

ODYSSEY MARINE EXPLORATION INC
Form DEF 14A
April 15, 2008
Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ODYSSEY MARINE EXPLORATION, INC

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

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(4) Proposed maximum aggregate value of the transaction:

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(3) Filing Party:

(4) Date Filed:

Table of Contents

5215 W. LAUREL STREET

TAMPA, FLORIDA 33607

(813) 876-1776

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 7, 2008

TO THE STOCKHOLDERS OF ODYSSEY MARINE EXPLORATION, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Odyssey Marine Exploration, Inc., a Nevada corporation (the Company), will be held at the Quorum Hotel Tampa, 700 North Westshore Boulevard, Tampa, Florida, on Wednesday, May 7, 2008, at 9:30 a.m., Eastern Time, and at any and all adjournments thereof, for the purpose of considering and acting upon the following matters:

1. The election of six (6) Directors of the Company to serve until the next Annual Meeting of Stockholders and until their successors have been duly elected and qualified.
2. A proposal to amend the Company's 2005 Stock Incentive Plan to add 2,500,000 shares of Common Stock of the Company to the Plan, to allow any number of shares available under the Plan to be used for restricted stock awards and to clarify certain other provisions in the Plan, all as set forth in the copy of the Plan, as amended and restated, attached hereto as Appendix A (the Amended and Restated Plan), which is marked to reflect the proposed amendments and other changes.
3. Such other business as may properly come before the meeting or at any adjournment or adjournments thereof.

Only holders of record of the common stock, \$0.0001 par value, of the Company at the close of business on March 18, 2008, will be entitled to notice of and to vote at the Meeting or at any adjournment or adjournments thereof. The proxies are being solicited by the Board of Directors of the Company.

All Stockholders, whether or not they expect to attend the Annual Meeting of Stockholders in person, are urged to sign and date the enclosed Proxy and return it promptly in the enclosed postage-paid envelope which requires no additional postage if mailed in the United States. The giving of a proxy will not affect your right to vote in person if you attend the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

GREGORY P. STEMME, Chairman and CEO

Tampa, Florida
April 14, 2008

Table of Contents

TABLE OF CONTENTS

<u>PROXY STATEMENT</u>	1
<u>ABOUT THE MEETING</u>	1
<i>What is the purpose of the Meeting?</i>	1
<i>Who is entitled to vote at the meeting?</i>	1
<i>How many shares must be present to establish a quorum?</i>	1
<i>How do I vote?</i>	2
<i>What is the voting requirement to approve each of the proposals?</i>	2
<u>ELECTION OF DIRECTORS</u> Proposal 1	2
<u>DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY</u>	3
<u>CODE OF ETHICS</u>	5
<u>CORPORATE GOVERNANCE</u>	5
<u>Board of Directors and Executive Officers</u>	5
<u>Independence of Board Committee Members</u>	5
<u>Committees of the Board</u>	5
<u>Governance and Nominating Committee</u>	5
<u>Audit Committee</u>	6
<u>Audit Committee Financial Expert</u>	7
<u>Compensation Committee</u>	7
<u>Compensation Committee Interlocks and Insider Participation</u>	7
<u>Stockholder Communications with the Board of Directors</u>	7
<u>Report of the Audit Committee</u>	7
<u>Report of the Compensation Committee</u>	8
<u>EXECUTIVE COMPENSATION</u>	8
<u>Compensation Discussion and Analysis</u>	8
<u>Compensation Tables</u>	14
<u>2007 GRANTS OF PLAN-BASED AWARDS</u>	15
<u>2007 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END</u>	17
<u>2007 OPTION EXERCISES AND STOCK VESTED</u>	18
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL</u>	18
<u>DIRECTOR COMPENSATION</u>	18
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	20
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	23
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	23
<u>Policy on Review, Approval or Ratification of Transactions with Related Parties</u>	23
<u>Other Relationships</u>	23
<u>APPROVAL OF AMENDMENTS TO THE COMPANY S 2005 STOCK INCENTIVE PLAN</u> Proposal 2	24
<u>Stock Incentive Plan</u>	24
<u>Proposed Amendments</u>	24
<u>Vote Required</u>	24
<u>Material Features of the Stock Incentive Plan</u>	24
<u>Eligibility for Participation in Plan</u>	25
<u>Administration of Plan</u>	25
<u>Federal Income Tax Consequences of the Amended and Restated Plan</u>	26
<u>APPOINTMENT OF INDEPENDENT ACCOUNTANTS</u>	26
<u>INDEPENDENT AUDITOR FEES</u>	27
<u>Independence of Principal Accountant and Other Audit Committee Considerations</u>	27
<u>AUDIT COMMITTEE PRE-APPROVAL POLICY</u>	27
<u>DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS</u>	27

Table of Contents

ODYSSEY MARINE EXPLORATION, INC.

5215 W. LAUREL STREET

TAMPA, FLORIDA 33607

(813) 876-1776

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 7, 2008

ABOUT THE MEETING

The enclosed Proxy is solicited by and on behalf of the Board of Directors of Odyssey Marine Exploration, Inc., a Nevada corporation (the Company), for use at the Company's Annual Meeting of Stockholders to be held at the Quorum Hotel Tampa, 700 North Westshore Boulevard, Tampa, Florida, on Wednesday, May 7, 2008, at 9:30 a.m., Eastern Time, and at any adjournment thereof. It is anticipated that this Proxy Statement and the accompanying Proxy will be mailed to the Company's Stockholders on or about April 14, 2008.

The expense of soliciting proxies, including the cost of preparing, assembling and mailing this Proxy Statement, will be borne by the Company. It is anticipated that solicitations of proxies for the Meeting will be made only by use of the mails; however, the Company may use the services of its Directors, Officers and employees to solicit proxies personally or by telephone, without additional salary or compensation to them. Brokerage houses, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to the beneficial owners of the Company's shares held of record by such persons, and the Company will reimburse such persons for their reasonable out-of-pocket expenses incurred by them in that connection.

What is the purpose of the Meeting?

At the Meeting, stockholders will act upon the matters outlined in the Notice of Annual Meeting that is attached to this Proxy Statement. These matters include the election of directors, approval of amendments to the Company's 2005 Stock Incentive Plan and the transaction of any other business that may properly come before the meeting. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, is being simultaneously mailed to the Company's Stockholders, but does not constitute part of these proxy soliciting materials.

Who is entitled to vote at the meeting?

All voting rights are vested exclusively in the holders of the Company's common stock, \$0.0001 par value, with each share entitled to one vote on all matters to be voted upon at the Meeting. Only stockholders of record at the close of business on March 18, 2008, are entitled to notice of and to vote at the Meeting or any adjournment thereof. On March 18, 2008, the Company had 48,005,962 shares of its common stock outstanding. Cumulative voting in the election of Directors is not permitted.

How many shares must be present to establish a quorum?

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A majority of the Company's outstanding common stock represented in person or by proxy shall constitute a quorum at the Meeting. Shares represented by a properly signed and returned proxy will be treated as present at the annual meeting for purposes of determining a quorum, without regard to whether the proxy is marked as casting a vote. Likewise, stock represented by broker non-votes will be treated as present for purposes of determining a quorum. Broker non-votes are proxies with respect to shares held in record name by brokers or nominees, as to which instructions have not been received from the beneficial owners or persons entitled to vote and the broker or nominee does not have discretionary voting power under applicable national securities exchange rules or the instrument under which it serves to vote such shares on that matter.

Table of Contents

How do I vote?

Stockholders may vote in person or by proxy. All shares represented by valid proxies will be voted in accordance therewith at the Meeting. If you are a Stockholder of record you can vote your shares by completing, signing and dating the enclosed proxy card and then mailing it to the Company's transfer agent in the pre-addressed envelope provided. If you hold your shares in street name through a brokerage or other nominee, you will need to obtain a proxy card from the institution that holds your shares. Any person signing and returning a Proxy may revoke it at any time before it is voted by giving written notice of such revocation to the Secretary of the Company at the principal office, or by voting in person at the Meeting.

What is the voting requirement to approve each of the proposals?

The election of directors requires the affirmative vote of a plurality of the votes cast by shares represented in person or by proxy and entitled to vote for the election of directors. This means that the nominees receiving the most votes from those eligible to vote will be elected. You may vote FOR all of the nominees or your vote may be WITHHELD with respect to one or more of the nominees. Accordingly, votes withheld or broker non-votes as to the election of directors will not affect the election of the candidates receiving the plurality of votes.

An affirmative vote of the majority of the shares of common stock represented and entitled to vote at the Meeting, assuming a quorum is present, is necessary for the approval of other matters. For other matters, broker non-votes are not included in the vote totals. If you grant a proxy, the persons named as proxy-holders will have the discretion to vote your shares on any additional matter properly presented for a vote at the Meeting. We are not aware of any other business to be acted upon at the meeting.

ELECTION OF DIRECTORS Proposal 1

The Board of Directors currently consists of six members. The Board of Directors recommends the election as Directors of the six nominees listed below, to hold office until the next Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier death, resignation or removal. Each of the seven current members of the present Board of Directors has been nominated for re-election. The persons named as Proxies in the enclosed form of Proxy will vote the shares represented by all valid returned proxies in accordance with the specifications of the Stockholders returning such proxies. If at the time of the Meeting any of the nominees named below should be unable to serve, which event is not expected to occur, the discretionary authority provided in the Proxy will be exercised to vote for such substitute nominee or nominees, if any, as shall be designated by the Board of Directors.

The following table sets forth the name and age of each nominee for Director, indicating all positions and offices with the Company presently held, and the period during which each person has served as a Director:

Name	Age	Positions and Offices Held and Term as a Director
Gregory P. Stemm	50	Chairman and Chief Executive Officer; Director since May 1994
Mark D. Gordon	47	President and Chief Operating Officer; Director since January 2008
Bradford B. Baker	48	Director since January 2008
David J. Bederman	46	Director since January 2006
George Knutsson	69	Director since June 2001
David J. Saul	68	Director since October 2001

Table of Contents

There is no family relationship between any of the Directors or the Executive Officers of the Company.

All directors will hold office until the next Annual Meeting of the Stockholders and until their successors are elected and qualified or until their earlier death, resignation or removal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE NOMINEES NAMED ABOVE.

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The following sets forth biographical information as to the business experience of each Executive Officer and Director of the Company for at least the last five years.

Gregory P. Stemm has served as Chairman and Chief Executive Officer since January 2008. In these capacities, Mr. Stemm is responsible for strategic planning and general execution of our business plan. He had previously served as Co-Chairman since February 2006 and as a Director and Executive Vice President since May 1994. During that time he was responsible for research and operations on all shipwreck projects. Mr. Stemm has extensive experience in managing shipwreck exploration operations since entering the field in 1986, including deep-ocean search and robotic archaeological excavation on a number of projects. A panelist at the 1998 Law of the Sea Institute, Mr. Stemm was appointed for four consecutive terms to the United States delegation to the United Nations Educational, Scientific and Cultural Organization (UNESCO) expert meeting to negotiate the Draft Convention for the Protection of Underwater Cultural Heritage. He was selected as a Fellow of the Explorers Club, and was the founder and past-president of the Professional Shipwreck Explorers Association (ProSEA). Mr. Stemm served as a founding director (1986-93) and international president (1992-93) of YEO (Young Entrepreneurs Organization) and was also a founding member of the World Entrepreneurs Organization, where he served on the International Board of Directors (1997-98).

Mark D. Gordon has served as our President and Chief Operating Officer since October 2007 and as a Director since January 2008. He was named Executive Vice President of Sales in January 2007, in which capacity he was responsible for the Attraction, Business Development and Retail Merchandising operations for the Company. He joined the Company in June 2005 as Director of Business Development. Prior to joining Odyssey, Mr. Gordon started, owned, and managed four different entrepreneurial ventures from 1987 to 2003, including Synergy Networks, which he founded in 1993 and served as CEO until September of 2003, when the company was sold to the Rockefeller Group. He continued serving as President of Rockefeller Group Technology Services Mid Atlantic (RGTSMA), a member of Rockefeller Group International, until December 2004. Past work experience also included a two-year tenure as a Management Consultant at Andersen Consulting. Mr. Gordon received a B.S. degree in Business Administration in 1982 and an MBA degree in Finance in 1983 from the American University. As a shipwreck diver with the National Diving Center in Washington, DC, he has conducted hundreds of dives and explorations on shipwrecks and was the first person to discover and dive on the wreck of the S.S. Proteus, a ship that had been missing since the early 1900s.

Bradford B. Baker re-joined the Company's Board of Directors in January 2008. He previously served on the Board of Directors from February 1997 to December 2000. Mr. Baker currently serves as Chief Executive Officer of Nexus Biometrics, Inc., a leading fingerprint biometric company he founded in 2004. He is also President of Bramar Developers, Inc., a large-scale real estate development company that he founded in 1998. He was appointed a White House Fellow by President Ronald Reagan in 1998, served as secretary of the Resolution Trust Corporation Oversight Board, and served as Executive Director of the Florida Housing Finance Corporation. He previously held senior executive positions with Comcast Cable and Sterling Financial, Inc., and served as a director and as chairman of the audit committee of Dobi Medical International, Inc. from 2003 through 2007. He holds a B.S. degree in Business Administration from Nova University.

Dr. David J. Bederman joined the Board of Directors in January 2006 and became Lead Director in January 2008. He is a professor of law at Emory University in Atlanta, Georgia. Since 1991, he has taught international law, admiralty, international institutions, law of international common spaces, legal methods, customary law, as well as seminars on international environmental law and foreign relations power. In addition, he serves as an advisor to the Emory International Law Review and is the Director of International Legal Studies at

Table of Contents

Emory's Law School. Dr. Bederman also leads a private practice and has provided legal counsel to Odyssey since 1998. In private practice, he has been involved with many cases involving maritime law and shipwreck disputes, and has represented clients in the Federal Court of Appeals, including the U.S. Supreme Court. Prior to joining Emory, Dr. Bederman practiced law in Washington, DC, with the firm of Covington & Burling and worked as a legal advisor at the Iran/United States Claims Tribunal at The Hague. Professor Bederman has published extensively on diverse legal topics, including legal history, constitutional law, and international legal theory and practice. In addition to a number of books and dozens of articles and essays, his major publications include *The Spirit of International Law* (2002), *International Law in Antiquity* (2001), and *International Law Frameworks* (2001). He has lectured widely and was a visiting professor at New York University and the University of Virginia, and was a Fulbright Distinguished Chair at Osgoode Hall in Toronto.

George Knutsson has served as a Director of the Company since June 2001. Mr. Knutsson is Chairman of the Audit Committee. Currently, Mr. Knutsson is President and Chairman of Knutsson Realty, Inc., specializing in commercial and investment properties in the Tampa Bay area. From 1995 to 2005, he owned and served as President and Chairman of American Boat Trailer Rental Company, Inc., a provider of boat trailer rentals in the southeastern United States. In addition, from 1995 to 1999, he was Co-Founder and Chief Financial Officer of Pro-Tech Monitoring, which uses patented GPS/cellular technology in the monitoring and tracking of felons worldwide. Mr. Knutsson also owned Pirates Cove Marina in the Tampa Bay area from 1984 until he sold it in 1995. In 1978, he founded Dollar Rent-A-Car of Florida and served as Chief Executive Officer until 1990, when he sold the company to Chrysler Corporation. Mr. Knutsson received his B.S. degree from the University of Florida and an MBA degree from the University of South Florida.

Dr. David J. Saul, who is retired, has served as a member of the Company's Board of Directors since October 2001. Dr. Saul is Chairman of the Governance Committee. Dr. Saul was Bermuda's Minister of Finance from 1989 to 1995, and Premier of Bermuda from 1995 to 1997. In addition to his political background, Dr. Saul held two senior posts with Fidelity Investments, from 1984 through 1995, as the President of Fidelity Bermuda and Executive Vice President of Fidelity International. He retired from the firm in 1999, but remains a Director of Fidelity's main international Board, and a Director of some 40 other Fidelity companies around the world - including the U.K., Bermuda, Jersey, Tokyo, Hong Kong, Cayman Islands, Luxembourg and Taiwan. Dr. Saul's professional activities include two stints as a Director of the Bermuda Monetary Authority (Bermuda's Central Bank) and he currently serves as a Director of Lombard Odier Darier Trust Ltd. (Bermuda), a subsidiary of the Swiss Bank, and a Director of the London Steam Ship Owners' Mutual Insurance Association (Bermuda) Ltd. A keen oceanographer with a passion for shipwrecks and the sea, he was a founding Trustee of the Bermuda Underwater Exploration Institute and a founding Director of the Professional Shipwreck Explorers Association.

Laura L. Barton (age 46) was appointed as Vice President of Communications in November 2007. Ms. Barton directs marketing and corporate communications activities and media content development for the Company. Previously, Ms. Barton served as Director of Corporate Communications and Marketing for Odyssey since July 2003. From June 1994 to July 2003, she was President of LLB Communications, a marketing and communications consulting company that served a variety of broadcast networks, stations and distributors, and Odyssey. Prior to founding LLB Communications, Ms. Barton served in various marketing, promotions, publicity and creative services positions in local and network television since 1983. Ms. Barton received a B.A. degree in Mass Communication from the University of South Florida.

Michael J. Holmes (age 58) has served as Chief Financial Officer since May 2004. He joined Odyssey as Controller in March 2004. Mr. Holmes has served in a variety of subsidiary financial management positions with Anheuser-Busch Companies, Inc. to include Vice President Finance, Sea World Orlando from February 1998 to May 2003; Vice President Finance, Busch Gardens Tampa Bay; Corporate Controller, Metal Container Corp. in St. Louis; Vice Finance and Chief Financial Officer, Exploration Cruise Lines in Seattle, Washington; and Director Internal Audit Services for Anheuser-Busch in St. Louis. Mr. Holmes received his undergraduate degree from the University of Missouri and his MBA degree from Crummer Graduate School of Business at Rollins College in Orlando. Mr. Holmes has also served as an adjunct professor of Accounting at the Rosen School of Hospitality Management, University of Central Florida in Orlando from August 2003 to March 2004. He has been very active in community leadership positions, including past board membership on the Orlando Regional Chamber of Commerce, Crummer Graduate School of Business Alumni Board, the ETC of Central Florida (International Drive Transportation Group) and Junior Achievement of Tampa Bay. He is a graduate of Leadership Tampa.

Table of Contents

David A. Morris (age 57) has served as Secretary and Treasurer of the Company since August 1997. Mr. Morris graduated with a B.S. degree in Mechanical Engineering from Michigan State University in 1974. In his capacity with the Company, Mr. Morris coordinates administrative business activities, assists with financial reporting and participates in overall corporate planning and governance.

Jay A. Nudi (age 44) has served as Principal Accounting Officer of the Company since January 2006. Mr. Nudi has been with the Company since May 2005 as Corporate Controller and has over 15 years of accounting and management experience. Mr. Nudi is a certified public accountant. Prior to joining the Company, Mr. Nudi served as Controller for The Axis Group in Atlanta where he began in 2003. The Axis Group provides logistic solutions and services to the automotive industry. From 2001 to 2003, he served as a consultant to various companies on specific value-added tasks. From 2000 to 2001, Mr. Nudi was Director of Financial Reporting for OneSource, Inc., a leading provider of facilities management. From 1997 to 2000, he served as Corporate Controller for Acsys, Inc., a national recruiting firm that was publicly held until it was acquired in 2000. Mr. Nudi received a B.S. degree in Accounting from Pennsylvania State University in 1985.

CODE OF ETHICS

The Company has adopted a Code of Ethics that applies to, among others, its principal executive, financial and accounting officers, and other persons, if any, performing similar functions. Our Code of Ethics can be obtained from the Company, without charge, by written request to the Chief Financial Officer at the Company's address and is posted on the Company's Internet website (www.shipwreck.net).

CORPORATE GOVERNANCE

Board of Directors and Executive Officers

The Company's Board of Directors held six meetings during the fiscal year ended December 31, 2007. Each Director attended at least 75% of the aggregate number of meetings held by the Board of Directors and its Committees during the time each such Director was a member of the Board or of any Committee of the Board.

Directors standing for election are expected to attend the Annual Meeting of Stockholders. All of the six Directors standing for election at the 2007 Annual Meeting of Stockholders attended the meeting.

The Company's executive officers hold office until the next annual meeting of directors of the Company, which currently is scheduled for May 7, 2008. There are no known arrangements or understandings between any director or executive officer and any other person pursuant to which any of the above-named executive officers or directors was selected as an officer or director of the Company. No event occurred during the past five years which is material to an evaluation of the ability or integrity of any director or person nominated to be director or executive officer of the Company.

Independence of Board Committee Members

The Company has four directors, Bradford B. Baker, David J. Bederman, George Knutsson, and David J. Saul who are independent directors as defined in Section 4200 of the listing standards of the NASDAQ Stock Market. The Board of Directors affirmatively determined on March 7, 2008, that each of the four independent directors continues to meet the standards for independence established by NASDAQ. Dr. Bederman, however, does not meet the independence standards for service on the Audit Committee due to an arrangement whereby he will be compensated for legal services beginning January 2008.

Committees of the Board

Governance and Nominating Committee

The Company initially established a Governance Committee in May 2004. On March 7, 2008, the Board of Directors adopted an Amended and Restated Governance and Nominating Committee Charter and Guidelines. A copy of the Governance and Nominating Committee Charter and Guidelines is available on our website at www.shipwreck.net.

Table of Contents

The Governance and Nominating Committee presently consists of David J. Saul, Chairman, Bradford B. Baker, David J. Bederman, and George Knutsson. The purpose of the committee is to provide assistance to the Board of Directors in fulfilling its responsibility with respect to oversight of the appropriate and effective governance of the Company including (i) identification and recommendation of qualified candidates for election to its Board of Directors and its committees; (ii) development and recommendation of appropriate corporate governance guidelines for the Company; (iii) recommendation of appropriate policies and procedures to ensure the effective functioning of the Board of Directors; (iv) recommendations regarding the appointment of corporate officers and the adoption of appropriate processes to ensure management succession and development plans for the principal officers of the Company and its key subsidiaries; and (v) recommendations regarding proposals submitted by stockholders of the Company. During the fiscal year ended December 31, 2007, the committee held two meetings.

The nomination process for incumbent members of the Board consists of an annual review by the committee in which the committee reviews each member's (i) ability and willingness to continue service on the board; (ii) past performance as a member of the Board; and (iii) continued Board eligibility and independence. In the event that a director vacancy arises, the committee shall seek and identify a qualified director nominee to be recommended to the Board for either appointment by the Board to serve the remainder of the term of the director position that is vacant or election at the stockholders' annual meeting. A director nominee shall meet the director qualifications as determined by the Board from time to time, including that the director nominee possess personal and professional integrity, has good business judgment, relevant experience and skills and will be an effective director in conjunction with the full Board in collectively serving the long-term interests of the Company's stockholders. The committee uses a Director Nomination Form and Corporate Director Questionnaire to assess the background and qualification of prospective candidates.

A candidate may be nominated for appointment or election to the Board by the committee or by a Stockholder owning at the time of the recommendation not less than 1% of the Company's outstanding common stock. Stockholders who wish to recommend persons to the committee should submit a letter addressed to the Chairman of the Governance Committee no later than 120 days prior to the date of the next Annual Meeting of Stockholders that sets forth the name, age, and address of the person recommended for nomination; the principal occupation or employment of the person recommended for nomination; a statement that the person is willing to be nominated and will serve if elected; and a statement as to why the Stockholder believes that the person should be considered for nomination for election to the Board of Directors and how the person meets the criteria to be considered by the committee described above.

Audit Committee

The Audit Committee presently consists of George Knutsson, Chairman, Bradford B. Baker, and David J. Saul, who are independent directors (as defined in Section 4200 of the listing standards of the NASDAQ Stock Market and also meet the independence standards of SEC Rule 10a-3(b)(1)). Mr. Knutsson serves as the Audit Committee Financial Expert. The Audit Committee assists the Board of Directors in fulfilling its responsibilities to stockholders concerning the Company's financial reporting and internal controls. It also facilitates open communication between the Audit Committee, Board of Directors, Odyssey's independent registered public accounting firm and management. The Audit Committee is responsible for reviewing the audit process and evaluating and retaining the independent registered public accountants. The independent registered public accounting firm meets with the Audit Committee to review and discuss various matters pertaining to the audit, Odyssey's financial statements, the report of the independent registered public accounting firm on the results, scope and terms of their work, and their recommendations concerning the financial practices, controls, procedures and policies employed by Odyssey. The Audit Committee is charged with the treatment of complaints for the confidential, anonymous submission by employees of Odyssey of concerns regarding questionable accounting or auditing matters. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is available on the Company's website at www.shipwreck.net. During the fiscal year ended December 31, 2007, the Audit Committee held four regular meetings and four private sessions with auditors. The report of the Audit Committee is included in this Proxy Statement.

Table of Contents

Audit Committee Financial Expert

The Board of Directors has determined that Mr. Knutsson is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K, by virtue of the fact that, among other things, he was founder and Chief Financial Officer of Pro-Tech Monitoring and in that capacity has acquired the relevant experience and expertise and has the attributes set forth in the applicable rules in order to constitute him as an audit committee financial expert.

Compensation Committee

The Company has a standing Compensation Committee of the Board of Directors. The Compensation Committee presently consists of David J. Bederman, Chairman, Bradford B. Baker, George Knutsson, and David J. Saul, who are independent directors (as defined in Section 4200 of the listing standards of the NASDAQ Stock Market). The Board of Directors has adopted a written charter for the Compensation Committee, a copy of which is available on the Company's website at www.shipwreck.net. The Compensation Committee reviews and recommends to the Board compensation plans, policies and benefit programs for employees including stock options, distribution of stock in any form, incentive awards, and termination agreements. The Committee reviews the compensation arrangements for our executive officers and directors and makes recommendations to the Board of Directors. During the fiscal year ended December 31, 2007, this Committee held three meetings. The Compensation Committee's report on 2007 executive compensation is included in this Proxy Statement.

Compensation Committee Interlocks and Insider Participation

There were no interlocks or other relationships among our executive officers and directors that are required to be disclosed under applicable executive compensation disclosure requirements.

Stockholder Communications with the Board of Directors

Stockholders wishing to contact the Board of Directors or specified members or committees of the Board should send correspondence to the Corporate Secretary, Odyssey Marine Exploration, Inc., 5215 W. Laurel Street, Tampa, Florida 33607. All communications so received from stockholders of the Company will be forwarded to the members of the Board of Directors, or to a specific Board member or committee if so designated by the stockholder. A stockholder who wishes to communicate with a specific Board member or committee should send instructions asking that the material be forwarded to the director or to the appropriate committee chairman. All stockholders are also encouraged to communicate directly with both officers and directors regarding issues affecting the Company at the Annual Meeting of Stockholders.

Report of the Audit Committee

Management has the primary responsibility for the financial statements and the reporting process, including the system of internal accounting controls. The Audit Committee, in their oversight role, has reviewed and discussed the audited financial statements with Odyssey's management.

The Company has a standing Audit Committee of the Board of Directors. The Audit Committee currently consists of Messrs. Knutsson (Chairman), Baker, and Saul, who are independent directors (as defined in Section 4200 of the listing standards of the NASDAQ Stock Market). The Audit Committee, on behalf of the Board, oversees the Company's accounting and financial reporting process. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management and the outside auditors the audited financial statements and the footnotes thereto in the Company's quarterly reports on Form 10-Q and annual report on Form 10-K for the fiscal year ended December 31, 2007. The Committee discussed with management and the outside auditors, qualitative aspects of financial reporting in the accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements to the Stockholders. In addition, the Audit Committee is responsible for the engagement of the Company's independent public accountants and the scope of their work. The Audit Committee held eight meetings in the fiscal year ended December 31, 2007: four private executive meetings with the outside auditors without management and four regular Audit Committee meetings. The Audit Committee discussed with the Company's independent public auditors the overall scope and plans of the audit. The Audit Committee met with the independent public auditors to discuss the results of their audit, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

Table of Contents

The Company's outside independent public accountants, Ferlita, Walsh & Gonzalez, P.A., are responsible for expressing an opinion on the conformity of the Company's audited financial statements in all material respects to accounting principles generally accepted in the United States. The Audit Committee reviewed and discussed with the independent public auditors their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed by the Audit Committee with the Company's independent public auditors under Statement on Auditing Standards 61, as amended by SAS 90. The Company's independent public accountants have expressed the opinion that the Company's audited financial statements conform, in all material respects, to accounting principles generally accepted in the United States. The independent public auditors have full and free access to the Audit Committee.

The Audit Committee Chairman discussed with the Company's independent public accountants their independence from management and the Company, and received from them the written disclosures and the letter concerning the independent accountants' independence required by the Independence Standard Board Standard No. 1.

The Audit Committee has an established charter outlining the practices it follows. The charter is available on the Company's website at www.shipwreck.net.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board and the Board has approved that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2007, for filing with the Securities and Exchange Commission. The Audit Committee also selected Ferlita, Walsh & Gonzalez, P.A. to serve as the Company's independent public accountants for the year ending December 31, 2008.

Members of the Audit Committee

George Knutsson, Chairman
Bradford B. Baker David J. Saul

Report of the Compensation Committee

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K. Based upon our review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Compensation Committee

David J. Bederman, Chairman George Knutsson
Bradford B. Baker David J. Saul

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Oversight of Executive Compensation Plan

The Compensation Committee of our Board of Directors oversees our executive compensation program. This includes compensation paid to our Chief Executive Officer and all other officers named in the Summary Compensation Table. Our Compensation Committee is made up of independent, non-management members of our Board of Directors. As of January 1, 2007, the Compensation Committee was composed of four independent directors, David J. Bederman, George Knutsson, George E. Lackman, Jr., and David J. Saul. The Compensation

Table of Contents

Committee is responsible for reviewing, assessing and initially approving all elements of compensation for our named executive officers. Compensation recommendations from the Compensation Committee are submitted to the full Board of Directors for approval.

Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer and Chief Financial Officer during 2007, as well as the other individuals included in the Summary Compensation Table, are referred to as the named executive officers. The Company has not entered into employment agreements with any of the named executive officers.

Role of the Executive Officers in Compensation Decisions

The Chief Executive Officer assesses the performance of the named executive officers. He then recommends to the Compensation Committee a base salary, performance-based incentive award and long-term equity incentives at levels for each named executive officer, including himself, based upon that assessment. The Chief Financial Officer supports the Chief Executive Officer in providing appropriate analyses, peer group reviews and coordination with any outside consultants which may be retained to review the executive compensation program.

General Executive Compensation Philosophy

We have adopted a compensation program designed to attract, motivate and retain key executive employees, to drive business success and to create long-term stockholder value. We compensate our executive officers with base salary, annual incentive compensation and long-term equity compensation planned to be competitive in the marketplace and to align our executive officers with the financial interest of our stockholders. We have designed our compensation program to balance short-term and long-term financial objectives, to encourage building stockholder value and to reward individual and company performance. We target base salary at levels to attract and retain qualified individuals, to encourage long-term commitments and to discourage turnover of key personnel. Annual incentive compensation is paid to reward executives for company and personal achievement. The long-term equity component of compensation is designed to encourage our executives to think like stockholders by taking a long-term interest in the financial success of the Company and to encourage retention through vesting provisions of long-term incentives. We also target annual incentive awards and long-term equity awards to be a greater part of the compensation package. Since our Company is still operating at a loss, we take into account our ability to pay as a factor when determining base or incentive compensation that is cash based. The Compensation Committee considers the use of cash and the current financial conditions of the Company when approving cash-based compensation. In certain cases it may be necessary to pay annual incentive award compensation in equity depending upon the Company's current situation.

General Stock Option Award Philosophy

Stock options are awarded to strengthen the relationship between the long-term value of our stock and potential financial incentives to our executive officers. These awards only become valuable if the recipient continues to be employed by us and if the value of our common stock rises to a level above the option exercise price established by the Compensation Committee on the grant date of the award. Stock options can vest based on time or time plus performance; however, we do not use market related targets in any stated performance criteria. While our Compensation Committee can set option prices as low as the fair market value on the date of grant, historically we have awarded options at a premium over fair market value as an incentive to our executive officers to strive for long-term improvement in the financial condition of our Company.

When stock options are awarded to officers as part of our compensation plan, the awards are to be granted as close to January 1st each year as is reasonably practical for the members of the Compensation Committee and the Board of Directors. The awards are made as early as practical in the year so that the time associated with any performance criteria is maximized. This practice avoids market timing of the grant of options around expected news releases.

Table of Contents

Setting Executive Compensation and Market Compensation Assessment

Recap of 2006 Executive Compensation Program

In order to evaluate our 2006 executive compensation, the Compensation Committee engaged AON Consulting, Inc., a nationally recognized firm, to assist us in establishing a compensation strategy for our senior management and department heads and to develop a framework for our total compensation program for 2006. Because our business of locating valuable shipwrecks and marketing the cargo and related products is relatively unusual, AON determined that a traditional set of peer companies could not be initially identified. AON determined that our profile was similar to high tech companies with less than \$50 million in revenue for broad benchmarking survey purposes and provided a compensation analysis to us for that group. We were not provided the names of the specific companies included in the AON benchmark data. AON recommended compensation ranges for our Chief Executive Officer and other executive officers based on the results of their survey and their analysis of our Company. Our Compensation Committee refined the recommended ranges for base salary, annual incentive target and long-term incentive values for each of our executive officers based upon the individual's qualifications and experience with the Company, past performance, value to the Company, and the Company's ability to pay.

Based upon this analysis, our Compensation Committee established the target ranges for each component of compensation that could be earned by our executive officers. The Compensation Committee also established the ratios of the three major components of compensation to the total compensation achievable by each officer in the approximate ratios as recommended by AON. Due to the Company's financial performance and negative operating cash flow, base salaries in general were set on the low end or below the ranges recommended by AON. Annual incentive targets and long-term compensation value were expressed as percentages of base salary.

This plan was developed to provide a framework for executive compensation and the Compensation Committee retained the flexibility to use its discretion and deviate from the guidelines in determining compensation as appropriate at the time its decisions are made.

2007 Market Assessment

For benchmarking the 2007 executive compensation program, we were interested in obtaining a peer group of companies which were more in line with Odyssey's financial and market characteristics than the broader benchmarking group previously identified for the 2006 executive compensation plan. As a result, we evaluated AMEX and NASDAQ companies with \$125 - \$175 million in market capitalization and under \$10 million in revenue. The result of our evaluation identified 26 peer group companies as follows:

- | | |
|--------------------------------|------------------------------------|
| Altair Nanotechnologies Inc. | Grubb & Ellis Realty Advisors Inc. |
| Anadys Pharmaceuticals Inc. | Hemispherx BioPharma Inc. |
| Aastrom Biosciences Inc. | Hollis-Eden Pharmaceuticals Inc. |
| Arrowhead Research Corp. | Idaho General Mines Inc. |
| Artes Medical Inc. | InSite Vision Inc. |
| AVI BioPharma Inc. | Interleukin Genetics Inc. |
| Cytori Therapeutics Inc. | Microvision Inc. |
| CytRx Corp. | MGT Capital Investments Inc. |
| Depomed Inc. | Oxigene Inc. |
| Discovery Laboratories Inc. | Pure Cycle Corp. |
| Document Security Systems Inc. | Repros Therapeutics Inc. |
| Dune Energy Inc. | Telkonet Inc. |
| Emisphere Technologies Inc. | Threshold Pharmaceuticals Inc. |

The characteristics of the above peer group include high market capitalization (peer group average \$143 million), low revenue (peer group average \$2.4 million) and negative earnings per share. These characteristics are indicative of companies with long-term growth prospects and market value potential. It was our opinion this peer group could be utilized to benchmark executive compensation for Odyssey. While benchmarking may not always be appropriate as a stand-alone tool for setting compensation due to the aspects of our business and objectives that may be unique to us, we generally believe that gathering this type of information and providing it to the Compensation Committee is an important part of our executive compensation decision-making process.

Table of Contents**Components and Results of the 2007 Compensation Plan*****Base salary***

Base salary is intended to provide our executive officers with a level of assured cash compensation that is reasonably competitive in the marketplace. It is based on the individual's qualifications and experience with the Company, past performance taking into account all relevant criteria, value to the Company, the Company's ability to pay and relevant competitive market data. Because our revenue is less than \$10 million and our Company is not profitable, cash compensation should be between the first quartile and midpoint of the range and annual performance-based incentives and long-term incentives should be at the higher end of the recommended ranges. The base salary ranges for the named executive officers were established based upon the competitive and benchmarking data from the peer group whereby the average peer group base salary became the midpoint of the salary range. This included all named executive officer positions with the exception of the Executive Vice President and Co-Founder, which was benchmarked against the Chief Executive Officer position.

Results for 2007. Compensation ranges were established to coincide with the results of the peer group review compensation analysis for each of the named executive officer positions. Average base salary for the peer group companies became the 50th percentile of the compensation range.

The following identifies the 2007 50th percentile of the compensation range for each named executive officer as of January 2007:

Position	50th Percentile 2007
Chief Executive Officer	\$ 350,000
EVP and Co-Founder	\$ 325,000
Chief Financial Officer	\$ 225,000
EVP Sales	\$ 210,000
Secretary/Treasurer	\$ 165,000

Base salaries for our named executive officers, which were near or below the recommended minimum of the salary range for 2006, were increased to better align with the results of the peer group analysis for 2007. As a result, base salaries generally remained below the 50th percentile of our peer group companies.

Name	Position	Base Salary January 2007	2007 Range Penetration
John C. Morris	Chief Executive Officer	\$ 325,000	46%
Gregory P. Stemm	EVP and Co-Founder	\$ 325,000	50%
Michael J. Holmes	Chief Financial Officer	\$ 175,000	38%
Mark D. Gordon	EVP Sales	\$ 150,000	35%
David A. Morris	Secretary/Treasurer	\$ 150,000	45%

Annual Incentive Awards and Targets

Annual incentive awards are intended to provide a component of total cash compensation that represents an award for meeting corporate key objectives or for achievement of strategic objectives. Annual incentive awards are expressed as target amounts that can be earned as a percentage of base salary. The amount of these targets are based on the individual's qualifications and experience with the Company, past performance of duties, value to the Company, and the Company's ability to pay. For all named executive officers, the annual incentive targets are weighted 75% toward the ability to meet key performance indicators of the Company and 25% toward attainment of individual strategic objectives. An executive's individual strategic objectives are defined based upon the contribution such executive's role and expertise can bring on achieving the Company's overall strategic objectives.

Table of Contents

Attainment of Company key performance indicators, which comprise 75% of the annual incentive awards, are based upon four separate categories that include revenue, recovered cargo, earnings per share and overall cash flow. Within each category several performance threshold targets were established whereby relative ranges of target incentives could be achieved. Relative levels of target incentive for revenue and recovered cargo key performance indicators ranged from 0% to 60% for each category. Relative levels of target incentives for earnings per share and cash flow ranged from 0% to 40% for each category. In order to achieve the upper range percentages of target incentives, significant stretch performance levels would need to be achieved. For example, to achieve 60% of target incentive, revenue would need to be greater than \$20 million or recovered cargo would need to be greater than \$50 million; to achieve 40% of target incentive, earnings per share would need to be positive or cash flow from operations would need to be greater than budget. While the sum of the various key performance indicator categories could be over 100%, the intent was that named executive officers could achieve at or near target incentives by achieving stretch performance levels in only several categories, or above average levels for all four categories.

While it is intended that the Compensation Committee will follow the incentive award guidelines, the Committee has the discretion to increase or decrease the amounts based upon extenuating or unforeseen circumstances, or to deny annual incentive awards whether or not performance targets are achieved, as it deems appropriate. The attainment of individual strategic objectives is evaluated by the Compensation Committee based upon a report by the Chief Executive Officer. The overall annual incentive award is determined following a review of the performance of each named executive officer relative to the strategic objectives and the attainment of the Company's key performance indicators. There is no maximum amount established and the incentive awards are at the discretion of the Compensation Committee.

The Chief Executive Officer evaluates the Company's performance with the assistance of the Chief Financial Officer and evaluates the individual performance for all officers other than him. Based upon review of these factors, he provides the Compensation Committee with his recommendations. The Compensation Committee reviews the performance and assessment of the Company and each executive officer and then evaluates the Chief Executive Officer's performance.

Incentive Awards for 2007. Based upon the Company's evaluation of the four categories of key performance indicators for 2007 (*i.e.*, revenue, recovered cargo, earnings per share and cash flow), the eligible amount of target award for all categories was 100 percent. Because of the Company's success in 2007 with the Black Swan project, the recovered cargo category recorded the highest threshold eligibility of target award at 60%. Each of the other three categories resulted in eligibility of 40% of target award in aggregate primarily due to overall cash flow, which was \$18 million more than plan. Also, the Chief Executive Officer recommended to the Compensation Committee that each named executive officer had met or exceeded their individual performance objectives. The following table identifies the target award as a percentage of base salary for each named executive in accordance with the executive compensation plan, the weighting between Company and individual performance, and the actual incentive awarded based upon the recommendation of the Compensation Committee. The amounts for 2007 were paid in cash in January 2008 and are summarized in the Summary Compensation Table on page 14.

Name	Position	Target Award as % Salary	Company Performance Weighting	Individual Performance Weighting	Incentive Awarded as % Salary
John C. Morris	Chief Executive Officer	80%	75%	25%	80%
Gregory P. Stemm	EVP and Co-Founder	80%	75%	25%	80%
Michael J. Holmes	Chief Financial Officer	60%	75%	25%	60%
Mark D. Gordon	EVP Sales	60%	75%	25%	60%
David A. Morris	Secretary/Treasurer	60%	75%	25%	60%

Table of Contents**Long Term Incentive Targets and Awards**

Long-Term Incentive Awards for 2007. Long-term incentive targets are intended to provide an equity component of total compensation in the form of stock options that vest based on time, performance or both. The value of these targets is set by the Compensation Committee based on the individual's qualifications and experience with the Company, past performance of duties, and value to the Company. The following table represents the target long-term incentive award expressed as a percentage range of base salary.

Name	Position	Target Long-Term Incentive Award as a % of Base Salary	Actual Long-Term Incentive Award as a % of Base Salary
John C. Morris	Chief Executive Officer	125% - 150%	99%
Gregory P. Stemm	EVP and Co-Founder	125% - 150%	119%
Michael J. Holmes	Chief Financial Officer	75% - 100%	89%
Mark D. Gordon	EVP Sales	75% - 100%	104%
David A. Morris	Secretary/Treasurer	75% - 100%	104%

Long-term incentive equity awards were granted in January 2007 for Messrs. Holmes, Gordon and D. Morris, and in February 2007 for Messrs. J. Morris and Stemm. The long-term incentive awards were stock options which were valued using Black-Scholes option valuation model. These awards are summarized on the Grants of Plan-Based Awards Table included on page 15. The above awards are only those included as part of the long-term equity award component of the executive compensation program and do not include long-term stock options granted as part of becoming a corporate officer or key employee. A stock option award for Mr. Gordon granted on January 2, 2007, for 100,000 shares of Company stock at an exercise price of \$5.00 is not included in the above table because these were granted in conjunction with his promotion to Executive Vice President of Sales.

In 2006, the long-term incentive equity awards included a performance-based element regarding recovered cargo. This performance-based element was excluded in 2007 by the Compensation Committee because the annual incentive award element of the executive compensation program already included performance-based criteria as previously mentioned and the long-term equity awards were designed to promote retention of key employees.

Summary of 2008 Executive Compensation Program

The executive compensation program for 2008 utilized a similar process and the same peer group as in 2007. We looked at our existing peer group with revenue less than \$10 million and market capitalization of \$125- \$175 million, and a second peer group with higher market capitalization approximately the same as our own. While compensation ranges were higher on the average in the new group, we decided to use the same peer group that we used in 2007 as a basis for our 2008 compensation. Base salary compensation ranges for 2008 were adjusted from 2007 levels to coincide with the results of the peer group review for each of the named executive officer positions. Average base salary for the peer group companies became the 50th percentile of the compensation range. The following identifies the 2008 50th percentile of the compensation range for each named executive officer versus 2007:

Position	50th Percentile	
	2007	2008
Chief Executive Officer	\$ 350,000	\$ 385,000
EVP and Co-Founder	\$ 325,000	(1)
Chief Financial Officer	\$ 225,000	\$ 255,000
President/Chief Operating Officer	(2)	\$ 255,000
EVP Sales	\$ 210,000	(1)
Secretary/Treasurer	\$ 165,000	\$ 175,000

(1) Position eliminated in January 2008.

(2) President/Chief Operating Officer was a new position in October 2007. Previously the CEO was also the President.

Table of Contents

Base salaries for our named executive officers were increased for 2008 to better align with the results of the 2008 company peer group analysis. As a result, base salaries generally remained below the 50th percentile of our peer group companies as follows:

Name	2008 Position	Base Salary		2008 Range Penetration
		Jan. 07	Jan. 08	
John C. Morris	Former Chief Executive Officer	\$ 325,000	(1)	(1)
Gregory P. Stemm	Chief Executive Officer	\$ 325,000	\$ 350,000	45%
Michael J. Holmes	Chief Financial Officer	\$ 175,000	\$ 215,000	25%
Mark D. Gordon	President /Chief Operating Officer	(2)	\$ 215,000	25%
David A. Morris	Secretary/Treasurer	\$ 150,000	\$ 160,000	46%

(1) Mr. Stemm became Chief Executive Officer upon Mr. Morris' s resignation on January 2, 2008.

(2) Mr. Gordon was promoted from EVP Sales to President/Chief Operating Officer in October 2007.

Annual incentive targets and long-term equity targets remained at the same percentage of base salary as in 2007. Company and individual key performance criteria did not change in 2008.

Retirement Plans and All Other Compensation

We do not have any deferred compensation or retirement plan at this time. During 2007, we did not pay perquisites exceeding \$10,000 in the aggregate to our Chief Executive Officer or other named executive officers. Our named executive officers participated in non-discriminatory life and health insurance plans as all other employees. The Company does not currently have employment agreements in effect with any of its named executive officers. However, Mr. John C. Morris retired as Chief Executive Officer and Chairman of the Board on January 2, 2008, and entered into a consulting agreement with the Company.

Compensation Tables**SUMMARY COMPENSATION TABLE**

The following table set forth information regarding the compensation paid to the Company' s Chief Executive Officer and the other named executive officers for services rendered to the Company and its subsidiaries for the fiscal year ended December 31, 2006 and 2007. Expense related to Awards or Annual Incentive Awards that were paid after the fiscal year ending date are included in compensation expense for 2006 and 2007.

Name and Principal Position (1)	Year	Salary (\$)	Bonus (\$)	Option	All Other	Total (\$)
			(2) (3)	Awards (\$)	Compensation (\$)	
John C. Morris, Chief Executive Officer	2007	\$ 325,000	\$ 260,000	\$ 189,750	\$ 1,255	\$ 776,005
	2006	\$ 250,000	\$ 75,000	\$ 7,125	\$ 979	\$ 333,104
Gregory P. Stemm, Executive V.P.	2007	\$ 325,000	\$ 260,000	\$ 184,875	\$ 1,255	\$ 771,130
	2006	\$ 250,000	\$ 75,000	\$ 22,000	\$ 1,078	\$ 348,078
Michael J. Holmes, Chief Financial Officer	2007	\$ 175,000	\$ 105,000	\$ 110,667	\$ 863	\$ 391,530
	2006	\$ 150,000	\$ 45,000	\$ 29,334	\$ 657	\$ 224,991
Mark D. Gordon, President and Chief Operating Officer (6)	2007	\$ 155,208	\$ 90,000	\$ 89,350	\$ 774	\$ 335,332
	2006	\$ 110,000	\$ 27,500	\$ 3,650	\$ 488	\$ 141,638

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David A. Morris, Secretary/Treasurer	2007	\$ 150,000	\$ 90,000	\$ 90,133	\$ 780	\$ 330,913
	2006	\$ 120,000	\$ 36,000	\$ 19,066	\$ 531	\$ 175,597

- (1) The offices held by each named executive officer are as of December 31, 2007. On January 3, 2008, Mr. Stemm assumed the Chief Executive Officer position, due to the retirement of Mr. Morris who was the Chief Executive Officer through January 2, 2008.

Table of Contents

- (2) For the year ended December 31, 2006, all of our named executive officers received annual incentive compensation of 30% of base salary. Mr. John Morris elected to receive the net amount after tax of the award in common stock at the fair market value on the date the stock was issued. Mr. Stemm received cash. All other officers received the net amount due after tax in shares of common stock at fair market value on the date the stock issuance was approved by the Board of Directors in January 2007. The stock was issued from our 2005 Stock Incentive Plan.
- (3) The amounts reported for 2007 reflect annual incentive compensation paid in cash to our executive officers in January 2008. Details of the amounts awarded by the Compensation Committee under the plan are discussed under Executive Compensation Compensation Discussion and Analysis.
- (4) The amounts reported are the compensation costs recognized by us in fiscal years 2006 and 2007 for option awards as determined using a Black-Scholes valuation model in accordance with FAS No 123(R), disregarding any estimates of forfeitures related to service-based vesting conditions. The compensation costs include amounts from awards granted in and prior to fiscal 2007. The assumptions used to calculate the value of option awards are detailed in footnote A under the caption Stock-Based Compensation to the Company's Consolidated Financial Statements set forth in the Company's Annual Report on Form 10-K for fiscal year ended December 31, 2007. These amounts reflect the accounting expense for these awards and do not necessarily correspond to the actual value that will be recognized by the named executive officers, which may be higher or lower based on a number of factors including stock price fluctuations and applicable vesting.
- (5) The amounts shown reflect amounts for life insurance premiums paid by the Company on behalf of each named executive officer for the fiscal years 2006 and 2007.
- (6) Mr. Gordon was Executive Vice President of Sales from January 1, 2007, until October 1, 2007, when he was appointed President and Chief Operating Officer. His base salary was increased from \$150,000 to \$175,000.

2007 GRANTS OF PLAN-BASED AWARDS

The following table sets forth the actual number of stock options granted and the grant date fair value of these awards. There were no restricted stock or other equity or non-equity incentive awards granted for 2007.

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$ / Sh)	Grant Date Fair Value of Option Awards (\$ / Sh) (5)	Grant Date Fair Value of Option Awards
John C. Morris (1)	2/6/2007	250,000	\$ 5.00	\$ 1.29	\$ 322,500
Gregory P. Stemm (2)	2/6/2007	250,000	\$ 3.50	\$ 1.55	\$ 387,500
Michael J. Holmes (3)	1/2/2007	100,000	\$ 3.50	\$ 1.56	\$ 156,000
Mark D. Gordon (4)	1/2/2007	100,000	\$ 3.50	\$ 1.56	\$ 156,000
	1/2/2007	100,000	\$ 5.00	\$ 1.62	\$ 162,000
David A. Morris (3)	1/2/2007	100,000	\$ 3.50	\$ 1.56	\$ 156,000

- (1) Mr. Morris was granted a stock option on February 6, 2007, with vesting to occur over two years. The closing price of our common stock on the date of grant was \$2.94. Twenty-five percent of the options granted were to vest on June 30, 2007, December 31, 2007, June 30, 2008, and December 31, 2008. The option will terminate on February 6, 2011. Upon his retirement from the Company on January 2, 2008, the Board of Directors authorized the acceleration of vesting relative to 125,000 options that were then unvested.

Table of Contents

- (2) Mr. Stemm was granted a stock option on February 6, 2007, with vesting to occur over four years. The closing price of our common stock on the date of grant was \$2.94. Twenty-five percent of the options granted vest on December 31, 2007, 2008, 2009 and 2010. The option will terminate on February 6, 2012.
- (3) Stock options were granted to Messrs. Holmes and Morris on January 2, 2007, with vesting to occur over three years. The closing price of our common stock on the date of grant was \$2.92. One-third of the stock options are eligible for vesting on December 31, 2007, 2008 and 2009. The options terminate on January 2, 2011.
- (4) Mr. Gordon was granted two stock options on January 2, 2007, when the closing price of our common stock was \$2.92. The option having an exercise price of \$5.00 per share was granted for taking an officer position with the Company. Twenty percent of the options granted will vest on December 31, 2007 through 2011. This option terminates January 2, 2012. In addition, Mr. Gordon was granted a long-term incentive option at \$3.50 per share, which will vest in twenty-five percent of the options granted on December 31, 2007, 2008, 2009 and 2010. This option terminates on January 2, 2011.
- (5) The amounts reported are the fair value of stock options as determined using a Black-Scholes valuation model in accordance with FAS No 123(R), disregarding any estimates of forfeitures related to service-based vesting conditions. The assumptions used to calculate the value of option awards are detailed in Note A under the caption Stock-Based Compensation to the Company's Consolidated Financial Statements set forth in the Company's Annual Report on Form 10-K for fiscal year ended December 31, 2007. These amounts reflect the accounting expense for these awards and do not necessarily correspond to the actual value that will be recognized by the named executive officers, which may be higher or lower based on a number of factors including stock price fluctuations and applicable vesting.

The stock options described in the 2007 Grants of Plan-Based Awards table vest over time so long as the holder of the option is employed as detailed in the notes above. Our Compensation Committee set the option exercise prices approximately 20% above the closing price on the date of grant in order to align our executive officers with the long-term value of our stock. Because Mr. John Morris was considering his eventual retirement from the Company which he expected to be in the next two to three years, a shorter vesting period of two years was set for his award. For this consideration, the option exercise price was set at \$5.00 per share which was approximately 70% above the closing price on the date of grant.

The amount of salary and incentive award in proportion to total compensation for our named executive officers for 2007 was:

Name	Salary as a Percentage of Total Compensation	Annual Incentive Awards as a Percentage of Total Compensation
John C. Morris	42%	34%
Gregory P. Stemm	42%	34%
Michael J. Holmes	45%	27%
Mark D. Gordon	46%	27%
David A. Morris	45%	27%

Table of Contents**2007 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

The following table shows outstanding stock option awards that are exercisable and unexercisable as of December 31, 2007, for the Chief Executive Officer and each of the other named executive officers. We did not have any outstanding restricted stock awards to report.

Name	Number of Securities Underlying Unexercised Options		Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date
	(#) Exercisable	(#) Unexercisable	(#) (1)		
John C. Morris (2)	12,500	25,000	75,000	\$ 3.50	1/26/2011
	125,000	125,000		\$ 5.00	2/5/2012
Gregory P. Stemm	12,500	25,000(3)	75,000	\$ 3.50	1/26/2011
	62,500	187,500(4)		\$ 3.50	2/5/2012
Michael J. Holmes	100,000			\$ 5.00	3/14/2009
	16,667	33,333(3)	33,333	\$ 3.50	1/26/2011
	33,333	66,667(5)		\$ 3.50	12/31/2011
Mark D. Gordon	25,000			\$ 5.00	6/1/2009
	7,500	2,500(6)		\$ 4.00	1/12/2010
	7,500	7,500(7)		\$ 3.50	12/31/2010
	25,000	75,000(8)		\$ 3.50	12/31/2011
	20,000	80,000(9)		\$ 5.00	12/31/2013
David A. Morris	20,000			\$ 1.25	3/18/2008
	60,000			\$ 2.50	3/18/2008
	10,834	21,666(3)	21,666	\$ 3.50	1/26/2011
	33,333	66,667(5)		\$ 3.50	12/31/2011

- (1) For each option in this column, other than those described in Note 2, 50% of the number of options indicated will vest on each of January 26, 2008 and 2009, if the Company recovers \$25 million or more from shipwreck operations during the year ending December 31, 2007 and 2008, respectively. In the event more than \$25 million is recovered during 2007, the excess amount may be carried forward to 2008. The Compensation Committee determined that the objective has been met for 2007.
- (2) On January 2, 2008, when Mr. Morris retired, all unvested outstanding options held by Mr. Morris became vested and exercisable in accordance with the transition agreement entered into on that date.
- (3) Each option will vest 50% of the number of options indicated for each named executive officer on January 26, 2008, and 50% on January 26, 2009, so long as the named executive officer is continuously employed by us until the vesting date.
- (4) This option vests in 62,500 shares on each of December 31, 2008, 2009 and 2010 so long as Mr. Stemm is continuously employed by us until the vesting dates.
- (5) These options vest in 50% of the number of options indicated on December 31, 2008, and 2009, so long as the named executive officer is continuously employed by us until the vesting dates.

Table of Contents

- (6) All remaining options became vested on January 12, 2008.
- (7) These options will vest in 3,750 shares on each of June 30, 2008, and December 31, 2008, so long as Mr. Gordon is continuously employed by us until the vesting dates.
- (8) These options will vest in 25,000 shares on each of December 31, 2008, 2009 and 2010, so long as Mr. Gordon is continuously employed by us until the vesting dates.
- (9) These options will vest in 20,000 shares on each of December 31, 2008, 2009, 2010 and 2011, so long as Mr. Gordon is continuously employed by us until the vesting dates.

2007 OPTION EXERCISES AND STOCK VESTED

The following table sets forth certain information regarding options exercised during 2007 for the persons named in the Summary Compensation Table above. There are no stock awards outstanding and none were vested during the period.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
John C. Morris	153,273	\$ 443,475
Gregory P. Stemm	193,273	\$ 537,600
David A. Morris	120,000	\$ 591,150

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

None of our named executive officers have an employment contract or agreement, whether written or unwritten, that provides for payments at, following, or in connection with a change-in-control of the Company or termination of employment, except Mr. John C. Morris who retired on January 2, 2008, as discussed in Certain Relationships and Related Transactions. Under our 2005 Stock Incentive Plan, the Compensation Committee has the discretion, but not the obligation, to accelerate the vesting of otherwise unvested stock options in the event of a change-in-control. Only options granted during 2006 and later are subject to potential acceleration of vesting under a change-in-control.

At December 31, 2007, our closing stock price was \$6.19 per share, which is higher than the per share option exercise price of all of the stock options issued to our named executive officers that could have become immediately exercisable due to a change-in-control if the Compensation Committee acted to accelerate the vesting. If the vesting of options held by our named executive officers were accelerated, the expense to the Company under FAS 123(R) would have been \$1,130,425 based upon the grant date fair value.

DIRECTOR COMPENSATION

The following table sets forth certain information regarding the compensation paid to Directors for 2007. The Compensation Committee used the same peer group as was used for executive officers to benchmark total compensation for directors.

Table of Contents**2007 DIRECTOR COMPENSATION TABLE**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$ (1))	Total (\$)
George Knutsson	\$ 78,000	\$ 40,000	\$ 118,000
George E. Lackman, Jr. (2)	\$ 59,000	\$ 40,000	\$ 99,000
Dr. David J. Saul (3)	\$ 15,500	\$ 83,000	\$ 98,500
Dr. David J. Bederman (4)	\$ 50,750	\$ 179,000	\$ 229,750

- (1) Each independent director received an equity award of 7,350 shares of common stock valued at \$40,000 for 2007. The stock was issued from the 2005 Stock Incentive Plan during January 2008.
- (2) Mr. Lackman passed away on March 29, 2008.
- (3) Dr. Saul elected to receive restricted stock for the full amount of his annual retainer for 2007. The number of shares awarded was determined by dividing the amount otherwise due in cash on the first date of each quarter by the price of our common stock on that date. He received 10,051 shares of common stock for \$43,000 worth of services. The stock was restricted until the end of the service period.
- (4) Dr. Bederman elected to receive restricted stock for one-fourth of his annual retainers for 2007. The number of shares awarded was determined by dividing the amount otherwise due in cash on the due date by the price of our common stock on that date. He received 3,750 shares for \$11,250 of services. The stock was issued and restricted until the performance period ended. In addition, Dr. Bederman received a one-time stock award of 25,000 shares valued at \$127,750 as discussed below.

Compensation of Directors

For the year ended December 31, 2007, our outside directors were compensated according to the following structure:

Each outside director received \$40,000 annually as a retainer. Additional annual retainers were paid as follows for the chairmanship of committees:

Audit Committee Chairman	\$ 10,000
Compensation Committee Chairman	\$ 5,000
Governance Committee Chairman	\$ 3,000

Each director has the option to receive cash or common stock for the amount of retainers. Retainers are paid quarterly in advance unless stock is awarded. When stock is awarded the number of shares is calculated by dividing the dollar amount otherwise due in cash by the fair market value of the stock on the first day of each quarter when cash payments are due. The stock is restricted until the service period ends.

In addition outside directors received \$1,000 per meeting attended on behalf of the Board of Directors including full board meetings, and audit committee, governance committee and compensation committee meetings.

Meetings attended telephonically earned compensation of \$500 for attendance.

Committee chairmen received an additional \$500 per meeting over which they presided.

Table of Contents

A discretionary equity compensation payment valued at \$40,000 was awarded to each independent director for 2007 and was paid in January 2008 by the award of 7,350 shares of common stock under the Company's 2005 Stock Incentive Plan.

We do not pay amounts that would be classified as perquisites or other compensation to our directors, and there are no existing or potential change-of-control, retirement or legacy obligations.

Directors were reimbursed for out-of-pocket expenses in connection with attending meetings of the Board of Directors or Committees. In addition, Mr. Bederman was awarded 25,000 shares of common stock from the 2005 Stock Incentive Plan. This was awarded because when Mr. Bederman joined the Board of Directors in January 2006, the Company did not have available shares under the 1997 Stock Option Plan to grant an inducement award, and the 2005 Stock Incentive Plan was not yet approved by stockholders. The Board believed Mr. Bederman should be granted an award that would put him on an approximately equivalent basis as other directors who received options as inducements to join the Board.

Directors will be compensated for 2008 under the same terms as for 2007 except that the Governance Committee Chairman retainer will be increased from \$3,000 to \$5,000 and an equity award target has been set.

ESTIMATED DIRECTOR COMPENSATION FOR 2008

	Audit Chair	Compensation Chair	Governance Chair	Committee Member	Lead Director
Total retainer	\$ 50,000	\$ 45,000	\$ 45,000	\$ 40,000	\$ 40,000
Estimated fees (1)	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000
Estimated equity value (2)	\$ 27,750	\$ 24,000	\$ 24,000	\$ 20,250	\$ 37,750
Estimated total compensation	\$ 99,750	\$ 91,000	\$ 91,000	\$ 82,250	\$ 99,750

(1) Assumes the following meetings per year:

Board	6
Audit	8
Compensation	4
Governance	3
Telephonic	2

(2) Assumes payout of target equity retainer of 33-61% of total cash compensation.

In addition, beginning in January 2008, Mr. Bederman will be compensated for legal services in an amount of \$8,000 per month and will no longer be a member of the Audit Committee of the Board of Directors.

SECURITY OWNERSHIP OF CERTAIN**BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of March 1, 2008, the beneficial ownership of each person known by the Company to be the beneficial owner of five percent or more of the Company's common stock, each named executive officer and director individually and all executive officers and directors of the Company as a group.

Table of Contents

Beneficial ownership is determined in accordance with the rules of the SEC, based on factors including voting and investment power with respect to shares. Percentage of beneficial ownership is based on the number of shares of common stock outstanding as of March 1, 2008. Shares of common stock issuable upon conversion of convertible preferred stock, or the exercise of stock options or warrants currently exercisable, or exercisable within 60 days after March 1, 2008, are deemed outstanding for the purpose of computing the percentage ownership of the person holding such shares, options or warrants, but are not deemed outstanding for computing the percentage ownership for any other persons.

Name of Beneficial Owner	Amount of Beneficial Ownership (1)	Percentage of Class
Gregory P. Stemm, CEO and Chairman	2,010,468(2)	4.2%
Dr. David J. Saul, Director	594,821(3)	1.2%
David A. Morris, Secretary/Treasurer	407,117(4)	*
Michael J. Holmes, CFO	202,593(5)	*
George Knutsson, Director	143,850	*
George E. Lackman, Jr., Director (6)	132,250	*
Mark D. Gordon, President and Director	98,242(7)	*
Dr. David J. Bederman, Director	40,410	*
Bradford B. Baker, Director	5,000(8)	*
All Officers and Directors as a group (11 persons)	3,806,231	7.8%
Fortress Investment Group, LLC 1345 Avenue of the Americas, 46th Floor New York, NY 10105	4,801,159(9)	9.9%
GLG Partners Inc. 1 Curzon Street London W1J 5HB	4,771,099(10)	9.9%
Strata Capital Management LP 9665 Wilshire Blvd, Suite 505 Beverly Hills, CA 90212	4,830,297(11)	9.9%

* Represents less than 1% beneficial ownership.

- (1) Unless otherwise noted, the nature of beneficial ownership consists of sole voting and investment power.
- (2) Includes 299,455 shares held jointly by Mr. Stemm and his wife; 1,122,559 shares held by Adanic Capital, Ltd., a limited partnership for which Mr. Stemm serves as general partner; and 125,000 shares underlying currently exercisable stock options. Mr. Stemm has pledged 500,000 shares of the Company's common stock as collateral for a personal loan.
- (3) Includes 280,000 shares held jointly by Mr. Saul and his wife and 8,000 shares underlying currently exercisable stock options held by Mr. Saul.
- (4) Includes 288,876 shares held jointly by Mr. Morris and his wife and 90,834 shares underlying currently exercisable stock options held by Mr. Morris.
- (5) Includes 183,334 shares underlying currently exercisable stock options held by Mr. Holmes.

Table of Contents

- (6) Mr. Lackman passed away on March 29, 2008.
- (7) Includes 87,500 shares underlying currently exercisable stock options held by Mr. Gordon.
- (8) Consists of 5,000 shares held by the Bristol Edward Rudolph Revocable Trust, a trust of which Mr. Baker is the sole trustee.
- (9) Based upon a Schedule 13G/A filed by Fortress Investment Group, LLC and related entities, and Drawbridge Global Macro Master Fund LP with the Securities and Exchange Commission on February 14, 2008. Includes 4,099,059 shares of common stock and 510,000 shares issuable upon the conversion of Series D Convertible Preferred Stock (Series D Preferred Stock) held by Drawbridge Global Macro Master Fund Ltd.; 172,900 shares of common stock held by Drawbridge Special Opportunities Fund LP and 19,200 shares of common stock held by Drawbridge Special Opportunities Fund Ltd. Excluded from the computation of beneficial ownership are 3,140,000 shares issuable upon the conversion of Series D Preferred Stock, 240,000 shares issuable upon the exercise of warrants to purchase Series D Preferred Stock and 1,300,000 shares issuable upon the conversion of Series E Convertible Preferred Stock held by Drawbridge Global Macro Master Fund Ltd. The shares are excluded due to a provision that such shares of preferred stock cannot be converted into common stock if the conversion or exercise would increase the beneficial ownership of the holder above 9.9%. Fortress Investment Group, LLC has indirect investment control over the shares beneficially owned by Drawbridge Global Macro Master Fund Ltd., Drawbridge Special Opportunities Fund LP and Drawbridge Special Opportunities Fund Ltd.
- (10) Based upon information provided by GLG Partners LP and GLG North American Opportunity Fund on February 29, 2008. Includes 4,491,099 shares of common stock and 275,000 shares issuable upon the conversion of Series D Preferred Stock beneficially owned by GLG Partners LP. Excluded from beneficial ownership are 2,975,000 shares issuable upon conversion of Series D Preferred Stock and 200,000 shares issuable upon the exercise of warrants for the purchase of Series D Preferred Stock due to a provision that the Series D Preferred Stock cannot be converted into common stock to the extent that it would increase the beneficial ownership of the holder above 9.9%. Included in the amount shown is the beneficial ownership of GLG North American Opportunity Fund consisting of 2,451,700 shares of common stock, 2,250,000 shares issuable upon conversion of Series D Preferred Stock and 120,000 shares of Series D Preferred Stock issuable upon exercise of warrants. GLG Partners LP is the Investment Manager and a beneficial owner of the shares held by GLG North American Opportunity Fund. GLG Partners LP, which serves as the investment manager (the Investment Manager) to certain funds and accounts, may be deemed to be the beneficial owner of all shares owned by such funds and accounts. The general partner of the Investment Manager may be deemed to be the beneficial owner of all shares owned by such funds and accounts. Each of Emmanuel Roman, Pierre Lagrange and Noam Gottesman are Managing Directors of the general partner. GLG Partners, Inc., which indirectly wholly owns the general partner, may be deemed to be the beneficial owner of all shares owned by such funds and accounts. Each of the Investment Manager, the general partner, GLG Partners, Inc., Emmanuel Roman, Pierre Lagrange and Noam Gottesman hereby disclaims any beneficial ownership of any such shares, except for their pecuniary interest therein.
- (11) Based upon information provided by Strata Capital Management LP and Strata Offshore Fund Ltd. on February 28, 2008. Includes 3,970,297 shares of common stock and 860,000 shares issuable upon the conversion of Series F Convertible Preferred Stock beneficially owned by Strata Offshore Fund Ltd. and certain other funds managed by Strata Capital Management LP, collectively the Strata Funds. Excluded from beneficial ownership are 1,340,000 shares issuable upon the conversion of Series F Preferred Stock held by the Strata Funds, due to a provision that the Series F Preferred Stock cannot be converted into common stock to the extent that such conversion would increase the beneficial ownership of the holder above 9.9%. Included in the amount shown is the beneficial ownership of Strata Offshore Fund Ltd. consisting of 1,802,928 shares of common stock, and 1,400,000 shares issuable upon conversion of Series F Preferred Stock. Strata Capital Management LP which serves as the investment manager (the Investment Manager) to certain funds and accounts may be deemed to be the beneficial owner of all shares owned by such funds and accounts. The general partner of the Investment Manager may be deemed to be the beneficial owner of all shares owned by such funds and accounts. Mr. Steve Bardack is the managing partner of the general partner. Each of the Investment Manager, the general partner and Mr. Bardack hereby disclaims any beneficial ownership of any such shares, except for their pecuniary interest therein.

Table of Contents

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely on a review of Forms 3 and 4 and amendments thereto furnished to the Company during the fiscal year ended December 31, 2007, and Form 5 and amendments thereto furnished to the Company with respect to the fiscal year ended December 31, 2007, and certain written representations, no persons who were either a director, executive officer or beneficial owner of more than 10% of the Company's Common Stock, failed to file on a timely basis reports required by Section 16(a) of the Exchange Act during the fiscal year ended December 31, 2007.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policy on Review, Approval or Ratification of Transactions with Related Parties

On March 6, 2007, our Board of Directors adopted the following policy governing transactions with related parties.

Transactions involving related parties present a risk to us of being improperly valued or of exposing us to conflicts of interest. To reduce the potential for these risks the Board has adopted this policy which must be followed in connection with all related party transactions involving us or our subsidiaries when the dollar amount of the transaction or a series of similar related transactions exceeds or is expected to exceed \$120,000 during a fiscal year. All completed or proposed related party transactions are to be reported to the Company's Disclosure Committee no later than the end of the current quarter and the Committee will present the transactions or proposed transactions to the Board of Directors for review, ratification or approval.

Related party transactions may be entered into or continued only if approved as follows:

If the related party transaction is in the normal course of our business and is (a) entered into on terms no less favorable to us than those generally being provided to or available for unrelated third parties, or (b) is fair to us in taking into account the totality of the relationships between the parties involved including other transactions that may be particularly favorable or advantageous to us, then the CEO or CFO may approve the transaction, provided the approving individual is not a party to the transaction. Such transactions will then be presented to the disinterested members of the Board of Directors for ratification.

Any other related party transaction may only be approved by a majority of the disinterested Board of Directors.

Prior to this, related party transactions were reviewed by the Board of Directors as these transactions were contemplated or occurred.

Other Relationships

Pursuant to a transition agreement entered into on January 2, 2008, Mr. Morris retired from the Board of Directors and from the Company as Chief Executive Officer. Mr. Morris received a cash separation payment of \$325,000. Also, options to purchase 225,000 shares of the Company's common stock at various exercise prices originally scheduled to be fully vested by January 26, 2009, became vested on January 2, 2008. Options to purchase an aggregate of 362,500 shares of common stock previously granted to Mr. Morris remain exercisable until their original termination dates.

To compensate Mr. Morris for his consulting services and a non-competition covenant set forth in the transition agreement, during each year of the three-year transition period, Mr. Morris is entitled to compensation in an amount equal to the greater of \$325,000 or 4.0% of the aggregate value of any debt or equity financing, merger, consolidations or similar transaction, sale or acquisition of assets, or new business venture or project obtained or consummated by Odyssey during the year; provided, however, that Mr. Morris shall have initiated or been

Table of Contents

substantially involved as determined by the Compensation Committee of the Company, in the negotiation or implementation of any of the foregoing. Additionally, the Company has agreed to provide Mr. Morris with health benefits that currently cost less than \$500 per month.

APPROVAL OF AMENDMENTS TO THE COMPANY S

2005 STOCK INCENTIVE PLAN Proposal 2

Stock Incentive Plan

Our 2005 Stock Incentive Plan (the "Stock Incentive Plan") was adopted by our board of directors in August 2005 and approved by our stockholders in May 2006. The purpose of the Stock Incentive Plan is to assist us in retaining employees, consultants, professionals, and service providers who provide services to us in connection with, among other things, our management, marine operations, corporate communications, research, archaeological services, business development and our obligations as a publicly held reporting company.

Proposed Amendments

On January 16, 2008, our board of directors approved, subject to stockholder approval, amendments to the Stock Incentive Plan to (a) add 2,500,000 shares of common stock to the plan, (b) allow any number of shares available under the Stock Incentive Plan to be used for restricted stock awards, and (c) to clarify certain other provisions of the Stock Incentive Plan. Proposal 2 seeks stockholder approval of these amendments.

Our board of directors believes that it is desirable to increase the number of shares available for issuance under the Stock Incentive Plan to provide adequate equity incentives to our employees, consultants, professionals, and service providers. When the Stock Incentive Plan was adopted in 2005, 2,500,000 shares of common stock were reserved for issuance under the plan. As of March 1, 2008, 329,863 shares had been issued under the plan and 2,100,916 additional shares were subject to outstanding options granted under the plan. As a result, only 69,221 shares were available for future grants under the plan as of that date. In addition, our board of directors believes that allowing additional grants of restricted stock awards will allow us to issue fewer awards under the plan and that clarifying certain provisions of the plan will facilitate efficient administration of the plan.

Vote Required

Under our bylaws, the affirmative vote of a majority of the votes properly cast on this proposal will be required to approve the proposed amendments to the Stock Incentive Plan. Abstentions and broker non-votes will have no effect on this proposal.

Material Features of the Stock Incentive Plan

The material features of the Stock Incentive Plan, including the proposed amendments (the "Amended and Restated Plan") are described below. The complete text of the Amended and Restated Plan is included as Appendix A to this Proxy Statement and is marked to reflect the proposed amendments and other changes.

The purpose of the Amended and Restated Plan is to assist us in retaining employees, consultants, professionals, and service providers who provide services to the Company in connection with, among other things, our management, marine operations, corporate communications, research, archaeological services, business development and our obligations as a publicly-held reporting company. In addition, we expect to benefit from the added interest that the participants will have in the welfare of our Company as a result of their ownership or increased ownership of our Common Stock. In the past we have utilized grants of stock options and stock awards to reduce the cash expense of compensating persons we deem to be important to the ongoing success of our Company. We have also used stock awards and stock options as a tool to promote long-term retention of our officers and key personnel. This afforded us the ability to utilize more of our cash for ongoing operations.

The 2005 Stock Incentive Plan currently authorizes the grant of up to 2,500,000 shares of common stock (subject to adjustment for stock splits and similar capital changes) in connection with restricted stock awards, incentive stock option grants and non-qualified stock option grants. Employees and, in the case of nonqualified stock options, directors, consultants or any affiliate are eligible to receive grants under the plan. As of March 1,

Table of Contents

2008, 329,863 shares had been issued under the plan and 2,100,916 additional shares were subject to outstanding options granted under the plan. In addition, our plan currently allows up to 500,000 shares of the 2,500,000 authorized shares to be issued in restricted stock awards. We believe that removing this restriction from the plan, thus allowing for any number of restricted stock awards to be issued, will allow us to issue fewer awards under the Amended and Restated Plan by utilizing more stock awards in lieu of larger awards of stock options from time to time. A section of the plan has been amended to clarify how stock options or awards can be made to directors, and other clerical items have also been corrected, such as designation of the stock exchange upon which our shares are currently traded.

We believe that, for the foreseeable future, it is in our best interests to be able to continue to engage and compensate such persons through the issuance of stock options or payment in shares of our common stock. For the foregoing reasons, the board of directors has unanimously approved (i) the increase in the number of authorized shares of common stock issuable pursuant to the Amended and Restated Plan from 2,500,000 to 5,000,000 shares; (ii) has removed the restriction on the number of shares that can be issued pursuant to stock awards under the Amended and Restated Plan; and (iii) has amended provisions in the Amended and Restated Plan for clarity, and directed that such proposal be submitted for the approval of the stockholders at the annual meeting.

Eligibility for Participation in Plan

Persons eligible for awards under the Amended and Restated Plan include officers, employees, consultants, directors and service providers. The granting of awards is discretionary, and we cannot now determine the number or type of awards we will grant in the future to our executive officers. We expect from time to time, in our discretion, we will grant awards to our executive officers under the Amended and Restated Plan under such terms consistent with the Amended and Restated Plan as we deem appropriate at the time of those grants.

The number of awards that may be granted under the Amended and Restated Plan to executive officers is not determinable at this time. However, a certain number of stock awards were granted during January 2008 to officers as the long-term incentive component of total compensation, subject to the amendments to the Amended and Restated Plan being approved by our stockholders. If the amendments to the Amended and Restated Plan are not approved by Stockholders, the awards will be cancelled.

NEW PLAN BENEFITS

Name and Position / Group	Dollar Value (\$)	Number of Units (1)
Gregory P. Stemm, CEO and Chairman	\$ 461,100	87,000
Michael J. Holmes, Chief Financial Officer	\$ 185,500	35,000
Mark D Gordon, President and Chief Operating Officer	\$ 185,500	35,000
David A. Morris, Secretary/Treasurer	\$ 137,800	26,000
All current Executive Officers as a Group	\$ 1,118,300	211,000
Employees and Non-Executive officers as a group	\$ 74,200	14,000

- (1) The awards are for shares of restricted stock that will vest equally over three years in one-third of the number of shares granted on each December 31, 2008, 2009 and 2010.

Administration of Plan

The Amended and Restated Plan will be administered by the Board of Directors upon recommendations by the Compensation Committee. The Compensation Committee, subject to the provisions of the Amended and Restated Plan, has authority in its discretion to determine the employees of the Company to whom stock options shall be granted, the number of shares to be granted to each employee, and the time or times at which options should

Table of Contents

be granted. The CEO or Chief Financial Officer makes recommendations to the Compensation Committee about equity awards to the employees of the Company. The Compensation Committee makes recommendations to the Board of Directors for approval. The Board of Directors also has authority to interpret the Amended and Restated Plan and to prescribe, amend, and rescind rules and regulations relating to the Amended and Restated Plan.

Federal Income Tax Consequences of the Amended and Restated Plan

The following discussion is a summary of the U.S. federal income tax consequences to recipients of options or stock awards and to us with respect to options or stock awards granted under the Amended and Restated Plan. While certain options allowed under the Amended and Restated Plan are intended to qualify under Section 422 of the Internal Revenue Code, no incentive stock options have been granted to date.

Options or stock awards awarded to an optionee may be subject to any number of restrictions (including deferred vesting, limitations on transfer, and forfeitability) imposed by the Board of Directors. The optionee is solely responsible for the satisfaction of all federal, state, local and foreign income and other tax arising from or applicable to an option exercise and the acquisition or sale of optioned stock.

A recipient does not recognize taxable income on the grant of a non qualified stock option, but does recognize ordinary income on the exercise date. The income amount recognized is the amount by which the fair market value of the shares underlying the option exceeds the option exercise price. The Company will ordinarily be entitled to a deduction on the exercise date equal to the ordinary income recognized by the optionee from the exercise of a non qualified stock option.

A recipient of a restricted stock award generally does not recognize income and the Company is not entitled to a deduction at the time of the award. Instead, the Company is entitled to a deduction and the recipient recognizes income on the date the stock award vests. The amount of compensation income recognized and the Company's deduction will be the fair market value of the vested stock on the date on which stock is issued. However, the recipient may elect to recognize compensation income at the time of grant, in which case the Company is also entitled to a deduction. The amount will be the fair market value at the date of grant.

In view of the complexity of the tax aspects of transactions involving the grant and exercise of options and stock awards, and because the impact of taxes will vary depending on individual circumstances, each optionee receiving options or awards under the Amended and Restated Plan should consult their own tax advisor to determine the tax consequences in such optionee's particular circumstances.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE

FOR THE PROPOSAL TO AMEND OUR 2005 STOCK INCENTIVE PLAN

APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The independent accounting firm of Ferlita, Walsh & Gonzalez, P.A. audited the financial statements of the Company for the year ended December 31, 2007, and has been selected by the Audit Committee to serve in such capacity for the year ending December 31, 2008.

It is expected that representatives of Ferlita, Walsh & Gonzalez, P.A. will be present at the meeting and will be given an opportunity to make a statement if they desire to do so. It is also expected that the representatives will be available to respond to appropriate questions from stockholders.

Table of Contents**INDEPENDENT AUDITOR FEES**

The following table presents aggregate fees billed for professional services rendered by Ferlita, Walsh & Gonzalez, P.A. for the audit of the Company's annual financial statements for the years ended December 31, 2007, and December 31, 2006, and fees billed for other services rendered by them during those periods.

	2007	2006
Audit Fees (1)	\$ 102,205	\$ 109,346
Audit-Related Fees	\$ 0	\$ 0
Tax Fees	\$ 0	\$ 0
All Other Fees	\$ 0	\$ 0
Total	\$ 102,205	\$ 109,346

- (1) These are fees for professional services performed by Ferlita, Walsh & Gonzalez, P.A. for the audit of the Company's annual financial statements and review of financial statements included in the Company's Form 10-Q filings, and services that are normally provided in connection with statutory and regulatory filings or engagements.

Independence of Principal Accountant and Other Audit Committee Considerations

The Audit Committee reviews at least annually the independent auditors' qualifications, performance and independence including that of the lead partner. On March 8, 2008, our Audit Committee received written confirmation from Ferlita, Walsh & Gonzalez, P.A. that the firm is independent of the Company within the meaning of the federal securities laws administered by the Securities and Exchange Commission. In private session with our auditors on March 5, 2007, the Audit Committee reviewed a written report from the independent auditor describing the firm's internal control procedures, any material issues raised by the most recent internal quality control review conducted by PCAOB, and any inquiry or investigation by governmental or professional authorities within the past five years, concerning an independent audit or audits carried out by the firm, and any steps taken to deal with those issues. The report also addressed any relationships between the auditors and us. The report was satisfactory to the Audit Committee in all respects.

AUDIT COMMITTEE PRE-APPROVAL POLICY

The Company's independent accountants may not be engaged to provide non-audit services that are prohibited by law or regulation to be provided by it, nor may the Company's principal accountant be engaged to provide any other non-audit service unless it is determined that the engagement of the principal accountant provides a business benefit resulting from its inherent knowledge of the Company while not impairing its independence. The Audit Committee must pre-approve the engagement of the Company's principal accountant to provide both audit and permissible non-audit services. No non-audit services were provided by the independent accountants during the past two fiscal years.

**DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS
FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS**

Any proposal by a stockholder intended to be presented at the Company's 2009 Annual Meeting of Stockholders must be received at the offices of the Company, 5215 W. Laurel Street, Tampa, Florida 33607, not less than 120 calendar days prior to April 14, 2009, in order to be included in the Company's proxy statement and proxy relating to that meeting.

GREGORY P. STEMM
CHAIRMAN AND CEO

Tampa, Florida
April 14, 2008

Table of Contents

Appendix A

As Amended by the Board of Directors on January 16, 2008

Subject to Shareholder Approval

ODYSSEY MARINE EXPLORATION, INC.

2005 STOCK INCENTIVE PLAN

SECTION 1.

PURPOSE

The purpose of this Plan is to promote the growth and prosperity of the Company and its Subsidiaries by providing Eligible Recipients with an additional incentive to contribute to the Company's success, by assisting the Company in attracting and retaining the best available personnel for positions of substantial responsibility and by increasing the identity of interests of Eligible Recipients with those of the Company's shareholders. The Plan provides for the grant of Incentive Stock Options, Non Qualified Stock Options, Restricted Stock Awards, Restricted Stock Units and Stock Appreciation Rights to aid the Company in obtaining these goals. The Plan, as well as any amendments thereto that require Shareholder approval, will be submitted to the Company's shareholders for their approval at the next shareholder meeting.

SECTION 2.

DEFINITIONS

As used in this Plan and any Stock Incentive Agreement, the following terms shall have the following meanings:

2.1 BOARD means the Board of Directors of the Company.

2.2 CAUSE shall mean, with respect to any Participant who is a member of the Board who is not an employee of the Company, a termination of employment or service on the Board (by removal or failure of the Board to nominate the Participant) whenever occasioned by (a) the willful and continued failure by the Participant to substantially perform the Participant's duties with the Company or a Subsidiary (other than any such failure resulting from the Participant's incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the Participant by the Board, which demand specifically identifies the manner in which the Board believes the Participant has not substantially performed the Participant's duties, or (b) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company or its Subsidiaries, monetarily or otherwise. For purposes of this definition, no act, or failure to act, on the Participant's part shall be deemed willful unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant's act, or failure to act, was in the best interest of the Company.

2.3 CHANGE OF CONTROL means any of the following:

(a) any person as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

Table of Contents

(b) during any period of two (2) consecutive years (not including any period prior to the effective date of this Plan); individuals who at the beginning of such period constitute the Board, and any new member of the Board (other than a member of the Board designated by a person who has entered into an agreement with the Company to effect a transaction described in subsections (a), (b) or (c) of this Section) whose election by the Company's shareholders was approved by a vote of at least two thirds (2/3) of the members of the Board at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or

(c) the shareholders of the Company approve a merger or consolidation of the Company with any other Company, other than (1) a merger or consolidation which 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) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (2) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (as herein defined) acquires more than 50% of the combined voting power of the Company's then outstanding securities; or

(d) the shareholders of the Company approve a plan of liquidation, dissolution or winding up of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

2.4 CODE means the Internal Revenue Code of 1986, as amended.

2.5 COMMITTEE means the Compensation Committee of the Board or any other committee appointed by the Board to administer the Plan, as specified in Section 5 hereof. Any such committee must be comprised entirely of Outside Directors who are independent as that term is defined ~~in the rules of the American Stock Exchange~~ by the Securities and Exchange Commission, and the listing standards of the stock exchange or other market upon which the Company's stock is listed or quoted, as the same may be amended from time to time.

2.6 COMMON STOCK means the \$.0001 par value common stock of the Company.

2.7 COMPANY means Odyssey Marine Exploration, Inc., a Nevada corporation, and any successor to such organization.

2.8 DISABILITY shall mean disability as determined by the Committee in its sole and absolute discretion.

2.9 ELIGIBLE RECIPIENT means a Key Employee and/or a Key Person.

2.10 EXCHANGE ACT means the Securities Exchange Act of 1934, as amended.

2.11 EXERCISE PRICE means the price that shall be paid to purchase one (1) Share upon the exercise of an Option granted under this Plan.

2.12 FAIR MARKET VALUE of a Share on any date means the mean between the highest and lowest reported selling prices on a national securities exchange of a Share as reported in the appropriate composite listing for said exchange on such date, or, if no such sales occurred on such date, then on the next preceding date on which a sale

Table of Contents

is made. In the event the Shares are traded in the over the counter market, Fair Market Value of a Share means the mean between the high and low quotations in the over the counter market on such date, as reported by the National Association of Securities Dealers through NASDAQ or, if no quotations are available on such date, then on the next preceding date on which such quotations are available.

2.13 INSIDER means an individual who is, on the relevant date, an officer, member of the Board or ten percent (10%) beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

2.14 INDEPENDENT DIRECTOR means a director who is determined to be independent as that term is defined by the Securities and Exchange Commission, and the listing standards of the American Stock Exchange, stock exchange or market upon which the Company's stock is listed or quoted as the same may be amended from time to time.

2.15 ISO means an option granted under this Plan to purchase Shares that is intended by the Company to satisfy the requirements of Code Section 422 as an incentive stock option.

2.16 KEY EMPLOYEE means any employee of the Company or any Subsidiary, regardless of title or designation, as shall, in the determination of the Committee, hold a position which is important to the success of the Company.

2.17 KEY PERSON means (1) a member of the Board who is not an employee, or (2) a consultant or advisor who is eligible to receive shares which are registered on SEC Form S-8.

2.18 NQSO means an option granted under this Plan to purchase Shares which is not intended by the Company to satisfy the requirements of Code Section 422.

2.19 OPTION means an ISO or a NQSO.

2.20 OUTSIDE DIRECTOR means a member of the Board who is not a Key Employee and who qualifies as (1) a non employee director under Rule 16b-3(b)(3) under the 1934 Act, as amended from time to time, and (2) an outside director under Code Section 162(m) and the regulations promulgated thereunder.

2.21 PARTICIPANT means an individual who receives a Stock Incentive hereunder.

2.22 PERFORMANCE BASED EXCEPTION means the performance based exception from the tax deductibility limitations of Code Section 162(m).

2.23 PERFORMANCE PERIOD shall mean the period during which a performance goal must be attained with respect to a Stock Incentive which is performance based, as determined by the Committee pursuant to Section 14.3 hereof.

2.24 PLAN means this plan, 2005 Stock Incentive Plan, as it may be further amended from time to time.

2.25 QUALIFYING EVENT shall mean, with respect to a Participant, such Participant's death, Disability or Retirement.

2.26 RESTRICTED STOCK AWARD means an award of Shares granted to a Participant under this Plan which is subject to restrictions in accordance with the terms and provisions of this Plan and the applicable Stock Incentive Agreement.

Table of Contents

2.27 RESTRICTED STOCK UNIT means a contractual right granted to a Participant under this Plan to receive a Share (or cash equivalent) which is subject to restrictions of this Plan and the applicable Stock Incentive Agreement.

2.28 RETIREMENT shall mean, with respect to an Eligible Recipient, such Eligible Recipient's (i) termination of employment or cessation of performing services after attainment of age 60 and completion of at least fifteen (15) years of service with the Company or Subsidiary, or (ii) termination of employment or cessation of performing services after attainment of age 65 and completion of at least five (5) years of service with the Company or a Subsidiary.

2.29 SHARE means a share of Common Stock.

2.30 STOCK APPRECIATION RIGHT means a right granted to a Participant pursuant to the terms and provisions of this Plan whereby the individual, without payment to the Company (except for any applicable withholding or other taxes), receives Shares, or such other consideration as the Committee may determine, in an amount equal to the excess of the Fair Market Value per Share on the date on which the Stock Appreciation Right is exercised over the exercise price per Share noted in the Stock Appreciation Right, for each Share subject to the Stock Appreciation Right.

2.31 STOCK INCENTIVE means an ISO, a NQSO, a Restricted Stock Award, a Restricted Stock Unit or a Stock Appreciation Right.

2.32 STOCK INCENTIVE AGREEMENT means a document issued by the Company or a Subsidiary to a Participant evidencing an award of a Stock Incentive.

2.33 SUBSIDIARY means any corporation in which more than fifty percent (50%) of the voting stock is owned or controlled, directly or indirectly, by the Company.

2.34 TEN PERCENT SHAREHOLDER means a person who owns (after taking into account the attribution rules of Code Section 424(d)) more than ten percent (10%) of the total combined voting power of all classes of shares of stock of either the Company or a Subsidiary.

SECTION 3.

SHARES SUBJECT TO STOCK INCENTIVES

The total number of Shares that may be issued pursuant to Stock Incentives under this Plan shall not exceed ~~Two Five Million Five Hundred Thousand (2,500,000)~~ (5,000,000), of which ~~not more than Five Hundred Thousand (500,000)~~ any number may be used for Restricted Stock Awards and Restricted Stock Units, each as adjusted pursuant to Section 10. Such Shares shall be reserved, to the extent that the Company deems appropriate, from authorized but unissued Shares, and from Shares which have been reacquired by the Company. To the extent permitted by applicable law or regulation, if a Stock Incentive is canceled, forfeited, exchanged or otherwise expires the Shares with respect to such Stock Incentive may become available for reissuance under this Plan.

SECTION 4.

EFFECTIVE DATE

The effective date of this Plan shall be August 3, 2005, which is the date on which the Board of Directors of the Company originally approved the Plan. Such date is subject to the Company's shareholders approving the Plan within twelve months of such date.

Table of Contents

SECTION 5.

ADMINISTRATION

5.1 GENERAL ADMINISTRATION. This Plan shall be administered by the Committee. The Committee, acting in its absolute discretion, shall exercise such powers and take such action as expressly called for under this Plan. The Committee shall have the power to interpret this Plan and, subject to the terms and provisions of this Plan, to take such other action in the administration and operation of the Plan as it deems equitable under the circumstances. The Committee's actions shall be binding on the Company, on each affected Eligible Recipient, and on each other person directly or indirectly affected by such actions.

5.2 AUTHORITY OF THE COMMITTEE. Except as limited by law or by the Articles of Incorporation of the Company, and subject to the provisions herein, the Committee shall have full power to select Eligible Recipients who shall participate in the Plan, to determine the sizes and types of Stock Incentives in a manner consistent with the Plan, to determine the terms and conditions of Stock Incentives in a manner consistent with the Plan, to construe and interpret the Plan and any agreement or instrument entered into under the Plan, to establish, amend or waive rules and regulations for the Plan's administration, and to amend the terms and conditions of any outstanding Stock Incentives as allowed under the Plan and such Stock Incentives. Further, the Committee may make all other determinations which may be necessary or advisable for the administration of the Plan. The Committee may seek the assistance of such persons as it may see fit in carrying out its routine administrative functions concerning the Plan.

5.3 DELEGATION OF AUTHORITY. The members of the Committee and any other persons to whom authority has been delegated shall be appointed from time to time by, and shall serve at the discretion of, the Board. The Committee may appoint one or more separate committees (any such committee, a Subcommittee) composed of two or more Outside Directors of the Company (who may but need not be members of the Committee) and may delegate to any such Subcommittee the authority to grant Stock Incentives, and/or to administer the Plan or any aspect of it. Notwithstanding any provision of this Plan to the contrary, the Board may assume the powers and responsibilities granted to the Committee or other delegate at any time, in whole or in part. Moreover, only the Committee may grant Stock Incentives that may meet the Performance Based Exception, and only the Committee may grant Stock Incentives to Insiders that may be exempt from Section 16(b) of the Exchange Act.

5.4 DECISIONS BINDING. All determinations and decisions made by the Committee pursuant to the provisions of this Plan and all related orders and resolutions of the Committee shall be final, conclusive and binding on all persons, including the Company, its shareholders, members of the Board, Eligible Recipients, Participants, and their estates and beneficiaries.

SECTION 6.

ELIGIBILITY

Eligible Recipients selected by the Committee shall be eligible for the grant of Stock Incentives under this Plan, but no Eligible Recipient shall have the right to be granted a Stock Incentive under this Plan merely as a result of his or her status as an Eligible Recipient. Only Key Employees shall be eligible to receive a grant of ISOs.

Table of Contents

SECTION 7.

TERMS OF STOCK INCENTIVES

7.1 TERMS AND CONDITIONS OF ALL STOCK INCENTIVES.

(a) Grants of Stock Incentives. Subject to subsection (e) below, the Committee, in its absolute discretion, shall grant Stock Incentives under this Plan from time to time and shall have the right to grant new Stock Incentives in exchange for outstanding Stock Incentives; provided, however, the Committee shall not have the right to (1) lower the Exercise Price of an existing Option, (2) take any action which would be treated as a repricing under generally accepted accounting principles, or ~~(3) canceling or cancel~~ an existing Option at a time when its Exercise Price exceeds the fair market value of the underlying stock subject to such Option in exchange for another Option, a Restricted Stock Award, or other equity in the Company (except as provided in Sections 10 and 11). Stock Incentives shall be granted to Eligible Recipients selected by the Committee, and the Committee shall be under no obligation whatsoever to grant any Stock Incentives, or to grant Stock Incentives to all Eligible Recipients, or to grant all Stock Incentives subject to the same terms and conditions.

(b) Shares Subject to Stock Incentives. The number of Shares as to which a Stock Incentive shall be granted shall be determined by the Committee in its sole discretion, subject to the provisions of Section 3 as to the total number of Shares available for grants under the Plan, and to any other restrictions contained in this Plan.

(c) Stock Incentive Agreements. Each Stock Incentive shall be evidenced by a Stock Incentive Agreement executed by the Company or a Subsidiary, and may also be executed by the Participant or accepted by the Participant by electronic transmission, which shall be in such form and contain such terms and conditions as the Committee in its discretion may, subject to the provisions of the Plan, from time to time determine.

(d) Date of Grant. The date a Stock Incentive is granted shall be the date on which the Committee (1) has approved the terms and conditions of the Stock Incentive Agreement, (2) has determined the recipient of the Stock Incentive and the number of Shares covered by the Stock Incentive and (3) has taken all such other action necessary to direct the grant of the Stock Incentive.

(e) Dividend Equivalents. The Committee may grant dividend equivalents to any Participant. The Committee shall establish the terms and conditions to which the dividend equivalents are subject. Dividend equivalents may be granted only in connection with a Stock Incentive. Under a dividend equivalent, a Participant shall be entitled to receive currently or in the future payments equivalent to the amount of dividends paid by the Company to holders of Common Stock with respect to the number of dividend equivalents held by the Participant. The dividend equivalent may provide for payment in Common Stock or in cash, or a fixed combination of Common Stock or cash, or the Committee may reserve the right to determine the manner of payment at the time the dividend equivalent is payable.

(f) Deferral Elections. The Committee may permit or require Participants to elect to defer the issuance of Common Stock or the settlement of awards in cash under this Plan pursuant to such rules, procedures, or programs as it may establish from time to time. However, notwithstanding the preceding sentence, the Committee shall not, in establishing the terms and provisions of any Stock Incentive, or in exercising its powers under this Article, create any arrangement which would constitute an employee pension benefit plan as defined in ERISA Section 3(3) unless the arrangement provides benefits solely to one or more individuals who constitute members of a select group of management or highly compensated employees.

Table of Contents

7.2 TERMS AND CONDITIONS OF OPTIONS.

(a) Grants of Options. Each grant of an Option shall be evidenced by a Stock Incentive Agreement that shall specify whether the Option is an ISO or NQSO, and incorporate such other terms as the Committee deems consistent with the terms of this Plan and, in the case of an ISO, necessary or desirable to permit such Option to qualify as an ISO. The Committee and/or the Company may modify the terms and provisions of an Option in accordance with Section 12 of this Plan even though such modification may change the Option from an ISO to a NQSO.

(b) Determining Optionees. In determining Eligible Recipient(s) to whom an Option shall be granted and the number of Shares to be covered by such Option, the Committee may take into account the duties of the Eligible Recipient, the contributions of the Eligible Recipient to the success of the Company, and other factors deemed relevant by the Committee, in connection with accomplishing the purpose of this Plan. An Eligible Recipient who has been granted an Option to purchase Shares, whether under this Plan or otherwise, may be granted one or more additional Options. If the Committee grants an ISO and a NQSO to an Eligible Recipient on the same date, the right of the Eligible Recipient to exercise one such Option shall not be conditioned on the Eligible Recipient's failure to exercise the other such Option.

(c) Exercise Price. Subject to adjustment in accordance with Section 10 and the other provisions of this Section, the Exercise Price shall be specified in the applicable Stock Incentive Agreement. With respect to each grant of an ISO to a Participant who is not a Ten Percent Shareholder, the Exercise Price shall not be less than the Fair Market Value of a Share on the date the ISO is granted. With respect to each grant of an ISO to a Participant who is a Ten Percent Shareholder, the Exercise Price shall not be less than one hundred ten percent (110%) of the Fair Market Value of a Share on the date the ISO is granted. If a Stock Incentive is a NQSO, the Exercise Price for each Share shall be no less than (1) the minimum price required by applicable state law, or (2) the Fair Market Value of a Share on the date the NQSO is granted, whichever price is greatest. Any Stock Incentive intended to meet the Performance Based Exception must be granted with an Exercise Price not less than the Fair Market Value of a Share determined as of the date of such grant.

(d) Option Term. Each Option granted under this Plan shall be exercisable in whole or in part at such time or times as set forth in the related Stock Incentive Agreement, but no Stock Incentive Agreement shall:

(i) make an Option exercisable prior to the date such Option is granted or after it has been exercised in full; or

(ii) make an Option exercisable after the date that is (A) the tenth (10th) anniversary of the date such Option is granted, if such Option is a NQSO or an ISO granted to a non Ten Percent Shareholder, or (B) the date that is the fifth (5th) anniversary of the date such Option is granted, if such Option is an ISO granted to a Ten Percent Shareholder. Options issued under the Plan may become exercisable based on the service of a Participant, or based upon the attainment (as determined by the Committee) of performance goals established pursuant to one or more of the performance criteria listed in Section 14. Any Option which becomes exercisable based on the attainment of performance goals must have its performance goals determined by the Committee based upon one or more of the performance criteria listed in Section 14, and must have the attainment of such performance goals certified in writing by

Table of Contents

the Committee in order to meet the Performance Based Exception. A Stock Incentive Agreement may provide for the exercise of an Option after the employment of a Key Employee has terminated for any reason whatsoever, including the occurrence of a Qualifying Event. The Key Employee's rights, if any, upon termination of employment will be set forth in the applicable Stock Incentive Agreement.

(e) Payment. Options shall be exercised by the delivery of a written notice of exercise to the Company, specifying the number of Shares with respect to which the Option is to be exercised accompanied by full payment for the Shares. Payment for shares of Stock shall be made in cash or, unless the Stock Incentive Agreement provides otherwise, by delivery to the Company of a number of Shares that have been owned and completely paid for by the holder for at least six (6) months prior to the date of exercise (i.e., mature shares for accounting purposes) having an aggregate Fair Market Value equal to the amount to be tendered, or a combination thereof. In addition, unless the Stock Incentive Agreement provides otherwise, the Option may be exercised through a brokerage transaction as permitted under the provisions of Regulation T applicable to cashless exercises promulgated by the Federal Reserve Board so long as the Company's equity securities are registered under Section 12 of the Exchange Act, unless prohibited by Section 402 of the Sarbanes Oxley Act of 2002. Notwithstanding the foregoing, with respect to any Option recipient who is an Insider, a tender of shares or, if permitted by applicable law, a cashless exercise must (1) have met the requirements of an exemption under Rule 16b -3 promulgated under the Exchange Act, or (2) be a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b -3 promulgated under the Exchange Act. Unless the Stock Incentive Agreement provides otherwise, the foregoing exercise payment methods shall be subsequent transactions approved by the original grant of an Option. Except as provided in subparagraph (f) below, payment shall be made at the time that the Option or any part thereof is exercised, and no Shares shall be issued or delivered upon exercise of an Option until full payment has been made by the Participant. The holder of an Option, as such, shall have none of the rights of a shareholder.

(f) Conditions to Exercise of an Option. Each Option granted under the Plan shall vest and shall be exercisable at such time or times, or upon the occurrence of such event or events, and in such amounts, as the Committee shall specify in the Stock Incentive Agreement; provided, however, that subsequent to the grant of an Option, the Committee, at any time before complete termination of such Option, may accelerate the time or times at which such Option may vest or be exercised in whole or in part. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable. Unless otherwise provided in the applicable Stock Incentive Agreement, any vested ~~option~~ Option must be exercised within ~~sixty ninety (6090)~~ sixty ninety (6090) days of the Qualifying Event or other termination of employment of the Participant, unless, in case of a NOSO, by action of the Committee coincident with the Qualifying Event or other termination of employment, the term of exercise is extended to no later than the original expiration date of such NOSO.

(g) Transferability of Options. Except as otherwise provided in a Participant's Stock Incentive Agreement, no Option granted under the Plan may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, except upon the death of the holder Participant by will or by the laws of descent and distribution. Except as otherwise provided in a Participant's Stock Incentive Agreement, during the Participant's lifetime, only the Participant may exercise his Option unless the Participant is incapacitated in which case the Option may be exercised by the Participant's legal guardian, legal representative, or other representative whom the Committee deems appropriate based on applicable facts and circumstances. The determination of incapacity of a Participant and the identity of appropriate representative of the Participant to exercise the Option if the Participant is incapacitated shall be determined by the Committee.

Table of Contents

(h) ISO Tax Treatment Requirements. With respect to any Option that purports to be an ISO, to the extent that the aggregate Fair Market Value (determined as of the date of grant of such Option) of stock with respect to which such Option is exercisable for the first time by any individual during any calendar year exceeds one hundred thousand dollars (\$100,000.00), to the extent of such excess, such Option shall not be treated as an ISO in accordance with Code Section 422(d). The rule of the preceding sentence is applied as set forth in Treas. Reg. Section 1.422-4 and any additional guidance issued by the Treasury thereunder. Also, with respect to any Option that purports to be an ISO, such Option shall not be treated as an ISO if the Participant disposes of shares acquired thereunder within two (2) years from the date of the granting of the Option or within one (1) year of the exercise of the Option, or if the Participant has not met the requirements of Code Section 422(a)(2).

7.3 TERMS AND CONDITIONS OF RESTRICTED STOCK AWARDS.

(a) Grants of Restricted Stock Awards. Shares awarded pursuant to Restricted Stock Awards shall be subject to such restrictions as determined by the Committee for periods determined by the Committee. Restricted Stock Awards issued under the Plan may have restrictions which lapse based upon the service of a Participant, or based upon other criteria that the Committee may determine appropriate. The Committee may require a cash payment from the Participant in exchange for the grant of a Restricted Stock Award or may grant a Restricted Stock Award without the requirement of a cash payment. The Committee may grant Restricted Stock Awards that vest on the attainment of performance goals determined by the Committee based upon one or more of the performance criteria listed in Section 14, and must have the attainment of such performance goals certified in writing by the Committee in order to meet the Performance Based Exception.

(b) Vesting of Restricted Stock Awards. The Committee shall establish the vesting schedule applicable to Restricted Stock Awards and shall specify the times, vesting and performance goal requirements. Until the end of the period(s) of time specified in the vesting schedule and/or the satisfaction of any performance criteria, the Shares subject to such Stock Incentive Award shall remain subject to forfeiture.

(c) Termination of Employment. If the Participant's employment (or in the case of a non employee, such Participant's service) with the Company and/or a Subsidiary ends before the Restricted Stock Awards vest, the Participant shall forfeit all unvested Restricted Stock Awards, unless the termination is a result of the occurrence of a Qualifying Event or the Committee determines that the Participant's unvested Restricted Stock Awards shall vest as of the date of such event; provided, however, the Committee may grant Restricted Stock Awards precluding such accelerated vesting in order to qualify the Restricted Stock Awards for the Performance Based Exception.

(d) Death, Disability and Retirement. In the event a Qualifying Event occurs before the date or dates on which Restricted Stock Awards vest, the expiration of the applicable restrictions (other than restrictions based on performance criteria set forth in Section 14) shall be accelerated and the Participant shall be entitled to receive the Shares free of all such restrictions. In the case of Restricted Stock Awards which are based on performance criteria set forth in Section 14, then as of the date on which such Qualifying Event occurs, the Participant shall be entitled to receive a number of Shares that is determined by measuring the selected performance criteria from the Company's most recent publicly available quarterly results that are

Table of Contents

available as of the date the Qualifying Event occurs; provided, however, the Committee may grant Restricted Stock Awards precluding such partial awards when a Qualifying Event occurs in order to qualify the Restricted Stock Awards for the Performance Based Exception. All other Shares subject to such Restricted Stock Award shall be forfeited and returned to the Company as of the date on which such Qualifying Event occurs.

(e) Acceleration of Award. Notwithstanding anything to the contrary in this Plan, the Committee shall have the power to permit, in its sole discretion, an acceleration of the expiration of the applicable restrictions or the applicable period of such restrictions with respect to any part or all of the Shares awarded to a Participant; provided, however, the Committee may grant Restricted Stock Awards precluding such accelerated vesting ~~on~~ in order to qualify the Restricted Stock Awards for the Performance Based Exception.

(f) Necessity of Stock Incentive Agreement. Each grant of a Restricted Stock Award shall be evidenced by a Stock Incentive Agreement that shall specify the terms, conditions and restrictions regarding the Shares awarded to a Participant, and shall incorporate such other terms and conditions as the Committee, acting in its sole discretion, deems consistent with the terms of this Plan. The Committee shall have sole discretion to modify the terms and provisions of Restricted Stock Awards in accordance with Section 12 of this Plan.

(g) Transferability of Restricted Stock Awards. Except as otherwise provided in a Participant's Restricted Stock Award, no Restricted Stock Award granted under the Plan may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, except upon the death of the holder Participant by will or by the laws of descent and distribution.

(h) Voting, Dividend & Other Rights. Unless the applicable Stock Incentive Agreement provides otherwise, holders of Restricted Stock Awards shall be entitled to vote and to receive dividends during the periods of restriction of their Shares to the same extent as such holders would have been entitled if the Shares were unrestricted Shares.

7.4 TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS.

(a) Grants of Restricted Stock Units. A Restricted Stock Unit shall entitle the Participant to receive one Share at such future time and upon such terms as specified by the Committee in the Stock Incentive Agreement evidencing such award. Restricted Stock Units issued under the Plan may have restrictions which lapse based upon the service of a Participant, or based upon other criteria that the Committee may determine appropriate. The Committee may require a cash payment from the Participant in exchange for the grant of Restricted Stock Units or may grant Restricted Stock Units without the requirement of a cash payment. The Committee may grant Restricted Stock Units that vest on the attainment of performance goals determined by the Committee based upon one or more of the performance criteria listed in Section 14, and must have the attainment of such performance goals certified in writing by the Committee in order to meet the Performance Based Exception.

(b) Vesting of Restricted Stock Units. The Committee shall establish the vesting schedule applicable to Restricted Stock Units and shall specify the times, vesting and performance goal requirements. Until the end of the period(s) of time specified in the vesting schedule and/or the satisfaction of any performance criteria, the Restricted Stock Units subject to such Stock Incentive Award shall remain subject to forfeiture.

Table of Contents

(c) Termination of Employment. If the Participant's employment with the Company and/or a Subsidiary ends before the Restricted Stock Units vest, the Participant shall forfeit all unvested Restricted Stock Units, unless the termination is a result of the occurrence of a Qualifying Event or the Committee determines that the Participant's unvested Restricted Stock Units shall vest as of the date of such event; provided, however, the Committee may grant Restricted Stock Units precluding such accelerated vesting in order to qualify the Restricted Stock Units for the Performance Based Exception.

(d) Death, Disability and Retirement. In the event a Qualifying Event occurs before the date or dates on which Restricted Stock Units vest, the expiration of the applicable restrictions (other than restrictions based on performance criteria set forth in Section 14) shall be accelerated and the Participant shall be entitled to receive the Shares free of all such restrictions. In the case of Restricted Stock Units which are based on performance criteria set forth in Section 14, then as of the date on which such Qualifying Event occurs, the Participant shall be entitled to receive a number of Shares that is determined by measuring the selected performance criteria from the Company's most recent publicly available quarterly results that are available as of the date the Qualifying Event occurs; provided, however, the Committee may grant Restricted Stock Units precluding such partial awards when a Qualifying Event occurs in order to qualify the Restricted Stock Units for the Performance Based Exception. All other Shares subject to such Restricted Stock Units shall be forfeited and returned to the Company as of the date on which such Qualifying Event occurs.

(e) Acceleration of Award. Notwithstanding anything to the contrary in this Plan, the Committee shall have the power to permit, in its sole discretion, an acceleration of the applicable restrictions or the applicable period of such restrictions with respect to any part or all of the Restricted Stock Units awarded to a Participant; provided, however, the Committee may grant Restricted Stock Units precluding such accelerated vesting on order to qualify the Restricted Stock Units for the Performance Based Exception.

(f) Necessity of Stock Incentive Agreement. Each grant of Restricted Stock Unit(s) shall be evidenced by a Stock Incentive Agreement that shall specify the terms, conditions and restrictions regarding the Participant's right to receive Share(s) in the future, and shall incorporate such other terms and conditions as the Committee, acting in its sole discretion, deems consistent with the terms of this Plan. The Committee shall have sole discretion to modify the terms and provisions of Restricted Stock Unit(s) in accordance with Section 12 of this Plan.

(g) Transferability of Restricted Stock Units. Except as otherwise provided in a Participant's Restricted Stock Unit Award, no Restricted Stock Unit granted under the Plan may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated by the holder Participant, except upon the death of the holder Participant by will or by the laws of descent and distribution.

(h) Voting, Dividend & Other Rights. Unless the applicable Stock Incentive Agreement provides otherwise, holders of Restricted Stock Units shall not be entitled to vote or to receive dividends until they become owners of the Shares pursuant to their Restricted Stock Units, and, unless the applicable Stock Incentive Agreement provides otherwise, the holder of a Restricted Stock Unit shall not be entitled to any dividend equivalents (as described in Section 7.1(e)).

Table of Contents

7.5 TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS.

(a) Grants of Stock Appreciation Rights. A Stock Appreciation Right shall entitle the Participant to receive upon exercise or payment the excess of the Fair Market Value of a specified number of Shares at the time of exercise, over a specified price. The specified price for a Stock Appreciation Right granted in connection with a previously or contemporaneously granted Option, shall not be less than the Exercise Price for Shares that are the subject of the Option. In the case of any other Stock Appreciation Right, the specified price shall not be less than one hundred percent (100%) of the Fair Market Value of the Shares at the time the Stock Appreciation Right was granted. If related to an Option, the exercise of a Stock Appreciation Right shall result in a pro rata surrender of the related Option to the extent the Stock Appreciation Right has been exercised.

(b) Payment. Upon exercise or payment of a Stock Appreciation Right, the Company shall pay to the Participant the appreciation with Shares (computed using the aggregate Fair Market Value of Shares on the date of payment or exercise) as specified in the Stock Incentive Agreement or, if not specified, as the Committee determines. To the extent that a Stock Appreciation Right is paid with consideration other than Shares, it shall be treated as paid in Shares for purposes of Section 3.

(c) Vesting of Stock Appreciation Rights. The Committee shall establish the vesting schedule applicable to Stock Appreciation Rights and shall specify the times, vesting and performance goal requirements. Until the end of the period(s) of time specified in the vesting schedule and/or the satisfaction of any performance criteria, the Stock Appreciation Rights subject to such Stock Incentive Award shall remain subject to forfeiture.

(d) Death, Disability and Retirement. In the event a Qualifying Event occurs before the date or dates on which Stock Appreciation Rights vest, the expiration of the applicable restrictions (other than restrictions based on performance criteria set forth in Section 14) shall be accelerated and the Participant shall be entitled to receive the full value of the Stock Appreciation Right free of all such restrictions. In the case of Stock Appreciation Rights which are based on performance criteria set forth in Section 14, then as of the date on which such Qualifying Event occurs, the Participant shall be entitled to receive a value determined by measuring the selected performance criteria from the Company's most recent publicly available quarterly results that are available as of the date the Qualifying Event occurs. All other benefits under the Stock Appreciation Rights shall thereupon be forfeited and returned to the Company as of the date on which such Qualifying Event occurs.

(e) Transferability of Stock Appreciation Rights. Except as otherwise provided in a Participant's Stock Incentive Agreement, no Stock Appreciation Right granted under the Plan may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, except upon the death of the holder Participant by will or by the laws of descent and distribution.

(f) Special Provisions for Tandem Stock Appreciation Rights. A Stock Appreciation Right granted in connection with an Option may only be exercised to the extent that the related Option has not been exercised. A Stock Appreciation Right granted in connection with an ISO (1) will expire no later than the expiration of the underlying ISO, (2) may be for no more than the difference between the exercise price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Stock Appreciation Right is exercised, (3) may be transferable only when, and under the same conditions as, the underlying ISO is transferable, and (4) may be exercised only (i) when the underlying ISO could be exercised and (ii) when the Fair Market Value of the Shares subject to the ISO exceeds the exercise price of the ISO.

Table of Contents

7.6 STOCK OPTIONS FOR OUTSIDE DIRECTORS.

This Section 7.6 shall apply only to grants of Stock Options to Outside Directors.

(a) Each Outside Director shall ~~automatically~~ be granted, upon first becoming a director of the Company Non-Qualified Stock Options, Restricted Stock, Stock Appreciation Rights or such other stock-based award allowable under the Plan in an amount ~~not to exceed 10,000 shares of Stock~~ as determined by the Board, provided that no Outside Director may receive more than one such grant for serving as a director of the Company and one or more Subsidiaries. ~~In addition, on the day after the annual meeting of stockholders of the Company to be held in the calendar year 2006, and on the day after each annual stockholders meeting of the Company thereafter during the term of the Plan, each Outside Director of the Company shall be granted~~

~~(b) Each Outside Director shall be eligible to receive Non-Qualified Stock Options, Restricted Stock, Stock Appreciation Rights, Limited Stock Appreciation Rights or such other stock-based award allowable under the Plan in an amount not to exceed 15,000 shares of Stock as the Board may determine in accordance with the Company's policy for director compensation as determined by the Compensation Committee of the Company from time to time as approved by the Board of directors.~~

(c) The price per share of Stock for ~~these~~ grants under 7.6(a) or (b) above shall be not less than 100% of the Fair Market Value on the date of grant. Each grant to an Outside Director shall vest as the Board may determine. To the extent not exercised, installments shall accumulate and be exercisable in whole or in part at any time after becoming exercisable but not later than the date the Stock Option expires. Exercise shall be pursuant to any method described in Section 7.2(e).

SECTION 8.

SECURITIES REGULATION

8.1 LEGALITY OF ISSUANCE. No Share shall be issued under this Plan unless and until the Committee has determined that all required actions have been taken to register such Share under the Securities Act of 1933 or the Company has determined that an exemption therefrom is available, any applicable listing requirement of any stock exchange on which the Share is listed has been satisfied, and any other applicable provision of state, federal or foreign law, including foreign securities laws where applicable, has been satisfied.

8.2 RESTRICTIONS ON TRANSFER; REPRESENTATIONS; LEGENDS. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act of 1933 or have been registered or qualified under the securities laws of any state, the Company may impose restrictions upon the sale, pledge, or other transfer of such Shares (including the placement of appropriate legends on stock certificates) if, in the judgment of the Company and its counsel, such restrictions are necessary or desirable to achieve compliance with the provisions of the Securities Act of 1933, the securities laws of any state, the United States or any other applicable foreign law. If the offering and/or sale of Shares under the Plan is not registered under the Securities Act of 1933 and the Company determines that the registration requirements of the Securities Act of 1933 apply but an exemption is available which requires an investment representation or other representation, the participant shall be required, as a condition to acquiring such Shares, to represent that such Shares are being acquired for investment, and not with a view to the sale or distribution thereof, except in compliance with the Securities Act of 1933, and to make such other representations as are deemed necessary or appropriate by the Company and its counsel. All Stock Incentive Agreements shall contain a provision stating that any restrictions under any applicable securities laws will apply.

Table of Contents

8.3 REGISTRATION OF SHARES. The Company may, and intends to, but is not obligated to, register or qualify the offering or sale of Shares under the Securities Act of 1933 or any other applicable state, federal or foreign law.

SECTION 9.

LIFE OF PLAN

No Stock Incentive shall be granted under this Plan on or after the earlier of:

- (a) the tenth (10th) anniversary of the effective date of this Plan (as determined under Section 4 of this Plan), or
- (b) the date on which all of the Shares reserved under Section 3 of this Plan have (as a result of the exercise of Stock Incentives granted under this Plan or lapse of all restrictions under a Restricted Stock Award or Restricted Stock Unit) been issued or are no longer available for use under this Plan.

This Plan shall continue in effect until all outstanding Stock Incentives have been exercised in full or are no longer exercisable and all Restricted Stock Awards or Restricted Stock Units have vested or been forfeited.

SECTION 10.

ADJUSTMENT

Notwithstanding anything in Section 12 to the contrary, (i) the number of Shares reserved under Section 3 of this Plan, (ii) the limit on the number of Shares that may be granted subject to Stock Incentives during a calendar year to any individual under Section 3 of this Plan, (iii) the number of Shares subject to Stock Incentives granted under this Plan, and (iv) the Exercise Price of any Options and the specified exercise price of any Stock Appreciation Rights, shall be adjusted by the Committee in an equitable manner to reflect any change in the capitalization of the Company, including, but not limited to, such changes as stock dividends or stock splits. Furthermore, the Committee shall have the right to adjust (in a manner that satisfies the requirements of Code Section 424(a)) (x) the number of Shares reserved under Section 3, (y) the number of Shares subject to Stock Incentives granted under this Plan, and (z) the Exercise Price of any Options and the specified exercise price of any Stock Appreciation Rights in the event of any corporate transaction described in Code Section 424(a) that provides for the substitution or assumption of such Stock Incentives. If any adjustment under this Section creates a fractional Share or a right to acquire a fractional Share, such fractional Share shall be disregarded, and the number of Shares reserved under this Plan and the number subject to any Stock Incentives granted under this Plan shall be the next lower number of Shares, rounding all fractions downward. An adjustment made under this Section by the Committee shall be conclusive and binding on all affected persons and, further, shall not constitute an increase in the number of Shares reserved under Section 3 or an increase in any limitation imposed by the Plan.

SECTION 11.

CHANGE OF CONTROL OF THE COMPANY

11.1 GENERAL RULE FOR CHANGE OF CONTROL. Except as otherwise provided in a Stock Incentive Agreement, if a Change of Control occurs, and if the agreements effectuating the Change of Control do not provide for the assumption or substitution of all Stock Incentives granted under this Plan, with respect to any Stock Incentive granted under this Plan that is not so assumed or substituted (a Non Assumed Stock Incentive), the Committee, in its sole and absolute discretion, may, with respect to any or all of such Non Assumed Stock Incentives, take any or all of the following

Table of Contents

actions to be effective as of the date of the Change of Control (or as of any other date fixed by the Committee occurring within the thirty (30) day period immediately preceding the date of the Change of Control, but only if such action remains contingent upon the effectuation of the Change of Control) (such date referred to as the Action Effective Date):

(a) Accelerate the vesting and/or exercisability of such Non Assumed Stock Incentive; and/or

(b) Unilaterally cancel such Non Assumed Stock Incentive in exchange for:

(i) whole and/or fractional Shares (or for whole Shares and cash in lieu of any fractional Share) or whole and/or fractional shares of a successor (or for whole shares of a successor and cash in lieu of any fractional share) that, in the aggregate, are equal in value to the excess of the Fair Market Value of:

(I) in the case of Options, the Shares that could be purchased subject to such Non Assumed Stock Incentive less the aggregate Exercise Price for the Options with respect to such Shares;

(II) in the case of Restricted Stock Units or Stock Appreciation Rights, Shares subject to such Stock Incentive determined as of the Action Effective Date (taking into account vesting), less the value of any consideration payable on exercise.

(ii) cash or other property equal in value to the excess of the Fair Market Value of

(I) in the case of Options, the Shares that could be purchased subject to such Non Assumed Stock Incentive less the aggregate Exercise Price for the Options with respect to such Shares or

(II) in the case of Restricted Stock Units or Stock Appreciation Rights, Shares subject to such Stock Incentive determined as of the Action Effective Date (taking into account vesting) less the value of any consideration payable on exercise.

(c) In the case of Options, unilaterally cancel such Non Assumed Option after providing the holder of such Option with (1) an opportunity to exercise such Non Assumed Option to the extent vested within a specified period prior to the date of the Change of Control, and (2) notice of such opportunity to exercise prior to the commencement of such specified period. However, notwithstanding the foregoing, to the extent that the recipient of a Non Assumed Stock Incentive is an Insider, payment of cash in lieu of whole or fractional Shares or shares of a successor may only be made to the extent that such payment (1) has met the requirements of an exemption under Rule 16b 3 promulgated under the Exchange Act, or (2) is a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b 3 promulgated under the Exchange Act. Unless a Stock Incentive Agreement provides otherwise, the payment of cash in lieu of whole or fractional Shares or in lieu of whole or fractional shares of a successor shall be considered a subsequent transaction approved by the original grant of an Option.

11.2 GENERAL RULE FOR OTHER STOCK INCENTIVE AGREEMENTS. If a Change of Control occurs, then, except to the extent otherwise provided in the Stock Incentive Agreement pertaining to a particular Stock Incentive or as otherwise provided in this Plan, each Stock Incentive shall be governed by applicable law and the documents effectuating the Change of Control.

Table of Contents

SECTION 12.

AMENDMENT OR TERMINATION

This Plan may be amended by the Committee from time to time to the extent that the Committee deems necessary or appropriate; provided, however, no such amendment shall be made absent the approval of the shareholders of the Company if such amendment (a) increases the number of Shares reserved under Section 3, except as set forth in Section 10, (b) extends the maximum life of the Plan under Section 9 or the maximum exercise period under Section 7, (c) decreases the minimum Exercise Price under Section 7, or (d) changes the designation of Eligible Recipients eligible for Stock Incentives under Section 6. Shareholder approval of other material amendments (such as an expansion of the types of awards available under the Plan, an extension of the term of the Plan, or a change to the method of determining the Exercise Price of Options issued under the Plan