all amounts paid by them in settlement thereof or paid by them in satisfaction of a judgment of any such action, suit or proceeding, except a judgment based upon a finding of bad faith. Upon the institution of any such action, suit, or proceeding, the member or members of the Board of Directors or the Committee, as the case may be, shall notify the Company in writing, giving the Company an opportunity at its own cost to defend the same before such member or members undertake to defend the same on his or their own behalf.

24. Captions. The use of captions in the Plan is for convenience. The captions are not intended to provide substantive rights.

25. Disqualifying Dispositions. If Common Stock acquired upon exercise of an Incentive Stock Option granted under the Plan is disposed of within two years following the date of grant of the Incentive Stock Option or one year following the issuance of the Common Stock to the Optionee, or is otherwise disposed of in a manner that results in the Optionee being required to recognize ordinary income, rather than capital gain, from the disposition (a "Disqualifying Disposition"), the holder of the Common Stock shall, immediately prior to such Disqualifying Disposition, notify the Company in writing of the date and terms of such Disqualifying Disposition and provide such other information regarding the Disqualifying Disposition as the Company may reasonably require.

26. Withholding Taxes.

(a) Whenever under the Plan shares of Common Stock are to be delivered to an Optionee upon exercise of a Nonstatutory Stock Option or to a Grantee of Restricted Stock, the Company shall be entitled to require as a condition of delivery that the Optionee or Grantee remit or, at the discretion of the Board or the Committee, agree to remit when due, an amount sufficient to satisfy all current or estimated future Federal, state and local income tax withholding requirements, including, without limitation, the employee's portion of any employment tax requirements relating thereto. At the time of a Disqualifying Disposition, the Optionee shall remit to the Company in cash the amount of any applicable Federal, state and local income tax withholding and the employee's portion of any employment taxes.

(b) The Board of Directors or the Committee may, in its discretion, provide any or all holders of Nonstatutory Stock Options or Grantees of Restricted Stock with the right to use shares of Common Stock in satisfaction of all or part of the withholding taxes to which such holders may become subject

in connection with the exercise of their Options or their receipt of Restricted Stock. Such right may be provided to any such holder in either or both of the following formats:

(i) The election to have the Company withhold, from the shares of Common Stock otherwise issuable upon the exercise of such Nonstatutory Stock Option or otherwise deliverable as a result of the vesting of Restricted Stock, a portion of those shares with an aggregate fair market value equal to the percentage of the withholding taxes (not to exceed one hundred percent (100%)) designated by the holder.

(ii) The election to deliver to the Company, at the time the Nonstatutory Stock Option is exercised or Restricted Stock is granted or vested, one or more shares of Common Stock previously acquired by such holder (other than in connection with the option exercise or Restricted Stock grant triggering the withholding taxes) with an aggregate fair market value equal to the percentage of the withholding taxes (not to exceed one hundred percent (100%)) designated by the holder.

27. Other Provisions. Each Option granted, and each Restricted Stock grant, under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board or the Committee, in its sole discretion. Notwithstanding the foregoing, each Incentive Stock Option granted under the Plan shall include those terms and conditions which are necessary to qualify the Incentive Stock Option as an "incentive stock option" within the meaning of Section 422 of the Code and the regulations thereunder and shall not include any terms and conditions which are inconsistent therewith.

28. Definitions. For purposes of the Plan, the terms "parent corporation" and "subsidiary corporation" shall have the meanings set forth in Sections 424(e) and 424(f) of the Code, respectively, and the masculine shall include the feminine and the neuter as the context requires.

29. Governing Law. The Plan shall be governed by, and all questions arising hereunder shall be determined in accordance with, the laws of the State of New York, excluding choice of law principles thereof.