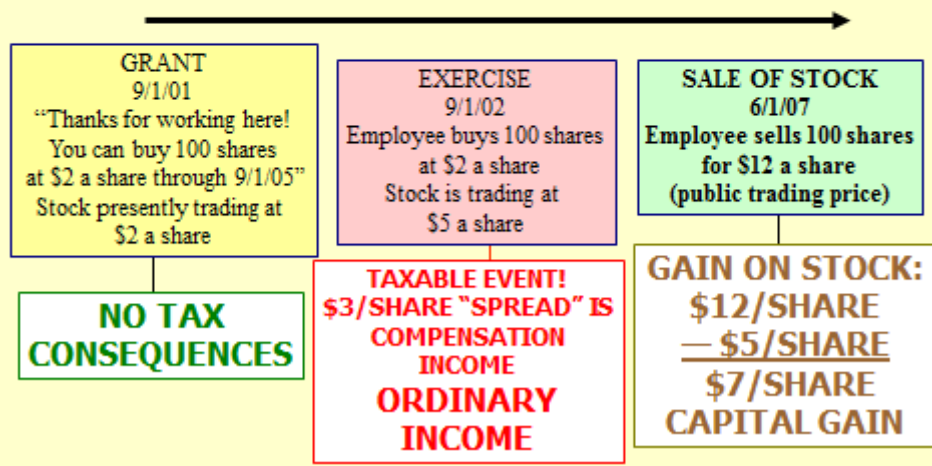
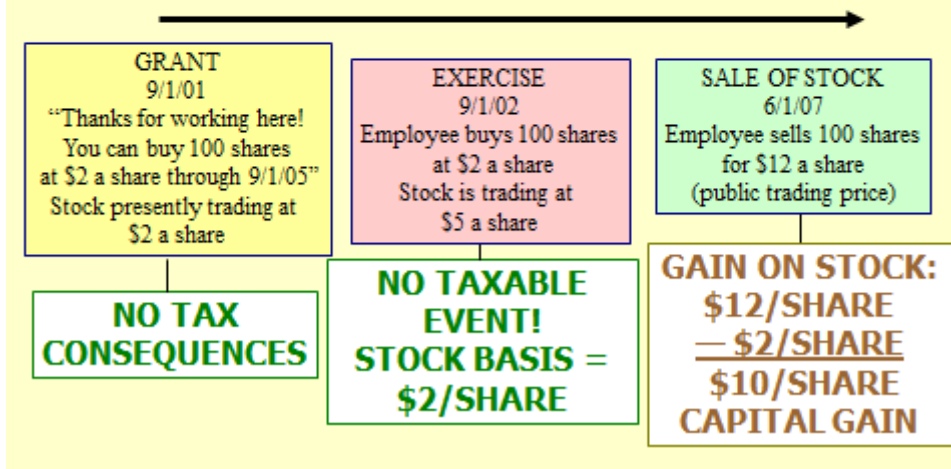


# Nonqualified Stock Option Timeline



## Qualified Stock Option (Incentive Stock Option) IRC § 422



### ISOs – Section 422

- Employee must retain stock for specified periods
- Option price cannot be less than FMV at grant
- Limit on value of stock covered by ISOs (\$100K per employee per exercise year)
- Potential problems with alternative minimum tax (AMT) — IRC § 56(b)(3)