

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

FORM 10-Q/A

(Mark One)

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

For the quarterly period ended March 31, 2000

OR

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

For the transition period from _____ to _____

Commission file number 0-22529

inTEST Corporation

(Exact name of registrant as specified in its charter)

Delaware

22-2370659

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

2 Pin Oak Lane, Cherry Hill, New Jersey

08003

(Address of principal executive offices)

(Zip Code)

(856) 424-6886

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Number of shares of Common Stock, \$.01 par value, outstanding as of March 31,
2000: 8,582,827.

This Form 10-Q/A is being filed to amend Item 6 of the Form 10-Q of the
registrant for the quarter ended March 31, 2000, which was filed with the
Securities and Exchange Commission on May 12, 2000. The Form 10-Q is being
amended to include as exhibits thereto the employment agreement and option
agreements between Temptronic Corporation and William M. Stone, President and
Chief Executive Officer of Temptronic Corporation. The employment agreement
was executed and the option agreements were assumed by inTEST Corporation upon
the acquisition of Temptronic Corporation on March 9, 2000. Item 6 is hereby
amended to include Exhibit 10.1, the Temptronic Corporation 1998 Incentive and
Non-Statutory Stock Option Plan, Exhibit 10.2, the Incentive Stock Option
dated October 26, 1998 granted by Temptronic Corporation to William M. Stone
under the Temptronic Corporation 1998 Incentive and Non-Statutory Stock Option
Plan, Exhibit 10.3, the Non-Statutory Option granted by Temptronic Corporation
to William M. Stone, dated June 9, 1997, and Exhibit 10.4, the Employment
Agreement dated March 9, 2000 between William M. Stone and Temptronic
Corporation.

PART II.

OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3.1 Articles of Incorporation: Previously filed by the Company as an Exhibit to the Company's Registration Statement on Form S-1, File No. 333-26457, and incorporated herein by reference.
- 3.2 By-Laws: Previously filed by the Company as an Exhibit to the Company's Registration Statement on Form S-1, File No. 333-26457, and incorporated herein by reference.
- 10.1 Temptronic Corporation 1998 Incentive and Non-Statutory Stock Option Plan.
- 10.2 Incentive Stock Option dated October 26, 1998 granted by Temptronic Corporation to William M. Stone under the Temptronic Corporation 1998 Incentive and Non-Statutory Stock Option Plan.
- 10.3 Non-Statutory Option granted by Temptronic Corporation to William M. Stone, dated June 9, 1997.
- 10.4 Employment Agreement dated March 9, 2000 between William M. Stone and Temptronic Corporation.
- 27 Financial Data Schedule.

(b) Reports on Form 8-K

During the quarter covered by this report, we filed two reports on Form 8-K as follows:

- 1) 8-K dated March 9, 2000 providing information responsive to the requirements of Items 2 and 7 of that form.
- 2) 8-K dated March 31, 2000 providing information regarding the settlement of litigation described in Part II, Item 1 of this report.

SIGNATURES

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

inTEST Corporation

(Registrant)

Date: June 20, 2000

By: /s/Robert E. Matthiessen

Robert E. Matthiessen
President and Chief Executive Officer

Date: June 20, 2000

By: /s/Hugh T. Regan, Jr.

Hugh T. Regan, Jr.
Treasurer and Chief Financial Officer

INDEX TO EXHIBITS

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- 10.4 Employment Agreement dated March 9, 2000 between William M. Stone and Temptronic Corporation.
- 27* Financial Data Schedule: Previously filed by the Company as an Exhibit to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2000.

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* Indicates document previously filed.

TEMPTRONIC CORPORATION
1998 Incentive and Non-Statutory Stock Option Plan

SECTION 1. PURPOSE

This 1998 Incentive and Non-Statutory Stock Option Plan (the "Plan") is intended as a performance incentive for officers and employees of Temptronic Corporation, a Massachusetts corporation (the "Company"), or its Subsidiaries (as hereinafter defined) and for certain other individuals providing services to or acting as directors of the Company or its Subsidiaries, to enable the persons to whom options are granted (an "Optionee" or "Optionees") to acquire or increase a proprietary interest in the Company and its success. The Company intends that this purpose will be effected by the granting of incentive stock options ("Incentive Options") as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and other stock options ("Non-Statutory Options") under the Plan. The term "Subsidiaries" means any corporations in which stock possessing 50% or more of the total combined voting power of all classes of stock of such corporation or corporations is owned directly or indirectly by the Company.

SECTION 2. OPTIONS TO BE GRANTED AND ADMINISTRATION

2.1 Options to be Granted. Options granted under the Plan may be either Incentive Options or Non-Statutory Options.

2.2 Administration by the Board. This Plan shall be administered by the Board of Directors of the Company (the "Board"). The Board shall have full and final authority to operate, manage and administer the Plan on behalf of the Company. This authority includes, but is not limited to: (i) the power to grant options conditionally or unconditionally; (ii) the power to prescribe the form or forms of the instruments evidencing options granted under this Plan; (iii) the power to interpret the Plan; (iv) the power to provide regulations for the operation of the incentive features of the Plan, and otherwise to prescribe regulations for interpretation, management and administration of the Plan; (v) the power to delegate responsibility for Plan operation, management and administration on such terms, consistent with the Plan, as the Board may establish; (vi) the power to delegate to other persons the responsibility for performing ministerial acts in furtherance of the Plan's purpose; and (vii) the power to engage the services of persons or organizations in furtherance of the Plan's purpose, including but not limited to banks, insurance companies, brokerage firms and consultants.

In addition, as to each option, the Board shall have full and final authority in its discretion to determine: (i) the number of shares subject to each option; (ii) the time or times at which options will be granted; (iii) the option price for the shares subject to each option, which price shall be subject to the applicable requirements, if any, of Section 5.1(c) hereof; and (iv) the time or times when each option shall become exercisable, the conditions under which exercise may be accelerated and the duration of the exercise period, which shall not exceed the limitations specified in Section 5.1(a).

2.3 Appointment and Proceedings of Committee. The Board may appoint a Stock Option Committee (the "Committee") which shall consist of at least three members of the Board. The Board may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed, and may fill vacancies, however caused, in the Committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum, and all actions of the Committee shall require the affirmative vote of a majority of its members. Any action may be taken by a written instrument signed by all of the members, and any action so taken shall be as fully effective as if it had been taken by a vote of a majority of the members at a meeting duly called and held.

2.4 Powers of Committee. Subject to the provisions of this Plan and the approval of the Board, the Committee shall have the power to make recommendations to the Board as to whom options should be granted, the number of shares to be covered by each option, the time or times of option grants, and the terms and conditions of each option. In addition, the Committee shall have authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, and to exercise the administrative and ministerial powers of the Board with regard to aspects of the Plan other than the granting of options. The interpretation and construction by the Committee of any provisions of the Plan or of any option granted hereunder and the exercise of any power delegated to it hereunder shall be final, unless otherwise determined by the Board. No member of the Board or the Committee

shall be liable for any action or determination made in good faith with respect to the Plan or any option granted hereunder.

SECTION 3. STOCK

3.1 Shares Subject to Plan. The stock subject to the options granted under the Plan shall be 250,000 shares of the Company's authorized but unissued common stock, \$.01 par value ("Common Stock"). The total number of shares that may be issued pursuant to options granted under the Plan shall not exceed an aggregate of 250,000 shares of Common Stock. Such number of shares shall be subject to adjustment as provided in Section 7 hereof.

3.2 Lapsed or Unexercised Options. Whenever any outstanding option under the Plan expires, is cancelled or is otherwise terminated (other than by exercise), the shares of Common Stock allocable to the unexercised portion of such option shall be restored to the Plan and shall again become available for the grant of other options under the Plan.

SECTION 4. ELIGIBILITY

4.1 Eligible Optionees. Incentive Options may be granted only to officers and other employees of the Company or its Subsidiaries, including members of the Board who are also employees of the Company or a Subsidiary. Non-Statutory Options may be granted to officers or other employees of the Company or its Subsidiaries, to members of the Board or the board of directors of any Subsidiary whether or not employees of the Company or such Subsidiary, and to other persons who have provided, are providing or will provide services to the Company or a corporation or other business entity that is or becomes a Subsidiary.

4.2 Limitations on 10% Stockholders. No Incentive Option shall be granted to an individual who, at the time the Incentive Option is granted, owns (including ownership attributed pursuant to Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any parent or Subsidiary of the Company (a "greater-than-10% stockholder"), unless such Incentive Option provides that (i) the purchase price per share shall not be less than 110% of the fair market value of the Common Stock at the time such Incentive Option is granted, and (ii) that such Incentive Option shall not be exercisable to any extent after the expiration of five years from the date on which it is granted.

4.3 Limitation on Exercisable Options. The aggregate fair market value (determined at the time the Incentive Option is granted) of the Common Stock with respect to which Incentive Options are exercisable for the first time by any person during any calendar year under the Plan and under any other option plan of the Company (or a parent or subsidiary as defined in Section 424 of the Code) shall not exceed \$100,000. Any option granted in excess of the foregoing limitation shall be specifically designated as being a Non-Statutory Option.

SECTION 5. TERMS OF THE OPTION AGREEMENTS

5.1 Mandatory Terms. Each option agreement shall contain such provisions as the Board or the Committee shall from time to time deem appropriate. Option agreements need not be identical, but each option agreement by appropriate language shall include the substance of all of the following provisions:

(a) Expiration. Notwithstanding any other provision of the Plan or of any option agreement, each option shall expire on the date specified in the option agreement, which date shall not be later than the tenth anniversary of the date on which the option was granted (fifth anniversary in the case of an Incentive Option granted to a greater-than-10% stockholder).

(b) Exercise. Each option shall be exercisable in full or in installments (which need not be equal) and at such times as designated by the Board or the Committee. 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 option expires.

(c) Purchase Price. The purchase price per share of the Common Stock under each Incentive Option shall be not less than the fair market value of the Common Stock on the date the option is granted (110% of the fair market value in the case of a greater-than-10% stockholder). For the purpose of the Plan the fair market value of the Common Stock shall be determined by the Board or the Committee. The price at which shares may be purchased pursuant to Non-Statutory Options shall be specified by the Board or the Committee at the time the option is granted, and may be less than, equal to or greater than the fair market value of the shares of Common Stock on the date such Non-Statutory Option is granted, but shall not be less than the par value of shares of Common Stock.

(d) Transferability of Options. Options granted under the Plan and the rights and privileges conferred thereby may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by applicable laws of descent and

distribution, and shall not be subject to execution, attachment or similar process. Upon any attempt so to transfer, assign, pledge, hypothecate or otherwise dispose of any option under the Plan or any right or privilege conferred hereby, contrary to the provisions of the Plan, or upon the sale or levy or any attachment or similar process upon the rights and privileges conferred hereby, such option shall there upon terminate and become null and void.

(e) Termination of Employment or Death of Optionee. Except as may be otherwise expressly provided in the terms and conditions of the option granted to an Optionee, options granted hereunder shall terminate on the earliest to occur of:

(i) the date of expiration thereof;

(ii) if the Optionee is employed by the Company and such employment is terminated by the Company for cause, as hereinafter defined, on the date of such termination; or

(iii) if the Optionee is employed by the Company and such employment is terminated for any reason other than death or for cause as aforesaid, on the earlier of the date of expiration thereof or 60 days following the date of such termination.

Until the date on which the option so expires, the Optionee may exercise that portion of his option which is exercisable at the time of termination of such relationship.

An employment relationship between the Company and the optionee shall be deemed to exist during any period during which the Optionee is employed by the Company or by any Subsidiary. Whether authorized leave of absence or absence on military government service shall constitute termination of the employment relationship between the Company and the Optionee shall be determined by the Board or the Committee at the time thereof. For purposes of this Section 5.1(e), the term "cause" shall mean (a) any material breach by the Optionee of any agreement to which the Optionee and the Company are both parties, (b) any act (other than retirement) or omission to act by the Optionee which may have a material and adverse effect on the Company's business or on the Optionee's ability to perform services for the Company, including, without limitation, the commission of any crime (other than minor traffic violations), or (c) any material misconduct or material neglect of duties by the Optionee in connection with the business or affairs of the Company or any Subsidiary or affiliate of the Company.

In the event of the death of an Optionee while in an employment or other relationship with the Company and before the date of expiration of such option, such option shall terminate on the earlier of such date of expiration or 180 days following the date of such death. After the death of the Optionee, his executor, administrator or any person or persons to whom his option may be transferred by will or by laws of descent and distribution, shall have the right, at any time prior to such termination, to exercise the option to the extent the Optionee was entitled to exercise such option as of the date of his death.

(f) Rights of Optionees. No Optionee shall be deemed for any purpose to be the owner of any shares of Common Stock subject to any option

unless and until (i) the option shall have been exercised with respect to such shares pursuant to the terms thereof, and (ii) the Company shall have issued and delivered a certificate representing such shares. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Common Stock.

5.2 Certain Optional Terms. The Board or the Committee may in its discretion provide; upon the grant of any option hereunder, that the Company shall have the right from time to time to repurchase all or any number of shares purchased upon exercise of such option. The repurchase price per share payable by the Company shall be such amount or be determined in such a manner as is fixed or determined by the Board or the Committee at the time the option for the shares subject to repurchase was granted. The Board or the Committee may also provide that the Company shall have a right of first refusal with respect to the transfer or proposed transfer of any shares purchased upon exercise of an option granted hereunder. In the event the Board or the Committee shall grant options subject to the Company's repurchase rights or rights of first refusal, the certificate or certificates representing the shares purchased pursuant to the exercise of such option shall carry a legend satisfactory to counsel for the Company referring to such rights.

SECTION 6. METHOD OF EXERCISE; PAYMENT OF PURCHASE PRICE

6.1 Notice of Exercise. Any option granted under the Plan may be exercised by the Optionee by delivering to the Company on any business day a written notice specifying the number of shares of Common Stock the Optionee then desires to purchase and specifying the address to which the certificates for such shares are to be mailed (the "Notice"). The Notice shall be accompanied by payment for such shares, any required payment of withholding taxes, and such documents, including without limitation an investment letter and an agreement relating to restrictions on transfer, rights of first refusal and Company buy-back rights (if applicable), as may reasonably be required or requested by the Company.

6.2 Means of Payment and Delivery. Payment for the shares of Common Stock purchased pursuant to the exercise of an option shall be made either (i) in cash equal to the option price for the number of shares specified in the Notice (the "Total Option Price"), or (ii) if authorized by the applicable option agreement, in shares of Common Stock of the Company having a fair market value equal to or less than the Total Option Price, plus cash in an amount equal to the excess, if any, of the Total Option Price over the fair market value of such shares of Common Stock. For the purpose of the preceding sentence, the fair market value of the shares of Common Stock so delivered to the Company shall be determined in the manner specified in Section 5.1(c) hereof. As promptly as practicable after receipt of such written notification and payment, the Company shall deliver to the Optionee or other appropriate person certificates for the number of shares with respect to which such Option has been so exercised, issued in the Optionee's name; provided, however, that such delivery shall be deemed effected for all purposes when the Company or a stock transfer agent of the Company shall have deposited such certificates in the United States mail, addressed to the Optionee or other appropriate person, at the address specified pursuant to Section 6.1.

SECTION 7. ADJUSTMENT UPON CHANGES IN CAPITALIZATION

7.1 No Effect of Options upon Certain Corporate Transactions. The existence of outstanding options shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of Common Stock, or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

7.2 Stock Dividends, Recapitalizations, Etc. If the Company shall effect a subdivision or consolidation of shares or other capital readjustment, the payment of a stock dividend, or other increase or reduction of the number of shares of the Common Stock outstanding, without receiving compensation therefor in money, services or property, then: (i) the number, class and per share price of shares of stock subject to outstanding options hereunder shall be appropriately adjusted in such a manner as to entitle an Optionee to receive upon exercise of an option, for the same aggregate cash consideration, the same total number and class of shares that the owner of an equal number of outstanding shares of Common Stock would own as a result of the event requiring the adjustment; and (ii) the number and class of shares with respect to which options may be granted under the Plan shall be adjusted by substituting for the total number of shares of Common Stock then reserved for issuance under the Plan that number and class of shares of stock that the owner of an equal number of outstanding shares of Common Stock would own as the result of the event requiring the adjustment.

7.3 Determination of Adjustments. Adjustments under this Section 7 shall be determined by the Board or the Committee and such determinations shall be conclusive. The Board or the Committee shall have the discretion and power in any such event to determine and to make effective provision for acceleration of the time or times at which any option or portion thereof shall become exercisable. No fractional shares of Common Stock shall be issued under the Plan on account of any adjustment specified above.

7.4 No Adjustment in Certain Cases. Except as hereinbefore expressly provided, the issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock then subject to outstanding options.

SECTION 8. EFFECT OF CERTAIN TRANSACTIONS

If the Company is a party to a reorganization or merger with one or more other corporations, whether or not the Company is the surviving or resulting corporation, or if the Company consolidates with or into one or more other corporations, or if the Company is liquidated, or if there is a sale or other

disposition of substantially all of the Company's capital stock or assets to a third party or parties (each hereinafter referred to as a "Transaction"), in any such event while unexercised options remain outstanding under the Plan, then: (i) subject to the Board's powers under clauses (ii) and (iii) below, after the effective date of such Transaction unexercised options shall remain outstanding and shall be exercisable in shares of Common Stock, or, if applicable, shares of such stock or other securities, cash or property as the holders of shares of Common Stock received pursuant to the terms of such Transaction; (ii) the Board may accelerate the time for exercise of all unexercised and unexpired options, effective as of a date prior to the effective date of such Transaction; or (iii) all outstanding options may be canceled by the Board as of the effective date of such Transaction; provided that (x) notice of such cancellation shall be given to each holder of an option, (y) each holder of an option shall have the right to exercise such option to the extent that the same is then exercisable or, if the Board shall have accelerated the time for exercise of all unexercised and unexpired options, in full, prior to the effective date of such Transaction, and (z) to the extent not so exercised, all of such options shall be canceled prior to or as of such effective date.

SECTION 9. AMENDMENT OF THE PLAN

The Board may terminate the Plan at any time, and may amend the Plan at any time and from time to time, subject to the limitation that, except as provided in Sections 7 and 8 hereof, no amendment shall be effective unless approved by the stockholders of the Company in accordance with applicable law and regulations, at an annual or special meeting held within twelve months before or after the date of adoption of such amendment, in any instance in which such amendment would: (i) increase the number of shares of Common Stock as to which options may be granted under the Plan; or (ii) change in substance the provisions of Section 4 hereof relating to eligibility to participate in the Plan.

Except as provided in Sections 7 and 8 hereof, rights and obligations under any option granted before termination or amendment of the Plan shall not be altered or impaired by such termination or amendment except with the consent of the Optionee.

SECTION 10. NON-EXCLUSIVITY OF THE PLAN; NON-UNIFORM DETERMINATIONS

Neither the adoption of the Plan by the Board nor the approval of the Plan by the stockholders of the Company shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including without limitation the granting of stock options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

The Board's or Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive or are eligible to receive options under the Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Board or the Committee shall be entitled, among other things, to make nonuniform and selective determinations, and to enter into nonuniform and

selective option agreements, as to (i) the persons to receive options under the Plan, (ii) the terms and provisions of options, (iii) the exercise by the Board or the Committee of its discretion in respect of the exercise of options pursuant to the terms of the Plan, and (iv) the treatment of leaves of absence pursuant to Section 5.1(e) hereof.

SECTION 11. GOVERNMENT AND OTHER REGULATIONS; GOVERNING LAW; WITHHOLDING TAXES

The obligation of the Company to sell and deliver shares of Common Stock with respect to options granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by government agencies as may be deemed necessary or appropriate by the Board or the Committee. All shares sold under the Plan shall bear appropriate legends. The Company may, but shall in no event be obligated to, register or qualify any shares covered by options under applicable federal and state securities laws; and in the event that any shares are so registered or qualified the Company may remove any legend on certificates representing such shares. The Company shall not be obligated to take any other affirmative action in order to cause the exercise of an option or the issuance of shares pursuant thereto to comply with any law or regulation of any governmental authority. The Plan shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

Whenever under the Plan shares are to be delivered upon exercise of an option, the Company shall be entitled to require as a condition of delivery that the Optionee remit an amount sufficient to satisfy all federal, state and other governmental withholding tax requirements related thereto.

SECTION 12. "LOCKUP" AGREEMENT

The Board or the Committee may in its discretion specify upon granting an option that the Optionee shall agree, for a period of time (not to exceed 180 days) from the effective date of any registration of securities of the Company, upon request of the Company or the underwriter or underwriters managing any underwritten offering of the Company's securities, not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any shares issued pursuant to the exercise of such option, without the prior written consent of the Company or such underwriter or underwriters, as the case may be.

SECTION 13. EFFECTIVE DATE OF PLAN

The effective date of the Plan is October 26, 1998, the date on which it was approved by the Board. No option may be granted under the Plan after the tenth anniversary of such effective date. Subject to the foregoing, options may be granted under the Plan at any time subsequent to October 26, 1998; provided, however, that (a) no Incentive Option shall be exercised or exercisable unless the stockholders of the Company shall have approved the Plan no later than one year from such effective date, and (b) all Incentive Options issued prior to the date of such stockholders' approval shall contain a reference to such condition.

Effective Date: October 26, 1998

INCENTIVE STOCK OPTION

Granted by

TEMPTRONIC CORPORATION
(hereinafter called the "Company")

to

William M. Stone
(hereinafter called the "Holder")

Under the Company's

1998 Incentive and Non-Statutory Stock Option Plan

For valuable consideration, the receipt of which is hereby acknowledged, the Company hereby grants to the Holder the following option:

1. Grant of Option. Subject to the terms and conditions hereinafter set forth, the Holder is hereby given the right and option to purchase from the Company, at an option price of \$3.75 per share, an aggregate of 50,000 shares of the Company's Common Stock, \$.01 par value (the "Common Stock"), at the time and in the manner herein provided. Subject to earlier termination pursuant to Section 8 hereof, the Holder shall have the right and option to purchase any or all of such shares in accordance with the following schedule:

- (a) 10,000 of such shares on and after the first anniversary of the effective date of this option as set forth above (the "Effective Date"); and
- (b) an additional 10,000 of such shares on and after each of the next succeeding four anniversaries of the Effective Date, until the Holder shall have the right to purchase all of the shares.

This option shall terminate in all respects, and all rights and options to purchase shares hereunder shall terminate, ten years from the Effective Date. The right to purchase shares hereunder shall be cumulative.

2. Exercise of Option. Purchase of any shares hereunder shall be made by delivery to the Company of a written notice of exercise specifying the number of shares with respect to which the option is to be exercised and the address to which the certificate representing such shares is to be mailed, accompanied by (a) cash, certified or bank check or postal money order payable to the order of the Company for an amount equal to the option price of such shares, (b) shares of Common Stock of the Company having a fair market value equal to or less than the option price of such shares accompanied by cash or a certified or bank check or postal money order in an amount equal to the

difference, if any, between the option price of such shares and the fair market value of such shares. For the purpose of the preceding sentence, the fair market value of the shares of Common Stock so delivered to the Company shall be determined in accordance with procedures adopted by the Company's board of directors (the "Board") or its option committee (the "Committee").

3. Conditions and Limitations. As a condition precedent to any exercise of this option, the Holder (or if any other individual or individuals are exercising this option, such individual or individuals) shall deliver to the Company an investment letter in form and substance satisfactory to the Company and its counsel which shall contain among other things a statement in writing: (a) that the option is then being exercised for the account of the Holder and only with a view to investment in, and not for, in connection with or with a view, to the disposition of, the shares with respect to which the option is then being exercised; (b) that the Holder has been advised that Rule 144 of the Securities and Exchange Commission (the "Commission"), which permits the resale, subject to various terms and conditions, of small amounts of

"restricted securities" (as therein defined) after they have been held for two years, does not now apply to the Company because the Company is not now required to file, and does not file, current reports under the Securities Exchange Act of 1934 (the "Exchange Act"), nor is there publicly available information concerning the Company substantially equivalent to that which would be available if the Company were required to file such reports; (c) that the Holder understands that there is no assurance that the Company will ever become a reporting company under the Exchange Act and that the Company has no obligation to the Holder to do so; (d) that the Holder and Holder's representatives have fully investigated the Company and the business and financial conditions concerning it and have knowledge of the Company's then current corporate activities and financial condition; (e) that the Holder believes that the nature and amount of the shares being purchased are consistent with Holder's investment objectives, abilities and resources; and (f) that the Holder understands, acknowledges and agrees to comply with the rights of first refusal and repurchase rights of the Company set forth or referred to in Section 9 hereof and any other restrictions on the disposition of such shares set forth or referred to herein. The restrictions imposed by this Section and any investment representation made pursuant to this Section shall be inoperative upon the registration with the Commission of the stock subject to this option or acquired through the exercise of this option.

The Holder also agrees for a period of up to 180 days from the effective date of any registration of securities of the Company under the Securities Act of 1933, as amended (the "Securities Act"), upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any shares issued pursuant to the exercise of this option, without the prior written consent of the Company and such underwriters.

4. Delivery of Shares. Within a reasonable time following the receipt by the Company of payment of the option price for the shares to be purchased hereunder and the investment letter referred to in Section 3, the Company will deliver or cause to be delivered to the Holder (or if any other individual or individuals are exercising this option, to such individual or individuals) at the address specified pursuant to Section 2 hereof a certificate or certificates for the number of shares with respect to which the option is then being exercised, registered in the name of the Holder (or the name or names of the individual or individuals exercising the option, either alone or jointly with another person or persons with rights of survivorship, as the individual or individuals exercising the option shall prescribe in writing to the Company); provided, however, that such delivery shall be deemed effected for all purposes when a stock transfer agent shall have deposited such certificate or certificates in the United States mail, addressed to the Holder (or such individual or individuals) at the address so specified; and provided further that if any law, regulation or order of the Commission or other body having jurisdiction in the premises shall require the Company or the Holder (or the individual or individuals exercising this option) to take any action in connection with the sale of the shares then being purchased, then, subject to the other provisions of this paragraph, the date on which such sale shall be deemed to have occurred and the date for the delivery of the certificates for such shares shall be extended for the period necessary to take and complete such action, it being understood that the Company shall have no obligation to take and complete any such action.

5. Adjustments Upon Changes in Capitalization. The existence of this option shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

If the Company shall effect a subdivision or consolidation of shares or other capital readjustment, the payment of a stock dividend, or other increase or reduction of the number of shares of the Common Stock outstanding, without receiving compensation therefor in money, services or property, then the number, class, and per share price of shares of stock subject to this option shall be appropriately adjusted in such a manner as to entitle the Holder to receive upon exercise of this option, for the same aggregate cash consideration, the same total number and class of shares that the owner of an equal number of outstanding shares of Common Stock would own as a result of the event requiring the adjustment.

Except as hereinbefore expressly provided, the issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares of obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock then subject to this option.

6. Effect of Certain Transactions. If the Company is a party to a merger or reorganization with one or more other corporations, whether or not the Company is the surviving or resulting corporation, or if the Company consolidates with or into one or more other corporations, or if the Company is liquidated or sells or otherwise disposes of substantially all its assets to another corporation (each hereinafter referred to as a "Transaction"), in any case while this option remains outstanding: (a) subject to the provisions of clause (c) below, after the effective date of such Transaction this option shall remain outstanding and shall be exercisable in shares of Common Stock or, if applicable, shares of such stock or other securities, cash or property as the holders of shares of Common Stock received pursuant to the terms of such Transaction; (b) the Board may accelerate the time for exercise of this option, so that from and after a date prior to the effective date of such Transaction this option shall be exercisable in full; or (c) this option may be canceled by the Board as of the effective date of such Transaction, provided that notice of such cancellation shall be given to the Holder and the Holder shall have the right to exercise this option to the extent that the same is then exercisable or, if the Board shall have accelerated the time for exercise of this option pursuant to clause (a) above, in part or in full, prior to the effective date of such Transaction.

7. Rights of Holder. No person shall, by virtue of the granting of this option to the Holder, be deemed to be a holder of any shares purchasable under this option or to be entitled to the rights or privileges of a holder of such shares unless and until this option has been exercised with respect to such shares and they have been issued pursuant to that exercise of this option.

The granting of this option shall not impose upon the Company any obligations to employ or to continue to employ the Holder; and the right of the Company to terminate the employment of the Holder shall not be diminished or affected by reason of the fact that this option has been granted to the Holder.

Nothing herein contained shall impose any obligation upon the Holder to exercise this option.

Although this option is intended to qualify as an incentive stock option under the Internal Revenue Code of 1986, the Company makes no representation as to the tax treatment to the Holder upon receipt or exercise of this option or sale or other disposition of the shares covered by this option.

At all times while any portion of this option is outstanding, the Company shall: reserve and keep available, out of shares of its authorized and unissued stock or reacquired shares, a sufficient number of shares of its Common Stock to satisfy the requirements of this option; comply with the terms of this option promptly upon exercise of the option rights; and pay all fees or expenses necessarily incurred by the Company in connection with the issuance and delivery of shares pursuant to the exercise of this option.

8. Transfer and Termination. This option is not transferable by the Holder otherwise than by will or the laws of descent and distribution.

This option is exercisable, during the Holder's lifetime, only by him, and by him only while he is an employee of the Company, except that in the event that such employment terminates for any reason other than for cause as

determined by the Company (in which event this option shall terminate on the date of termination of employment) and other than by reason of death, the Holder shall have the right to exercise this option within 90 days after the date he ceases to be an employee of the Company (but not later than the expiration date of this option) with respect to the shares which were purchasable by him by exercise of this option at the time of such cessation of employment. As used in this paragraphs, "cause" shall mean (a) any material breach by the Holder of any agreement to which the Holder and the Company are both parties, (b) any act (other than retirement) or omission to act by the Holder which may have a material and adverse effect on the Company's business or on the Holder's ability to perform services for the Company, including, without limitation, the commission of any crime (other than ordinary traffic violations), or (c) any material misconduct or material neglect of duties by the Holder in connection with the business or affairs of the Company or any affiliate of the Company. An employment relationship between the Company and the Holder shall be deemed to exist, for purposes of this option, during any period in which the Holder is employed in any capacity by the Company or any subsidiary of the Company.

In the event of the death of the Holder while he has the right to exercise this option, his executors, administrators, heirs or legatees, as the case may be, shall have the right to exercise this option at any time within one year after his death (but not after the termination date of this option) with respect to the shares which were purchasable by the Holder as of the date of his death.

9. Company Purchase Rights. During the term of this option and thereafter, no shares purchased upon exercise of this option (or obtained by way of stock dividend, stock split or other distribution with respect to such shares) shall be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, by operation of law or otherwise (collectively "transferred") to any person at any time or times whatsoever, except as specifically provided in this Section 9.

(a) Right of First Refusal. If at any time the Holder shall receive a bona fide offer (an "Offer") in writing acceptable to him to purchase any or all of his shares, the Holder shall give written notice to the Company of the terms of the Offer, including the name of the offeror, the price and the terms of payment. Thereupon, the Company shall have the right and option (the "Buyback Option") for 60 days after such notice is given to purchase not less than all the shares so offered, at a price (the "Buyback Price") which shall be the lower of (i) the current fair market value of the Common Stock, as determined by an independent appraiser within one year prior or 45 days subsequent to the date of the Offer, and (ii) the price stated in the Offer.

The exercise by the Company of its right to purchase the shares upon the terms of the Offer must be made by notice to the Holder prior to the expiration of the applicable period referred to above. Such notice shall set forth a time and place of closing no later than 30 days after the date of such notice. At such closing, the Holder shall deliver the stock certificate or certificates representing the shares, duly endorsed for transfer; and upon such delivery the Company shall pay the Buyback Price to the Holder in cash or by check.

In the event that the Company does not elect to purchase the Holder's shares as herein provided, then the Holder may sell, at any time within 30 days of the expiration of the option period provided herein, the number of shares specified in the Offer to the person who made the Offer and pursuant to the terms of the Offer. In the event that the Holder does not sell the shares pursuant to the Offer within such 30-day period, the shares shall be subject to the terms, provisions and restrictions provided for in this Section as if the Holder had never submitted the sale notice to the Company as aforesaid.

(b) Repurchase Option. Upon termination of the Holder's employment with the Company at any time, by either the Company or the optionee and for any reason whatsoever including death or disability, the Company shall have the option to repurchase (the "Repurchase Option") any or all of the Holder's shares at the current fair market value of the Common Stock, as determined by an independent appraiser within one year prior or 45 days subsequent to the date of termination of the Holder's employment (the "Repurchase Price"). The Company shall have the right to exercise the Repurchase Option for the Holder's shares at any time within 90 days after the termination of the Holder's employment.

In the event the Company shall be entitled to and shall elect to exercise the Repurchase Option, it shall give to the Holder a written notice specifying the number of shares which the Company elects to purchase and specifying a date for closing hereunder which date shall be not more than 30 calendar days after the giving of such notice. At such closing, the Holder shall deliver the stock certificate or certificates representing the shares, duly endorsed for transfer; and upon such delivery the Company shall pay the Repurchase Price to the Holder in cash or by check.

For purposes of the Repurchase Option and the Buyback Option, the term "shares" shall mean any and all new, substituted or additional securities or other property issued to the Holder, by reason of his ownership of Common Stock, in connection with any stock dividend, liquidating dividend, stock split or other change in the character or amount of any of the outstanding securities of the Company, or any consolidation, merger or sale of all, or substantially all, of the assets of the Company. The Repurchase Option and Buyback Option shall terminate on the effective date of a registration statement under the Securities Act of 1933, as amended, pursuant to which securities of the Company with an aggregate sale price in excess of \$1,000,000 are sold to the public.

(c) Legends. Any certificate representing shares of stock subject to the provisions of this Section 9 may have endorsed thereon one or more legends, substantially as follows:

- (i) "Any disposition of any interest in the securities represented by this certificate is subject to restrictions, and the securities represented by this certificate are subject to certain options, contained in a certain agreement between the record holder hereof and the Company, a copy of which will be mailed to any holder of this certificate without charge upon receipt by the Company of a written request therefor."

(ii) "The shares of stock represented by this certificate have not been registered under the Securities Act of 1933 or under the securities laws of any state and may not be pledged, hypothecated, sold or otherwise transferred except upon such registration or upon receipt by the Company of an opinion of counsel satisfactory to the Company, in form and substance satisfactory to the Company, that such registration is not required."

10. Notice. Any notice to be given to the Company hereunder shall be deemed sufficient if addressed to the Company and delivered at the office of the Company, 55 Chapel Street, Newton, MA 02158, attention of the President, or such other address as the Company may hereafter designate.

Any notice to be given to the Holder hereunder shall be deemed sufficient if addressed to and delivered in person to the Holder at his address furnished to the Company or when deposited in the mail, postage prepaid, addressed to the Holder at such address.

11. Appraisal of Shares. Wherever in this option provisions are made for a determination of the fair market value of the Common Stock by an independent appraiser, such requirement shall be satisfied by an appraisal effected by the independent appraiser acting under the provisions of the Company's Equity Participation Plan.

12. Government and Other Regulations; Governing Law. This option is subject to all laws, regulations and order of any governmental authority which may be applicable thereto and, notwithstanding any of the provisions hereof, the Holder agrees that he will not exercise the option granted hereby nor will the Company be obligated to issue any shares of stock hereunder if the exercise thereof or the issuance of such shares, as the case may be, would constitute a violation by the Holder or the Company of any such law, regulation or order or any provision thereof. Without limiting the generality of the foregoing, the Company shall not be obligated to issue any such shares if in the Company's sole judgment to do so would cause the Company or such issue not to be in compliance with the requirements of Rule 504 promulgated under the Securities Act of 1933 as amended. The Company shall use reasonable efforts in order to cause the exercise of this option or the issuance of shares pursuant hereto to comply with any such law, regulation, order or provision. In the event that the Company has failed, after using its reasonable efforts for a period of one year, to cause compliance with any such law, regulation, order or provision to be effected, the Company shall pay the Holder an amount in cash equal to the difference between the exercise price and the fair market value (as determined by an independent appraiser) of the shares then purchasable hereunder, in consideration for the Holder's release of all rights hereunder relating to such shares.

This option is and shall be subject in every respect to the provisions of the Company's 1998 Incentive and Non-Statutory Stock Option Plan, as amended from time to time, which is incorporated herein by reference and made a part hereof. The Holder hereby accepts this option subject to all the terms and provisions of the Plan and agrees that (a) in the event of any conflict

between the terms hereof and those of the Plan, the latter shall prevail; and (b) all decisions under and interpretations of the Plan by the Committee or the Board shall be final, binding and conclusive upon the Holder and his heirs and legal representatives.

This option shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

12. Effective Date; Shareholder Approval. This option shall be effective on the Effective Date; provided, however, that this option shall be null and void, and no portion of this option shall be exercisable or exercised, in the event that the shareholders of the Company have not approved the Plan by the first anniversary of the Effective Date.

IN WITNESS WHEREOF, the parties have executed this option, or caused this option to be executed, as of the effective date.

TEMPTRONIC CORPORATION

By: /s/ Thomas Gerendas

Acknowledged and accepted:

/s/ William M. Stone

Holder

Date: June 9, 1997

Non-Statutory Option Granted

by

TEMPTRONIC CORPORATION
(hereinafter called the "Company")

to

William Stone
(hereinafter called the "Holder")

WITNESSETH:

For valuable consideration, the receipt of which is hereby acknowledged, the Company hereby grants to the Holder the following option:

1. Grant of Option. Subject to the terms and conditions hereinafter set forth, the Holder is hereby given the right and option to purchase from the Company, at an option price of \$.01 per share, an aggregate of 12,500 shares of the Company's Common Stock, \$.01 par value (the "Common Stock"), at the time and in the manner herein provided. Subject to earlier termination pursuant to Section 8 hereof, the Holder shall have the right and option to purchase any or all of such shares

- (a) 2,500 of such shares on and after the first anniversary of the effective date of this option as set forth above (the "Effective Date"); and
- (b) an additional 2,500 of such shares on and after June 9 of each of the years 1999 through 2002, until the Holder shall have the right to purchase all of the shares.

This option shall terminate in all respects, and all rights and options to purchase shares hereunder shall terminate, ten years from the Effective Date. The right to purchase shares hereunder shall be cumulative.

2. Exercise of Option. Purchase of any shares hereunder shall be made by delivery to the Company of a written notice of exercise specifying the address to which the certificates representing such shares are to be mailed, accompanied by cash, certified check, bank draft or postal or express money order payable to the order of the Company for an amount equal to the option price of such shares.

3. Conditions and Limitations. As a condition precedent to any exercise of this option, the Holder (or if any other individual or individuals are exercising this option, such individual or individuals) shall deliver to the Company an investment letter in form and substance satisfactory to the Company and its counsel which shall contain, among other things (including an acknowledgment of the rights of first refusal set forth in Section 9 hereof) a

statement in writing: (a) that the option is then being exercised for the account of the Holder and only with a view to investment in, and not in connection with or with a view to the disposition of, the shares with respect to which the option is then being exercised; (b) that the Holder has been advised that Rule 144 of the Securities and Exchange Commission (the "Commission"), which permits the resale, subject to various terms and conditions, of small amounts of "restricted securities" (as therein defined) after they have been held for two years, does not now apply to the Company because the Company is not now required to file, and does not file, current reports under the Securities Exchange Act of 1934 (the "Exchange Act"), nor is there publicly available information concerning the Company substantially equivalent to that which would be available if the Company were required to file such reports; (c) that the Holder understands that there is no assurance that the Company will ever become a reporting company under the Exchange Act and that the Company has no obligation to the Holder to do so; (d) that the Holder and Holder's representatives have fully investigated the Company and

the business and financial conditions concerning it and have knowledge of the Company's then current corporate activities and financial condition; (e) if the Company shall so require, confirming the rights of first refusal and repurchase option of the Company (if any) set forth herein; and (f) that the Holder believes that the nature and amount of the shares being purchased are consistent with Holder's investment objectives, abilities and resources. The restriction imposed by the foregoing investment representations shall be inoperative upon the registration with the Commission of the stock subject to this option or acquired through the exercise of this option.

The Holder also agrees for a period of up to 180 days from the effective date of any registration of securities of the Company under the Securities Act of 1933, as amended (the "Securities Act"), upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any shares issued pursuant to the exercise of this option, without the prior written consent of the Company and such underwriters.

4. Delivery of Shares. Within a reasonable time following the receipt by the Company of the option price for any shares to be purchased hereunder and the investment letter referred to in Section 3, the Company will deliver or cause to be delivered to the Holder (or if any other individual or individuals are exercising this option, to such individual or individuals) at the address specified pursuant to Section 2 hereof, a certificate or certificates for the number of shares with respect to which the option is then being exercised, registered in the name of the Holder (or the name or names of the individual or individuals exercising the option, either alone or jointly with another person or persons with rights of survivorship, as the individual or individuals exercising the option shall prescribe in writing to the Company); provided, however, that such delivery shall be deemed effected for all purposes when a stock transfer agent shall have deposited such certificate or certificates in the United States mail, addressed to the Holder (or such individual or individuals) at the address so specified; and provided further that if any law, regulation or order of the Commission or other body having jurisdiction in the premises shall require the Company or the Holder (or the individual or individuals exercising this option) to take any action in connection with the sale of the shares then being purchased, then, subject to the other provisions of this paragraph, the date on which such sale shall be

deemed to have occurred and the date for the delivery of the certificates for such shares shall be extended for the period necessary to take and complete such action, it being understood that the Company shall have no obligation to take and complete any such action. It shall be a condition of the Company's obligation to issue any shares purchased hereunder that the Company's obligations, if any, to withhold state or federal taxes incurred by the Holder in connection with such exercise shall have been discharged in full.

5. Adjustments Upon Changes in Capitalization. The existence of this option shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

If the Company shall effect a subdivision or consolidation of shares or other capital readjustment, the payment of a stock dividend, or other increase or reduction of the number of shares of the Common Stock outstanding, without receiving compensation therefor in money, services or property, then the number, class, and per share price of shares of stock subject to this option shall be appropriately adjusted in such a manner as to entitle the Holder to receive upon exercise of this option, for the same aggregate cash consideration, the same total number and class of shares that the owner of an equal number of outstanding shares of Common Stock would own as a result of the event requiring the adjustment.

Except as hereinbefore expressly provided, the issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares of obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock then subject to this option.

6. Effect of Certain Transactions. If the Company is a party to a merger or reorganization with one or more other corporations, whether or not the Company is the surviving or resulting corporation, or if the Company consolidates with or into one or more other corporations, or if the Company is liquidated, or if there is a sale or other disposition of substantially all of the Company's capital stock or assets to a third party or parties (each hereinafter referred to as a "Transaction"), in any case while this option remains outstanding: (a) subject to the provisions of clause (b) below, after the effective date of such Transaction this option shall remain outstanding and shall be exercisable in shares of Common Stock or, if applicable, shares of such stock or other securities, cash or property as the holders of shares of Common Stock received pursuant to the terms of such Transaction; or (b) this option may be canceled by the Company's board of directors as of the effective date of such Transaction, provided that notice of such cancellation shall be given to the Holder and the Holder shall have the right to exercise this option in part or in full prior to the effective date of such Transaction.

7. Rights of Holder. No person shall, by virtue of the granting of this option to the Holder, be deemed to be a holder of any shares purchasable under this option or to be entitled to the rights or privileges of a holder of such shares unless and until this option has been exercised with respect to such shares and they have been issued pursuant to that exercise of this option.

The granting of this option shall not impose upon the Company any obligations to employ or to continue to employ the Holder; and the right of the Company to terminate the employment of the Holder shall not be diminished or affected by reason of the fact that this option has been granted to the Holder.

The Company shall, at all times while any portion of this option is outstanding: reserve and keep available, out of shares of its authorized and unissued stock or reacquired shares, a sufficient number of shares of Common Stock to satisfy the requirements of this option; comply with the terms of this option promptly upon exercise of the option rights; and pay all fees or expenses necessarily incurred by the Company in connection with the issuance and delivery of shares pursuant to the exercise of this option.

8. Transfer and Termination. This option is not transferable by the Holder otherwise than by will or the laws of descent and distribution. This option is exercisable, during the Holder's lifetime, only by the Holder.

This option is exercisable, during the Holder's lifetime, only by him or her, and by him or her only while he or she is an employee of the Company, except that in the event that such employment terminates for any reason other than for cause as determined by the Company and other than by reason of death or retirement in good standing from the employ of the Company by reason of age or disability under the then established rules of the Company, the Holder shall have the right to exercise this option within 30 days after the date he or she ceases to be an employee of the Company (but not later than the expiration date of this option) with respect to the shares which were purchasable by him or her by exercise of this option at the time of such cessation of employment. As used in this paragraph, "cause" shall mean (a) any material breach by the Holder of any agreement to which the Holder and the Company are both parties, (b) any act (other than retirement) or omission to act by the Holder which may have a material and adverse effect on the Company's business or on the Holder's ability to perform services for the Company, including, without limitation, the commission of any crime (other than ordinary traffic violations), or (c) any material misconduct or material neglect of duties by the Holder in connection with the business or affairs of the Company or any affiliate of the Company. An employment relationship between the Company and the Holder shall be deemed to exist, for purposes of this option, during any period in which the Holder is employed in any capacity by the Company or any subsidiary of the Company.

In the event that the Holder retires in good standing from employment by the Company by reason of age or disability under the then established rules of the Company, the Holder shall have the right to exercise this option at any time within 90 days after his or her retirement (but not after the termination date of this option) with respect to the shares which were purchasable by the Holder at the date of such retirement.

In the event of the death of the Holder while he or she has the right to exercise this option, his or her executors, administrators, heirs or legatees, as the case may be, shall have the right to exercise this option at any time within 180 days after his or her death (but not after the termination date of this option) with respect to the shares which were purchasable by the Holder as of the date of his or her death.

9. Company Purchase Rights. During the term of this option and thereafter, no shares purchased upon exercise of this option (or obtained by way of stock dividend, stock split or other distribution with respect to such shares) shall be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, by operation of law or otherwise (collectively "transferred") to any person at any time or times whatsoever, except as specifically provided in this Section 9.

(a) Right of First Refusal. If at any time the Holder shall receive a bona fide offer (an "Offer") in writing acceptable to him to purchase any or all of his shares, the Holder shall give written notice to the Company of the terms of the Offer, including the name of the offeror, the price and the terms of payment. Thereupon, the Company shall have the right and option (the "Buy-back Option") for 60 days after such notice is given to purchase not less than all the shares so offered, at a price (the "Buyback Price") which shall be the lower of (i) the current fair market value of the Common Stock, as determined by an independent appraiser within one year prior or 45 days subsequent to the date of the Offer, and (ii) the price stated in the Offer.

The exercise by the Company of its right to purchase the shares upon the terms of the Offer must be made by notice to the Holder prior to the expiration of the applicable period referred to above. Such notice shall set forth a time and place of closing no later than 30 days after the date of such notice. At such closing, the Holder shall deliver the stock certificate or certificates representing the shares, duly endorsed for transfer; and upon such delivery the Company shall pay the Buyback Price to the Holder in cash or by check.

In the event that the Company does not elect to purchase the Holder's shares as herein provided, then the Holder may sell, at any time within 30 days of the expiration of the option period provided herein, the number of shares specified in the Offer to the person who made the Offer and pursuant to the terms of the Offer. In the event that the Holder does not sell the shares pursuant to the Offer within such 30-day period, the shares shall be subject to the terms, provisions and restrictions provided for in this Section as if the Holder had never submitted the sale notice to the Company as aforesaid.

(b) Repurchase Option. Upon termination of the Holder's employment with the Company at any time, by either the Company or the optionee and for any reason whatsoever including death or disability, the Company shall have the option to repurchase (the "Repurchase Option") any or all of the Holder's shares at the current fair market value of the Common Stock, as determined by an independent appraiser within one year prior or 45 days subsequent to the date of termination of the Holder's employment (the "Repurchase Price"). The Company shall have the right to exercise the Repurchase Option for the Holder's shares at any time within 90 days after the termination of the Holder's employment.

In the event the Company shall be entitled to and shall elect to exercise the Repurchase Option, it shall give to the Holder a written notice specifying the number of shares which the Company elects to purchase and specifying a date for closing hereunder which date shall be not more than 30 calendar days after the giving of such notice. At such closing, the Holder shall deliver the stock certificate or certificates representing the shares, duly endorsed for transfer; and upon such delivery the Company shall pay the Repurchase Price to the Holder in cash or by check.

For purposes of the Repurchase Option and the Buyback Option, the term "shares" shall mean any and all new, substituted or additional securities or other property issued to the Holder, by reason of his ownership of Common Stock, in connection with any stock dividend, liquidating dividend, stock split or other change in the character or amount of any of the outstanding securities of the Company, or any consolidation, merger or sale of all, or substantially all, of the assets of the Company. The Repurchase Option and Buyback Option shall terminate on the effective date of a registration statement under the Securities Act of 1933, as amended, pursuant to which securities of the Company with an aggregate sale price in excess of \$1,000,000 are sold to the public.

(c) Legends. Any certificate representing shares of stock subject to the provisions of this Section 9 may have endorsed thereon one or more legends, substantially as follows:

- (i) "Any disposition of any interest in the securities represented by this certificate is subject to restrictions, and the securities represented by this certificate are subject to certain options, contained in a certain agreement between the record holder hereof and the Company, a copy of which will be mailed to any holder of this certificate without charge upon receipt by the Company of a written request therefor."
- (ii) "The shares of stock represented by this certificate have not been registered under the Securities Act of 1933 or under the securities laws of any state and may not be pledged, hypothecated, sold or otherwise transferred except upon such registration or upon receipt by the Company of an opinion of counsel satisfactory to the Company, in form and substance satisfactory to the Company, that such registration is not required."

10. Notices. Any notice to be given to the Company hereunder shall be deemed sufficient if addressed to the Company and delivered at the office of the Company, 55 Chapel Street, Newton, Massachusetts 02158, attention of the President, or such other address as the Company may hereafter designate.

Any notice to be given to the Holder hereunder shall be deemed sufficient if addressed to and delivered in person to the Holder at his address furnished to the Company or when deposited in the mail, postage prepaid, addressed to the Holder at such address.

11. Appraisal of Shares. Wherever in this option provisions are made for a determination of the fair market value of the Common Stock by an independent appraiser, such requirement shall be satisfied by an appraisal effected by the independent appraiser acting under the provisions of the Company's Equity Participation Plan.

12. Governmental and Other Regulations. This option is subject to all laws, regulations and orders of any governmental authority which may be applicable thereto and, notwithstanding any of the provisions hereof, the Holder agrees that he will not exercise the option granted hereby nor will the Company be obligated to issue any shares of stock hereunder if the exercise thereof or the issuance of such shares, as the case may be, would constitute a violation by the Holder or the Company of any such law, regulation or order or any provision thereof. Without limiting the generality of the foregoing, the Company shall not be obligated to issue any such shares if in the Company's sole judgment to do so would cause the Company or such issue not to be in compliance with the requirements of Rule 504 promulgated under the Securities Act of 1933, as amended. The Company shall be obligated to use reasonable efforts to cause the exercise of this option or the issuance of shares pursuant hereto to comply with any such law, regulation, order or provision. In the event that the Company has failed, after using its reasonable efforts for a period of one year, to cause compliance with any such law, regulation, order or provision to be effected, the Company shall pay the Holder an amount in cash equal to the fair market value (as determined by an independent appraiser) of the shares then purchasable hereunder.

13. Government Law and Interpretation. This option shall be governed by, and construed and enforced in accordance with, the substantive laws of The Commonwealth of Massachusetts. The Holder hereby agrees that all decisions under and interpretations of the Plan by the Company's board of directors shall be final, binding and conclusive upon the Holder and his heirs and legal representatives.

IN WITNESS WHEREOF, the Company has caused this option to be executed in its name and on its behalf as of the date first above written.

TEMPTRONIC CORPORATION

By: /s/ Thomas Gerendas

Its President

Accepted and Agreed to:

/s/ William M. Stone

Holder

EMPLOYMENT AGREEMENT

This Agreement is dated as of March 9, 2000, and is by and between Tempronic Corporation, a Delaware corporation with its principal place of business in Newton, Massachusetts (the "Company"), and William M. Stone of 12 Samuel Drive, North Grafton, Massachusetts 01536 (the "Employee").

1. Employment. The Company hereby agrees to continue to employ the Employee, and the Employee agrees to continue in the employ of the Company, on the terms and conditions hereinafter set forth.

2. Effective Date and Term. The effective date of this Agreement (the "Effective Date") shall be March 9, 2000. Subject to the provisions of Section 5 hereof, this Agreement shall have a term of three years, commencing on the Effective Date. In the event that neither the Company nor the Employee shall have given notice of termination as provided in Sections 5(a) or 5(c), in the Company's case at least six months prior to the end of the initial three-year term of this Agreement, the term of this Agreement shall be extended for an additional year. The term of this Agreement shall be extended from year to year thereafter in the event that notice is not given as aforesaid during any extension of the term hereof.

3. Capacity and Extent of Service.

(a) At all times during the term of this Agreement, the Company shall employ the Employee as its President and Chief Executive Officer.

(b) During his employment hereunder, the Employee shall devote his full business time and his best efforts, business judgment, skill and knowledge to the performance of his duties and responsibilities hereunder. The Employee shall not engage in any other business activity during the term of this Agreement, except as may be approved by the Board of Directors of the Company.

(c) The Company encourages participation by the Employee on community boards and committees and in activities generally considered to be in the public interest, but the Board of Directors shall be advised in advance and shall have the right to approve or disapprove, in its sole discretion, the Employee's participation on such boards and committees if, in the judgment of the Board, such participation may conflict with the Company's interests or with the Employee's duties or responsibilities.

4. Compensation and Benefits.

(a) Base Salary. As compensation for services performed under and during the term of this Agreement, the Employee shall receive a base salary ("Base Salary"), which shall initially be at a rate of \$160,000 per annum. The Base Salary shall be reviewed annually during the term of this Agreement, as of October 1 of each year, by the President and CEO of inTEST Corporation and may be increased, but shall not be decreased below its current level.

(b) Bonuses. For each full calendar year during the term of this Agreement, the Employee shall receive a bonus equal to 1% of the pre-tax profit of the Company during such fiscal year. Pre-tax profit shall be determined by the Company's independent auditors in accordance with generally accepted accounting principles, except that such computation shall not take into account the Employee's bonus. The bonus payable pursuant to this Section 4(b) shall be prorated for any portion of a calendar year included within the term of this Agreement. In addition to the foregoing, the Company will consider awarding the Employee a supplementary bonus relating to the Employee's performance during calendar year 1999.

(c) Fringe Benefits. At all times during the term of this Agreement, the Company shall provide the Employee with fringe benefits comparable to those provided to other executive officers of the Company.

(d) Business Expenses. The Company shall reimburse the Employee for all reasonable travel and other business expenses incurred by him in the performance of his duties and responsibilities, subject to such reasonable requirements with respect to substantiation and documentation as may be specified by the Company, its auditors or the Internal Revenue Service.

5. Termination and Termination Benefits

Notwithstanding the provisions of Section 2, the Employee's employment hereunder shall terminate under the following circumstances:

(a) Termination by the Employee Without Cause. The Employee may resign from the Company at any time upon not less than 90 and not more than 180 days' prior written notice to the Company. In the event of resignation by the Employee under this Section 5(a), the Company may elect to waive the notice period or any portion thereof and the Employee shall cease performing services hereunder, in which event the Company will pay the Employee's Base Salary for the full notice period specified in the notice of termination (or for any remaining portion of the period). If and to the extent that the Employee continues to perform services hereunder during the notice period, he shall continue to perform as described in Section 3(b) hereof. From and after the effective date of such termination of employment under this Section 5(a), the Company shall have no further liability to the Employee for salary or other compensation or benefits under this Agreement, other than payment, when calculated, of any bonus to which the Employee may be entitled pursuant to Section 4(b) hereof that may have accrued through the effective date of termination.

(b) Termination by Reason of Death or Disability. In the event of the Employee's death or permanent disability, as reasonably determined by the Company, during his employment under this Agreement, the Employee's employment shall terminate on the date of his death or such determination of permanent disability. In the event of any such termination, the Employee or those entitled thereto by will or the laws of descent and distribution shall be paid his base salary for the greater of (a) one year from the date of such termination, or (b) the balance of the three-year term of this Agreement. In addition, the Employee or others so entitled shall be paid any bonus to which the Employee may be entitled pursuant to Section 4(b) that may have accrued through the effective date of termination.

(c) Termination by the Company Without Cause. The Employee's employment under this Agreement may be terminated by the Company without cause on written notice to the Employee. In the event of such termination, the Employee shall be entitled to the same post-employment benefits as shall be payable pursuant to Section 5(b) in the event of death or disability.

(d) Termination by the Company For Cause. The Employee's employment hereunder may be terminated for cause by the Company, effective immediately. Only the following shall constitute "cause" for such termination:

- (i) Conviction of the Employee by a court of competent jurisdiction of any criminal offense involving dishonesty or breach of trust or any felony or crime of moral turpitude;
- (ii) Commission by the Employee of an act of fraud upon the Company; or
- (iii) Willful refusal by the Employee to perform the duties reasonably assigned to him by the Board of Directors of the Company, which failure or breach continues for more than ten days (or such longer period, not in excess of 30 days, as may be required to cure such failure) after written notice thereof is given to the Employee.

In the event of the termination of employment under this Section 5(d), the Company shall have no further obligation to the Employee hereunder except payment of salary, that may have accrued, through the effective date of termination.

(e) Post-Termination Fringe Benefits. In addition to the post-termination benefits to which the employee is entitled by law, if the employment of the Employee is terminated pursuant to Sections 5(b) or 5(c), the Employee shall be entitled to all Company fringe benefits for any period subsequent to termination of employment during which he continues to receive a base salary pursuant to the foregoing provisions. In addition, in the event that his employment terminates under the conditions described in sections 5(b) or 5(c), the Company shall provide the Employee and his immediate family with medical and dental insurance coverage, and such other insurance coverage as is in effect at the time of such termination, at the expense of the Employee, until the Employee reaches the age of 65 or would have reached such age, such insurance coverage to be substantially as broad as the coverage in effect as of the date of termination of employment.

6. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage paid, to the Employee at the last address the Employee has filed in writing with the Company or, in the case of the Company, at its main office, attention of the Board of Directors, with a copy to inTEST Corporation at its main office, attention of the President.

7. Entire Agreement and Amendment. This Agreement constitutes the entire Agreement between the parties with respect for its subject matter, except for a non-disclosure and proprietary rights agreement heretofore executed by the Employee and a letter agreement dated as of February 12, 1999 relating to a Company loan to the Employee. This Agreement supersedes in all respects the Employment Agreement dated as of October 26, 1998 between the Employee and the Company. This Agreement may not be amended except by a writing duly executed and delivered by the Employee and on behalf of the Company.

8. Binding Effect; Non-assignability. This Agreement shall be binding upon and inure to the benefit of the Company and its successors. This Agreement shall inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. Applicable Law. This Agreement shall be construed and enforced in all respects in accordance with the laws of The Commonwealth of Massachusetts.

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized officer, and by the Employee, as of the date first above written.

TEMPTRONIC CORPORATION

/s/ William M. Stone

William M. Stone

By: /s/ Hugh T. Regan, Jr.

Hugh T. Regan, Jr.
Secretary and Treasurer