

U.S. Securities and Exchange Commission  
Washington, D.C. 20549

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

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**INTUIT INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State of Incorporation)

**77-0034661**  
(I.R.S. Employer  
Identification No.)

**2535 Garcia Avenue**  
**Mountain View, California 94043**  
(Address of Principal Executive Offices)

**Options Granted Under CBS Employer Services, Inc.**  
**2000 Stock Option/Stock Issuance Plan**  
**and Assumed By Intuit Inc.**  
(Full title of the Plan)

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**Virginia R. Coles, Esq.**  
**Intuit Inc.**  
**2700 Coast Avenue**  
**Mountain View, California 94043**  
**(650) 944-6000**  
(Name, Address and Telephone Number of Agent for Service)

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*Copies to:*

**Katherine Tallman Schuda, Esq.**  
**Fenwick & West LLP**  
**Two Palo Alto Square**  
**Palo Alto, California 94306**

**CALCULATION OF REGISTRATION FEE**

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Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, \$0.01 par value	191,690(1)	\$38.93(2)	\$7,462,491.70(2)	\$686.55(3)

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- (1) Represents shares subject to issuance on exercise of options assumed by the Registrant on June 7, 2002 in connection with its acquisition of CBS Employer Services, Inc.
  - (2) The offering price information is calculated with reference to the weighted average exercise price per share of the options, pursuant to Rule 457(h), under the Securities Act of 1933, as amended, solely for the purpose of calculating the registration fee.
  - (3) Fee calculated pursuant to Section 6(b) of the Securities Act of 1933, as amended.
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### PART II: INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

This Registration Statement relates to 191,690 shares of Common Stock, \$0.01 par value per share, of the Registrant subject to issuance on exercise of options assumed by the Registrant in connection with its acquisition of CBS Employer Services, Inc.

#### ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The Registrant incorporates into this Registration Statement the following documents filed with the Securities and Exchange Commission (the "Commission"):

- (a) The Registrant's latest annual report filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the latest prospectus filed by the Registrant pursuant to Rule 424(b) under the Securities Act of 1933, as amended (the "Securities Act"), that contains audited financial statements for the Registrant's latest fiscal year for which such statements have been filed.
- (b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Registrant's annual report or prospectus referred to in (a) above.
- (c) The description of the Registrant's Common Stock contained in the Registrant's registration statement on Form 8-A filed with the Commission under Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description.

All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of the filing of such documents.

#### ITEM 5. NAMED EXPERTS; INTERESTS OF NAMED COUNSEL

The consolidated financial statements and schedule of Registrant appearing in Registrant's Form 10-K for the year ended July 31, 2001, have been audited by Ernst & Young LLP, independent auditors, to the extent indicated in their report thereon that is included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The validity of the issuance of the shares of Common Stock offered hereby will be passed upon for the Registrant by Virginia R. Coles, Esq., Assistant General Counsel and Assistant Secretary of the Registrant. Ms. Coles is an employee of the Registrant. As of June 24, 2002, Ms. Coles held 2,082 shares of Intuit's common stock and held options to purchase 46,315 shares of Common Stock (of which 31,304 shares are exercisable within the next 60 days).

#### ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

As permitted by Section 145 of the Delaware General Corporation Law, the Registrant's Certificate of Incorporation includes a provision that eliminates the personal liability of its directors for monetary damages for breach or alleged breach of their duty of care. In addition, as permitted by Section 145 of the Delaware General Corporation Law, the Registrant's Bylaws provide that: (i) the Registrant is required to indemnify its directors and officers and persons serving in such capacities at the Registrant's request in other business enterprises (including, for example, subsidiaries of the Registrant), to the fullest extent permitted by Delaware law, including those circumstances in which indemnification would otherwise be discretionary; (ii) the

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Registrant may, in its discretion, indemnify employees and agents in those circumstances where indemnification is not required by law; (iii) the Registrant is required to advance expenses, as incurred, to its directors and officers in connection with defending a proceeding (except that it is not required to advance expenses to a person against whom the Registrant brings a claim for breach of the duty of loyalty, for an act or omission not in good faith, intentional misconduct, a knowing violation of law or deriving an improper personal benefit from a transaction); (iv) the rights conferred in the Bylaws are not exclusive and the Registrant is authorized to enter into indemnification agreements with its directors, officers and employees; and (v) the Registrant may not retroactively amend the Bylaw provisions in a way that is adverse to such directors, officers and employees.

The Registrant's policy is to enter into indemnity agreements with each of its directors and executive officers that provide the maximum indemnity allowed to directors and executive officers by Section 145 of the Delaware General Corporation Law and the Bylaws, as well as certain additional procedural protections. In addition, the indemnity agreements provide that directors and executive officers will be indemnified to the fullest possible extent not prohibited by law against all expenses (including attorney's fees) and settlement amounts paid or incurred by them in any action or proceeding, by reason of their services as directors or executive officers of the Registrant or as directors or officers of any other company or enterprise when they are serving in such capacities at the request of the Registrant. The Registrant will not be obligated pursuant to the agreements to indemnify or advance expenses to an indemnified party with respect to proceedings or claims initiated by the indemnified party and not by way of defense, except with respect to proceedings specifically authorized by the Board of Directors or brought to enforce a right of indemnification under the indemnity agreements, the Registrant's Bylaws or any statute or law. Under the agreements, the Registrant is not obligated to indemnify the indemnified party: (i) for any expenses incurred by the indemnified party with respect to any proceeding instituted by the indemnified party to enforce or interpret the agreement, if a court of competent jurisdiction determines that each of the material assertions made by the indemnified party in such proceeding was not made in good faith or was frivolous; (ii) for any amounts paid in settlement of a proceeding unless the Registrant consents to such settlement; (iii) with respect to any proceeding or claim brought by the Registrant against the indemnified party for willful misconduct, unless a court determines that each of such claims was not made in good faith or was frivolous; (iv) on account of any suit in which judgment is rendered against the indemnified party for an accounting of profits made from the purchase or sale by the indemnified party of securities of the Registrant pursuant to the provisions of Section 16(b) of the Exchange Act and related laws; (v) on account of the indemnified party's conduct which is finally adjudged to have been knowingly fraudulent or deliberately dishonest, or to constitute willful misconduct or a knowing violation of the law; (vi) on account of any conduct from which the indemnified party derived an improper personal benefit; (vii) on account of conduct the indemnified party believed to be contrary to the best interests of the Registrant or its stockholders; (viii) on account of conduct that constituted a breach of the indemnified party's duty of loyalty to the Registrant or its stockholders; or (ix) if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful.

The indemnification provision in the Bylaws, and the indemnity agreements entered into between the Registrant and its directors and executive officers, may be sufficiently broad to permit indemnification of the Registrant's officers and directors for liabilities arising under the Securities Act.

The indemnity agreements require the Registrant to maintain director and officer liability insurance to the extent readily available. The Registrant currently carries a director and officer liability insurance policy.

### ITEM 8. EXHIBITS.

- 4.01 CBS Employer Services, Inc. 2000 Stock Option/Stock Issuance Plan, as Adopted by the Board of Directors.
- 4.02 Form of Incentive Stock Option Agreement for options issued under the CBS Employer Services, Inc. 2000 Stock Option/Stock Issuance Plan, as Adopted by the Board of Directors.

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4.03	CBS Employer Services, Inc. 2000 Stock Option/Stock Issuance Plan, as Amended and Restated by the Board of Directors on June 6, 2002.
4.04	Form of Nonqualified Stock Option Agreement for options issued under the CBS Employer Services, Inc. 2000 Stock Option/Stock Issuance Plan, as Amended and Restated by the Board of Directors on June 6, 2002.
4.05(1)	Registrant's Restated Certificate of Incorporation, dated January 19, 2000.
4.06(2)	Second Amended and Restated Rights Agreement, dated October 15, 1999.
4.07(3)	Bylaws of Intuit, as amended and restated effective May 1, 2002.
4.08(4)	Form of Specimen Certificate for Intuit's Common Stock.
4.09(2)	Form of Right Certificate for Series B Junior Participating Preferred Stock.
5.01	Opinion of Counsel.
23.01	Consent of Counsel (included in Exhibit 5.01).
23.02	Consent of Ernst & Young, LLP, Independent Auditors.
24.01	Power of Attorney (see page 7).

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- (1) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended April 30, 2000, filed with the Commission on June 14, 2000 and incorporated by reference.
  - (2) Filed as an exhibit to Intuit's Registration Statement on Form S-8 (File No. 333-92503) filed with the Commission on December 10, 1999, and incorporated by reference.
  - (3) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended April 30, 2002, filed with the Commission on May 31, 2002 and incorporated by reference.
  - (4) Filed as an exhibit to Intuit's Form 10-K for the fiscal year ended July 31, 2000, filed with the Commission on October 13, 2000 and incorporated by reference.

## ITEM 9. UNDERTAKINGS

The undersigned Registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act;
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20%

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change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement;

- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement; provided, however, that paragraphs (1)(i) and (1)(ii) above do not apply if the Registration Statement is on Form S-3 or Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.
- (2) That for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered, which remain, unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant’s annual report pursuant to Sections 13(a) or 15(d) of the Exchange Act, (and, where applicable, each filing of an employee benefit plan’s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 6 hereof, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereby, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mountain View, State of California, on June 21, 2002.

INTUIT INC.

By: /s/ Greg J. Santora

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Greg J. Santora  
Senior Vice President and  
Chief Financial Officer

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**POWER OF ATTORNEY**

By signing this Form S-8 below, I hereby appoint each of Stephen M. Bennett and Greg J. Santora as my true and lawful attorneys-in-fact and agents, in my name, place and stead, to sign any and all amendments (including post-effective amendments) to this Form S-8 registration statement on my behalf, and to file this Form S-8 registration statement (including all exhibits and other documents related to the Form S-8 registration statement) with the Securities and Exchange Commission. I authorize each of my attorneys-in-fact to (1) appoint a substitute attorney-in-fact for himself and (2) perform any actions that he believes are necessary or appropriate to carry out the intention and purpose of this Power of Attorney. I ratify and confirm all lawful actions taken directly or indirectly by my attorneys-in-fact and by any properly appointed substitute attorneys-in-fact. Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

**Principal Executive Officer:**

<u>/s/ Stephen M. Bennett</u> Stephen M. Bennett	Chief Executive Officer, President and Director	June 21, 2002
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**Principal Financial Officer and Principal Accounting Officer:**

<u>/s/ Greg J. Santora</u> Greg J. Santora	Senior Vice President And Chief Financial Officer	June 21, 2002
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**Additional Directors:**

<u>/s/ Christopher W. Brody</u> Christopher W. Brody	Director	June 21, 2002
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<u>/s/ William V. Campbell</u> William V. Campbell	Director	June 21, 2002
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<u>/s/ Scott D. Cook</u> Scott D. Cook	Director	June 21, 2002
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<u>/s/ L. John Doerr</u> L. John Doerr	Director	June 21, 2002
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<u>/s/ Donna L. Dubinsky</u> Donna L. Dubinsky	Director	June 21, 2002
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<u>/s/ Michael R. Hallman</u> Michael R. Hallman	Director	June 21, 2002
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<u>/s/ Stratton D. Sclavos</u> Stratton D. Sclavos	Director	June 21, 2002
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EXHIBIT INDEX

Exhibit Number	Description
4.01	CBS Employer Services, Inc. 2000 Stock Option/Stock Issuance Plan, as Adopted by the Board of Directors.
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4.03	CBS Employer Services, Inc. 2000 Stock Option/Stock Issuance Plan, as Amended and Restated by the Board of Directors on June 6, 2002.
4.04	Form of Nonqualified Stock Option Agreement for options issued under the CBS Employer Services, Inc. 2000 Stock Option/Stock Issuance Plan, as Amended and Restated by the Board of Directors on June 6, 2002.
5.01	Opinion of Counsel.
23.02	Consent of Ernst & Young, LLP, Independent Auditors.

## CBS EMPLOYER SERVICES, INC.

## 2000 STOCK OPTION/STOCK ISSUANCE PLAN

1. Purpose. This 2000 Stock Option/Stock Issuance Plan (the "Plan") is intended to promote the interests of CBS EMPLOYER SERVICES, INC. (the "Company") by giving incentives to the eligible officers and other employees and directors of and consultants and advisors to the Company, its parent (if any) and any present or future subsidiaries of the Company including, without limitation, CBS CORPORATE SERVICES, INC. (collectively, "Related Corporations") through providing opportunities to acquire stock in the Company. As used herein, the terms "parent" and "subsidiary" mean "parent corporation" and "subsidiary corporation", respectively, as those terms are defined in Sections 424(e) and 424(f) or successor provisions of the Internal Revenue Code of 1986 as amended from time to time (the "Code").

2. Structure of the Plan. The Plan permits the following separate types of grant:

A. Options may be granted hereunder to purchase shares of common stock of the Company. These options may meet the requirements of Section 422 of the Code ("Incentive Stock Options" or "ISOs"); or, they may not qualify as ISOs ("Non-Qualified Options"). Both ISOs and Non-Qualified Options are sometimes referred to hereinafter as "Options".

B. Awards of stock in the Company ("Awards") may be granted.

C. Opportunities to make direct purchases of stock in the Company ("Purchases") may be authorized.

Options, Awards and authorizations to make Purchases are sometimes referred to hereinafter as "Stock Rights".

3. Administration of the Plan.

A. The Plan shall be administered by the Board of Directors of the Company (the "Board"). The Board may in its sole discretion grant Options, authorize Purchases and grant Awards, as provided in the Plan. The Board shall have full power and authority, subject to the express provisions of the Plan, to construe and interpret the Plan and all Option agreements, Purchase authorizations and Award grants thereunder, to establish, amend and rescind such rules and regulations as it may deem appropriate for the proper administration of the Plan, to determine in each case the terms and provisions which shall apply to a particular Option agreement, Purchase authorization, or Award grant, and to make all other determinations which are, in the Board's judgment, necessary or desirable for the proper administration of the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Option agreement, Purchase authorization or Award grant in the manner and to the extent it shall, in its sole discretion, consider expedient. Decisions of the Board shall be final and binding on all parties who have an interest in the Plan or any Option, Purchase, Award, or stock issuance thereunder. No director or person acting pursuant to authority delegated by the Board shall be liable for any action or determination under the Plan made in good faith.

B. The Board may, to the full extent permitted by and consistent with applicable law and the Company's By-laws, and subject to Subparagraph D hereinbelow, delegate any or all of its powers with respect to the administration of the Plan to a committee (the "Committee") appointed by the Board. If a Committee has been appointed, all references in this Plan to the Board shall mean and relate to that Committee.

C. Those provisions of this Plan which make express reference to Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor rule ("Rule 16b-3"), or which are required in order for certain option transactions to qualify for exemption under Rule 16b-3, shall apply only to those persons required to file reports under Section 16(a) of the Exchange Act (a "Reporting Person").

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D. If the Company registers any class of equity security under Section 12 of the Exchange Act, the selection of a director or an officer (as the terms "director" and "officer" are defined for purposes of Rule 16b-3) as a recipient of an option, the timing of the option grant, the exercise price of the option and the number of shares subject to the option shall be determined either (i) by the Board, if all of the Board members are disinterested persons within the meaning of Rule 16(b)(3), or (ii) by two or more directors having full authority to act in the matter, each of whom shall be such a disinterested person.

4. Eligible Employees and Others. ISOs may be granted to any employee of the Company or of any Related Corporation. No person who is not such an employee may be granted an ISO. Non-Qualified Options, Awards, and authorizations to make Purchases may be granted to any employee, officer or director of, or consultant or advisor to the Company or any Related Corporation. The granting of any Stock Right to any individual or entity shall neither entitle that individual or entity to, nor disqualify him from, participation in any other grant of Stock Rights.

5. Stock. The stock subject to Options, Awards and Purchases shall be authorized but unissued shares of the Company's Class A Common Stock ("Common Stock"), or shares of Common Stock reacquired by the Company in any manner. The aggregate number of shares which may be issued under the Plan is 252,000 shares, subject to adjustment as provided in Paragraph 14. If any Option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, or if the Company shall reacquire any nonvested shares issued pursuant to Awards or Purchases, the unpurchased shares subject to such Option, or such nonvested shares so reacquired shall again be available for grants of Stock Rights under the Plan.

6. Option Agreements. As a condition to the grant of an Option, each recipient of an Option shall execute an option agreement in such form not inconsistent with the Plan as the Board shall approve. These option agreements may differ among recipients. Each option agreement with respect to an ISO shall be subject to the provisions of the Plan applicable to ISOs. The Board may, in its sole discretion, include additional provisions in option agreements, including without limitation restrictions on transfer, repurchase rights, commitments to pay cash bonuses, to make, arrange for or guarantee loans or to transfer other property to optionees upon exercise of options, or such other provisions as shall be determined by the Board; provided, however, that such additional provisions shall not be inconsistent with any provision of the Plan and such additional provisions shall not cause any ISO granted under the Plan to fail to qualify as an incentive stock option within the meaning of Section 422 of the Code.

#### 7. Option Exercise Price.

A. Subject to Subparagraph 3D of this Plan and Subparagraphs B and C of this Paragraph 7, the purchase price per share of Common Stock deliverable upon the exercise of an Option ("exercise price") shall be determined by the Board.

B. In the case of an ISO, the exercise price shall not be less than 100% of the fair market value of Common Stock, as determined by the Board, at the time of grant of such option, or less than 110% of such fair market value in the case of an ISO granted to the owner of stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Related Corporation (after taking into account the attribution of stock ownership rules of Section 424(d) of the Code) (a "10% Shareholder").

C. The exercise price of each Non-Qualified Option granted under the Plan shall in no event be less than thirty percent (30%) of the fair market value per share of Common Stock on the date of grant.

8. Cancellation and New Grant of Options, Etc. The Board shall have the authority to effect, at any time and from time to time, with the consent of the affected optionees, and after consideration of such factors as the Board considers relevant (which may include any financial accounting consequences to the Company, e.g., under APB Opinion No. 25), (i) the cancellation of any or all outstanding Options and the grant in substitution therefor of new Options covering the same or different shares of Common Stock and having an exercise price per share which may be lower or higher than the exercise price per share of the canceled Options, or (ii) unless doing so would have the effect of causing an ISO to be treated as a Non-Qualified Option, the amendment of the terms of any and all

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outstanding Options to provide an exercise price per share which is higher or lower than the then-current exercise price per share of such outstanding Options.

#### 9. Exercise of Options.

A. Each Option granted under the Plan shall be exercisable either in full or in installments at such time or times and during such period as shall be set forth in the agreement evidencing the Option, subject to the provisions of the Plan. Unless doing so would have the effect of causing an ISO to be treated as a Non-Qualified Option, the Board may, in its sole discretion, after consideration of such factors as it considers relevant (which may include the impact, if any, on the Company's financial statements of such change in the terms of the Option or Options), (i) accelerate the date or dates on which all

or any particular Option or Options granted under the Plan may be exercised or (ii) extend the dates during which all, or any particular, Option or Options granted under the Plan may be exercised.

B. Options granted under the Plan may provide for payment of the exercise price by (i) delivery of cash or a check payable to the order of the Company, or (ii) to the extent (if at all) provided in the option agreement, delivery of a recourse promissory note of the optionee bearing interest payable not less than annually at the applicable Federal rate as defined in Section 1274(d) of the Code and otherwise payable on such terms as are specified by the Board, or (iii) by any combination of the above methods of payment.

10. Option Period. Subject to earlier termination under other provisions of this Plan, each Option and all rights thereunder shall expire on such date as shall be set forth in the applicable option agreement, except that, in the case of an ISO, such expiration date (the "Expiration Date") shall not be later than ten years after the date on which the ISO is granted and, in the case of an ISO granted to a 10% Shareholder as defined in Subparagraph 7B of this Plan, such expiration date shall not be later than five years after the date on which the ISO is granted.

11. Nontransferability of Options. ISOs shall not be assignable or transferable by the optionee, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the optionee, shall be exercisable only by the optionee. The foregoing restrictions shall also apply to Non-Qualified Options except to the extent otherwise provided in the agreement evidencing the Non-Qualified Option.

12. Effect of Termination of Employment or Other Relationship. Except as otherwise provided in Paragraph 10 and Subparagraph 13C with respect to ISOs, and subject to all other provisions of the Plan, the Board shall determine the period of time during which an optionee may exercise an Option following (i) the termination of the optionee's employment or other relationship with the Company or a Related Corporation or (ii) the death or disability of the optionee. Such periods shall be set forth in the agreement evidencing the Option.

13. Additional ISO Requirements. ISOs granted under the Plan are subject to the minimum exercise price rules set forth in Subparagraph 7B hereof, the option period rules of Paragraph 10 hereof, and various other restrictions set forth elsewhere in this Plan. In addition, ISOs granted under the Plan are subject to the following:

A. Each ISO granted under the Plan shall, at the time of grant, be specifically designated as such in the option agreement evidencing such Option.

B. In no event shall the aggregate fair market value (determined at the time an ISO is granted) of Common Stock for which ISOs granted to any employee are exercisable for the first time by such employee during any calendar year (under all stock option plans of the Company and any Related Corporation) exceed One Hundred Thousand Dollars (\$100,000); provided, however, that this Subparagraph B shall have no force or effect if its inclusion in the Plan is not necessary for Options issued as ISOs to qualify as incentive stock options within the meaning of Section 422 of the Code. Any Option which would, but for its failure to satisfy the foregoing restriction, qualify as an ISO shall nevertheless be a valid Option, but to the extent of such failure it shall be deemed to be a Non-Qualified Option.

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C. No ISO may be exercised unless, at the time of such exercise, the optionee is, and has been continuously since the date of grant of the ISO, employed by the Company or a Related Corporation, except that:

(i) An ISO may be exercised within the period of three (3) months after the date the optionee ceases to be an employee of the Company and any Related Corporation (or within such lesser period as may be specified in the option agreement); provided, however, that the option agreement may designate a longer exercise period, in which case the exercise after such three-month period shall be treated as the exercise of a Non-Qualified Option.

(ii) If the optionee dies while in the employ of the Company or a Related Corporation, or within three (3) months after the optionee ceases to be such an employee of the Company or a Related Corporation, the ISO may be exercised by the person to whom it is transferred by will or the laws of descent and distribution within the period of one (1) year after the date of death (or within such lesser period as may be specified in the option agreement).

(iii) If the optionee becomes disabled (within the meaning of Section 22(e)(3) of the Code) while in the employ of the Company or a Related Corporation, the ISO may be exercised within the period of one (1) year after the date the optionee's employment ceases because of such disability (or within such lesser period as may be specified

in the option agreement).

For all purposes of the Plan and any agreement evidencing an Option, "employment" shall be defined in accordance with the provisions of Treasury Regulation Section 1.421-7(h) under the Code (or any successor regulations). Notwithstanding the foregoing provisions, no ISO may be exercised after its Expiration Date.

#### 14. Adjustments.

A. If, through or as a result of any merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, holding company formation or other similar transaction, (i) the outstanding shares of Common Stock are increased, decreased or exchanged for a different number or kind of shares or other securities of the Company or a corporation or other entity controlled by or controlling the Company, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash property is distributed with respect to such shares of Common Stock or other securities, an appropriate and proportionate adjustment shall be made in (a) the maximum number and kind of shares reserved for issuance under the Plan, (b) the number and kind of shares or other securities subject to any then outstanding Options under the Plan, and (c) the price for each share subject to any then outstanding Options under the Plan, without changing the aggregate purchase price as to which such Options remain exercisable. No fractional shares shall be issued under the Plan on account of any such adjustments. Notwithstanding the foregoing provisions of this Subparagraph A, no adjustment shall be made pursuant to this Paragraph 14 if such adjustment would cause any ISO granted under the Plan to fail to qualify as an incentive stock option within the meaning of Section 422 of the Code.

B. Any adjustments under this Paragraph 14 shall be made by the Board of Directors, whose determination as to what adjustments, if any, will be made and the extent thereof shall be final, binding and conclusive.

15. Rights as a Shareholder. The holder of an Option shall have no rights as a shareholder with respect to any shares covered by the option (including, without limitation, any voting rights, the right to inspect or receive the Company's balance sheets or financial statements or any rights to receive dividends or non-cash distributions with respect to such shares) until the date of issue of a stock certificate for such shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

#### 16. Merger, Consolidation, Asset Sale, Liquidation, Etc.

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A. Except as may otherwise be provided in the applicable option agreement, in the event of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding shares of Common Stock are exchanged for securities, cash or other property of any other corporation or business entity, or in the event of the liquidation of the Company, (any of such events, a "Liquidity Event") the Board, or the board of directors of any corporation assuming the obligations of the Company, shall, in its discretion, take any one or more of the following actions, as to outstanding Options: (i) provide that such Options (excluding any such Options which are terminated in accordance with the provisions of (iii). (iv) or (v) hereinbelow) shall be assumed, or equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), provided, however, that any such Options substituted for ISOs shall meet the requirements of Section 424(a) of the Code; (ii) exercise the discretion granted it under Paragraph 9A of this Plan to accelerate the date or dates on which all or any particular Option or Options granted under the Plan may be exercised; (iii) in the event of a merger (or consolidation) or purchase (or exchange) of the Company's stock, under the terms of which holders of the Common Stock of the Company will receive upon consummation thereof cash, stock, indebtedness, any other property, or any combination of the foregoing ("Consideration"), in exchange for each share purchased or surrendered in the merger, terminate, in the Board's sole discretion, either (a) each outstanding Option or (b) each outstanding Option which is exercisable in full as of the date of such consummation, in exchange for a payment, made or provided for by the Company, equal in amount to the excess, if any, of the value (as determined by the Board in its sole discretion, such determination to be final, binding and conclusive) of the Consideration over the per-share exercise price of each such Option, times the number of shares of Common Stock subject to such Option, such payment to consist, to the extent practicable, of proportional amounts of cash, stock, indebtedness, other property, or combination of the foregoing as constitutes the Consideration, and to the extent not so practicable, in cash; or (iv) in the event of a purchase of the Company's assets, under the terms of which holders of the Common Stock of the Company will receive upon liquidation of the Company following the consummation thereof cash, stock, indebtedness, any other property, or any combination of the foregoing ("Consideration"), terminate, in the Board's sole discretion, either (a) each outstanding Option or (b) each outstanding Option

which is exercisable in full as of the date of such liquidation, in exchange for a payment, made or provided for by the Company, equal in amount to the excess, if any, of the value (as determined by the Board in its sole discretion, such determination to be final, binding and conclusive) of the Consideration over the per-share exercise price of each such Option, times the number of shares of Common Stock subject to such Option, such payment to consist, to the extent practicable, of proportional amounts of cash, stock, indebtedness, other property, or combination of the foregoing as constitutes the Consideration, and to the extent not so practicable, in cash; or (v) terminate, in the Board's sole discretion, either (a) each outstanding Option or (b) each outstanding Option which is exercisable in full as of the date of the Liquidity Event, in exchange for a cash payment equal in amount to the product of the excess, if any, of the fair market value of a share of Common Stock over the per-share exercise price of each such Option, times the number of shares subject to such Option. The Board shall determine the fair market value of a share of Common Stock for purposes of the foregoing, and the Board's determination of such fair market value shall be final, binding and conclusive.

B. The Company may grant Options under the Plan in substitution for Options held by employees of another corporation who become employees of the Company or a Related Corporation as the result of a merger or consolidation of the employing corporation with the Company or a Related Corporation, or as a result of the acquisition by the Company or a Related Corporation of property or stock of the employing corporation. The Company may direct that substitute Options be granted on such terms and conditions as the Board considers appropriate in the circumstances.

17. Stock Restriction Agreement. As a condition to the grant of an Award or a Purchase authorization under the Plan, the recipient of the Award or Purchase authorization shall execute an agreement ("Stock Restriction Agreement") in such form not inconsistent with the Plan as may be approved by the Board. Stock Restriction Agreements may differ among recipients. Stock Restriction Agreements may include any provisions the Board determines should be included and that are not inconsistent with any provision of the Plan.

18. No Special Employment Rights. Nothing contained in the Plan or in any option agreement or other agreement or instrument executed pursuant to the provisions of the Plan shall confer upon any optionee any right with respect to the continuation of his or her employment by the Company or any Related Corporation or interfere in any way with the right of the Company or a Related Corporation at any time to terminate such employment or to increase or decrease the compensation of the optionee.

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19. Other Employee Benefits. Except as to plans which by their terms include such amounts as compensation, no amount of compensation deemed to be received by an employee as a result of the grant or exercise of an Option or the sale of shares received upon such exercise, or as a result of the grant of an Award or the authorization or making of a Purchase will constitute compensation with respect to which any other employee benefits of such employee are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board.

20. Amendment of the Plan.

A. The Board may at any time, and from time to time, modify or amend the Plan in any respect, except as otherwise expressly provided in this Plan; provided, however, that if at any time the approval of the shareholders of the Company is required under the Code with respect to ISOs, or is required under Rule 16b-3, the Board may not effect such modification or amendment without such approval.

B. The termination or any modification or amendment of the Plan shall not, without the consent of an optionee, affect the optionee's rights under an Option previously granted. With the consent of the optionee affected, the Board may amend outstanding option agreements in a manner not inconsistent with the Plan. The Board shall have the right to amend or modify (i) the terms and provisions of the Plan and of any outstanding ISO granted under the Plan to the extent necessary to qualify any or all such Options for such favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options within the meaning of Section 422 of the Code, and (ii) the terms and provisions of the Plan and of any outstanding Option to the extent necessary to ensure the qualification of the Plan under Rule 16b-3.

21. Investment Representations. The Board may require any person to whom an Option is granted, as a condition of exercising such Option, and any person to whom an Award is granted or a Purchase is authorized, as a condition thereof, to give written assurances in substance and form satisfactory to the Board to the effect that such person is acquiring the Common Stock subject to the Option, Award or Purchase for such person's own account for investment and not with any present intention of selling or otherwise distributing the same, and to such

other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws, or with covenants or representations made by the Company in connection with any public offering of its Common Stock.

22. Compliance With Securities Laws. Each Option shall be subject to the requirement that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the shares subject to such Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of shares thereunder, such Option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration or qualification, or to satisfy such condition.

23. Withholding. The Company shall have the right to deduct from payments of any kind otherwise due to the optionee any federal, state or local taxes of any kind required by law to be withheld with respect to any shares issued upon exercise of Options under the Plan or upon the grant of an Award, the making of a Purchase of Common Stock for less than its fair market value, the making of a Disqualifying Disposition (as defined in Paragraph 24), or the vesting of restricted Common Stock acquired pursuant to a Stock Right. The Board in its sole discretion may condition the exercise of an Option, the grant of an Award, the making of a Purchase, or the vesting of restricted shares acquired by exercising a Stock Right on the grantee's payment of such additional withholding taxes.

24. Notice to Company of Disqualifying Disposition. Each employee who receives an ISO must agree to notify the Company in writing immediately after the employee makes a Disqualifying Disposition, as hereinafter defined, of any Common Stock acquired pursuant to the exercise of an ISO. A Disqualifying Disposition

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is any disposition (including any sale) of such Common Stock before the later of (a) two (2) years after the date the employee was granted the ISO or (b) one (1) year after the date the employee acquired Common Stock by exercising the ISO. If the employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

25. Effective Date and Duration of the Plan.

A. The Plan shall become effective when adopted by the Board, but no Stock Right granted under the Plan shall become exercisable unless and until the Plan shall have been approved by the Company's shareholders. If such shareholder approval is not obtained within twelve months after the date of the Board's adoption of the Plan, Stock Rights previously granted under the Plan shall not vest and shall terminate and shall be null and void and no Stock Rights shall be granted thereafter under the Plan. Amendments to the Plan not requiring shareholder approval shall become effective when adopted by the Board; amendments requiring shareholder approval shall become effective when adopted by the Board, but no stock Right granted after the date of such amendment shall become exercisable (to the extent that such amendment to the Plan was required to enable the Company to grant such stock Right to a particular person) unless and until such amendment shall have been approved by the Company's shareholders. If such shareholder approval is not obtained within twelve months of the Board's adoption of such amendment, any Stock Rights granted on or after the date of such amendment shall terminate and become null and void to the extent that such amendment was required to enable the Company to grant such Stock Rights to a particular person. Subject to this limitation, Stock Rights may be granted under the Plan at any time after the effective date and before the termination date of the Plan.

B. Unless sooner terminated as provided elsewhere in this Plan, this Plan shall terminate upon the close of business on the day next preceding the tenth anniversary of the date of its adoption by the Board. Stock Rights outstanding on such date shall continue to have force and effect in accordance with the provisions of the instruments evidencing such Stock Rights.

Adopted by the Board of Directors on April 17, 2000.

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## CBS EMPLOYER SERVICES, INC.

## INCENTIVE STOCK OPTION AGREEMENT

CBS EMPLOYER SERVICES, INC., a Texas corporation (the "Company"), hereby grants this [\_\_\_\_\_] day of [\_\_\_\_\_] [\_\_\_\_\_] (the "Grant Date"), to [Name of Employee] (the "Employee"), an option to purchase a maximum of \_\_\_\_\_ shares of the Company's Class A Common Stock, \$0.001 par value per share (the "Common Stock"), at the price of [\$\_\_\_\_\_] per share, on the following terms and conditions:

1. Grant Under 2000 Stock Option/Stock Issuance Plan. (a) This option is granted pursuant to and is governed by and subject to the Company's 2000 Stock Option/Stock Issuance Plan (the "Plan"), the terms and conditions of which are incorporated herein by this reference. Unless the context otherwise requires, terms used herein shall have the same meaning as in the Plan. Determinations made pursuant to the Plan in connection with this option shall be governed by the Plan as it exists on the date of this option agreement ("Agreement").

(b) The granting of this option shall be subject to receipt by the Company of the Company's then current or standard form of Non-Disclosure, Non-Competition and Developments Agreement, executed and delivered by the Employee.

2. Grant as Incentive Stock Option, Other Options. This option is intended to qualify as an incentive stock option ("ISO") within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "Code"). This option is in addition to any other options heretofore or hereafter granted to the Employee by the Company, but a duplicate original of this instrument shall not effect the grant of another option.

3. Exercise of Option and Provisions for Termination.

(a) Vesting Schedule. Except as otherwise provided in this Agreement, and subject to all other terms and conditions of this Agreement, if the Employee has continued to be employed by the Company through any applicable date in the table below, this option may be exercised prior to the tenth anniversary of the Grant Date (hereinafter the "Expiration Date") in installments for not more than the number of shares set forth opposite such applicable date:

December 31, 2000	[ ] shares
March 31, 2001	[ ] shares
June 30, 2001	[ ] shares
September 30, 2001	[ ] shares
December 31, 2001	[ ] shares
March 31, 2002	[ ] shares
June 30, 2002	[ ] shares
September 30, 2002	[ ] shares
December 31, 2002	[ ] shares
March 31, 2003	[ ] shares
June 30, 2003	[ ] shares

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September 30, 2003	[ ] shares
December 31, 2003	[ ] shares

The right of exercise shall be cumulative so that if the option is not exercised to the maximum extent permissible as of an applicable date, it shall be exercisable, in whole or in part, with respect to all shares not so purchased at any time prior to the Expiration Date or the earlier termination of this option. Notwithstanding any other provision of this Agreement or the Plan, this option may not be exercised at any time on or after the Expiration Date.

(b) Method of Exercise. Subject to the terms and conditions set forth in this Agreement, this option shall be exercised by the Employee's delivery of written notice of exercise to the Chief Financial Officer of the Company, specifying the number of shares to be purchased and the purchase price to be paid therefor and accompanied by payment in full in accordance with Section 4



hereof. Such exercise shall be effective upon receipt by the Chief Financial Officer of the Company of such written notice together with the required payment. The Employee may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share or for fewer than 50 whole shares.

(c) Continuous Employment Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Employee, at the time he or she exercises this option, is, and has been at all times since the Grant Date, an employee of the Company. For all purposes of this Agreement, (i) "employee" and "employment" shall be defined in accordance with the provisions of Treasury Regulation Section 1.421-7(h) under the Code, or any successor regulations, (ii) employment by a parent or subsidiary corporation of the Company shall be deemed to be employment by the Company and (iii) if this option shall be assumed or a new option substituted therefor in a transaction to which Section 424(a) of the Code applies, employment by such assuming or substituting corporation (hereinafter a "Successor Corporation") shall be considered for all purposes of this option to be employment by the Company. As used herein, the terms "parent" and "subsidiary" mean "parent corporation" and "subsidiary corporation", respectively, as those terms are defined in Sections 424(e) and 424(f) or successor provisions of the Code.

(d) Exercise Period Upon Termination of Employment. If the Employee ceases to be employed by the Company for any reason, then, except as provided in paragraphs (e) and (f) below, the right to exercise this option shall terminate on the date which is three (3) months after the date of cessation of employment (but in no event after the Expiration Date); provided, however, that this option shall be exercisable only to the extent that the Employee was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if, in the judgment of the Company, the Employee, prior to the Expiration Date, materially violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Employee and the Company, the right to exercise this option shall terminate immediately upon written notice to the Employee from the Company describing such violation.

(e) Exercise Period Upon Death or Disability. If the Employee dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Expiration Date while he or she is an employee of the Company, or if the Employee dies within three (3) months after the date on which the Employee ceases to be an employee of the Company (other than as the result of a discharge for "cause" as specified in Paragraph (f) below), this option shall be exercisable within the period of one (1) year following the date of death or disability of the Employee (but in no event after the Expiration Date), by the Employee or by the person to whom this option is transferred by will or the laws of descent and distribution; provided, however, that this option shall be exercisable only to the extent that this option was exercisable by the Employee on the date of his or her death or disability. Except as otherwise indicated by the context, the term "Employee", as used in this Agreement, shall include the estate of the Employee, the Employee's personal representative, or any other person who acquires the right to exercise this option by bequest or inheritance or otherwise by reason of the death of the Employee or by reason of the Employee's incapacity.

(f) Discharge for Cause. If the Employee, prior to the Expiration Date, is discharged by the Company for "cause" (as defined below), the right to exercise this option shall terminate immediately upon such discharge. "Cause" shall mean willful misconduct or willful failure by the Employee to perform his or her

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employment responsibilities in the best interests of the Company (including, without limitation, breach by the Employee of any provision of any employment, nondisclosure, non-competition or other similar agreement between the Employee and the Company), as determined by the Company, which determination shall be conclusive. The Employee shall be considered to have been discharged "for cause" if the Company determines, within thirty (30) days after the Employee's resignation, that discharge for cause was warranted.

4. Payment of Purchase Price. Payment of the purchase price for shares purchased upon exercise of this option shall be made by delivery to the Company of cash or wire transfer or a check payable to the order of the Company in an amount equal to the purchase price per share as hereinabove set forth times the number of shares so purchased (the "exercise price"); or by any other means that the Board of Directors determines are consistent with the purpose of the Plan and with applicable laws and regulations.

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#### 5. Delivery of Shares.

(a) General. The Company shall, upon payment of the exercise price

for the number of shares purchased and paid for, make prompt delivery of such shares to the Employee; provided, however, that if any law or regulation requires the Company to take any action with respect to such shares before the issuance thereof, then the date of delivery of such shares shall be extended for the period necessary to complete such action.

(b) Listing, Registration, Qualification, Etc. This option shall be subject to the requirement that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the shares subject hereto upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of shares hereunder, this option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, disclosure or satisfaction of such other condition shall have been effected or obtained on terms acceptable to the Board of Directors of the Company. Nothing herein shall be deemed to require the Company to apply for, effect or obtain such listing, registration, qualification, or disclosure, or to satisfy such other condition.

6. Nontransferability of Option. Except as provided in Paragraph (e) of Section 3 hereof, this option is personal and no rights granted hereunder may be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) nor shall any such rights be subject to execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this option or of such rights contrary to the provisions hereof, or upon the levy of any attachment or similar process upon this option or such rights, this option and such rights shall, at the election of the Company, become null and void.

7. No Special Employment Rights. Nothing contained in the Plan or this Agreement shall be construed or deemed by any person under any circumstances to obligate the Company to continue the employment of the Employee for any period.

8. Rights as a Shareholder. The Employee shall have no rights as a shareholder with respect to any shares which may be purchased by exercise of this option (including, without limitation, any rights to vote or to receive dividends or other distributions with respect to such shares) unless and until a certificate representing such shares is duly issued and delivered to the Employee. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

#### 9. Adjustment Provisions.

(a) General. If through, or as a result of, any merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar transaction, (i) the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock or other securities, the Employee shall, with respect to this option or any unexercised portion hereof, be entitled to the rights and benefits, and be subject to the limitations, set forth in Paragraph 14 of the Plan.

(b) Board Authority to Make Adjustments. Any adjustments under this Section 9 shall be made by the Board of Directors of the Company, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive. No fractional shares will be issued with respect to this option on account of any such adjustments.

(c) Limits on Adjustments. No adjustment shall be made under this Section 9 which would, for purposes of any applicable provision of the Code, constitute a modification, extension or renewal of this option or a grant of additional benefits to the Employee.

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10. Mergers, Consolidations, Asset Sales, Liquidations, Etc. In the event of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding shares of Common Stock are exchanged for securities, cash or other property of any other corporation or business entity, or in the event of the liquidation of the Company, prior to the Expiration Date or other termination of this option, the Employee shall, with respect to this option or any unexercised portion hereof, be entitled to the rights and benefits, and be subject to the limitations, set forth in Paragraph 16 of the Plan.

11. Withholding of Taxes. The Company's obligation to deliver shares upon the exercise of this option shall be subject to the Employee's satisfaction of all applicable federal, state and local income and employment tax withholding requirements as described in Paragraph 23 of the Plan. Without limiting the

generality of the foregoing, if the Company in its discretion determines that it is obligated to withhold tax with respect to a Disqualifying Disposition (as defined in Section 12 hereof), the Employee agrees that the Company may withhold from the Employee's wages the appropriate amount of federal, state and local withholding taxes attributable to such Disqualifying Disposition. If any portion of this option is treated as a Non-Qualified Option, the Employee agrees that the Company may withhold from the Employee's wages the appropriate amount of federal, state and local withholding taxes attributable to the Employee's exercise of such Non-Qualified Option. At the Company's discretion, the amount required to be withheld may be withheld in cash from such wages, or otherwise as may be permitted under the Plan. The Employee further agrees that, if the Company does not withhold an amount from the Employee's wages sufficient to satisfy the Company's withholding obligation or if such obligation is not otherwise satisfied, as determined by the Company, the Employee will reimburse the Company on demand, in cash, for the amount underwithheld.

12. Holding Period Requirements for Incentive Stock Option Shares. It is understood and intended that this option shall qualify as an "incentive stock option" as defined in Section 422 of the Code (an "ISO"). Accordingly, the Employee understands that in order to obtain the beneficial tax treatment accorded an ISO, no sale or other disposition may be made of any shares acquired upon exercise of the option within one (1) year after the day of the transfer of such shares to the Employee, nor within two (2) years after the Grant Date. If the Employee intends to dispose, or does dispose (whether by sale, exchange, gift, transfer or otherwise), of any such shares within either of said periods, he or she will notify the Company in writing within ten (10) days after such disposition (a "Disqualifying Disposition").

13. Investment Representations, Warranties and Covenants; Legends.

(a) Representations. The Employee represents, warrants and covenants that:

(i) Any shares purchased upon exercise of this option shall be acquired for the Employee's account for investment only and not with a view to, or for sale in connection with, any distribution of the shares in violation of the Securities Act of 1933 (the "Securities Act") or any rule or regulation under the Securities Act.

(ii) The Employee has had such opportunity as he or she has deemed adequate to obtain from representatives of the Company such information as is necessary to permit the Employee to evaluate the merits and risks of his or her investment in the Company.

(iii) The Employee is able to bear the economic risk of holding shares acquired pursuant to the exercise of this option for an indefinite period.

(iv) The Employee understands that (A) the shares acquired pursuant to the exercise of this option will not be registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act; (B) such shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; (C) in any event, an exemption from registration under Rule 144 or otherwise under the Securities Act may not be available for at least one year and even then will not be available unless a public market then exists for the Common Stock, adequate information concerning the Company is then available to the public and other terms and

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conditions of Rule 144 are complied with; and (D) there is now no registration statement on file with the Securities and Exchange Commission with respect to any stock of the Company and the Company has no obligation or current intention to register any shares acquired pursuant to the exercise of this option under the Securities Act.

(v) The Employee agrees that, if the Company offers for the first time any of its Common Stock for sale pursuant to a registration statement under the Securities Act, the Employee will not, without the prior written consent of the Company, publicly offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any shares purchased upon exercise of this option for a period of ninety (90) days, or such longer period as the Company may reasonably require, after the effective date of such registration statement.

(vi) The Employee's principal residence is at the address set forth below on the signature page. The Employee shall promptly notify the Company of any change in the Employee's principal residence.

By making payment upon any exercise of this option, in whole or in part, the Employee shall be deemed to have reaffirmed, as of the date of such payment, the representations made in this Section 13.

(b) Legends on Stock Certificates. All stock certificates representing shares of Common Stock issued to the Employee upon exercise of this option shall have affixed thereto legends substantially in the following forms, in addition to any other legends required by applicable state law:

"The shares of stock represented by this certificate have not been registered under the Securities Act of 1933 and may not be transferred, sold or otherwise disposed of in the absence of an effective registration statement with respect to the shares evidenced by this certificate, filed and made effective under the Securities Act of 1933, or an opinion of counsel satisfactory to the Company to the effect that registration under such Act is not required."

"The shares of stock represented by this certificate are subject to certain restrictions on transfer contained in an Option Agreement and in a Security Holders Agreement, copies of which will be furnished upon request by the issuer."

14. Execution of the Certain Agreements as Condition of Exercise. The shareholders of the Company have entered into a certain agreement dated April 1, 1999, imposing certain restrictions on the outstanding shares of Common Stock of the Company and regulating certain aspects of the relationships among the shareholders and between the Company and each of the shareholders (the "Security Holders' Agreement"). As a condition to any exercise of this option, the Employee (a) shall become a party to the Security Holders' Agreement, as amended (or any substitute agreement among the shareholders as then in effect, and shall execute such agreement as a shareholder), and (b) shall execute and deliver a redemption agreement (the "Redemption Agreement") pursuant to which the Company shall have the right, but not the obligation, exercisable by the Company following the Employee's death, disability or termination (for any reason) of employment with the Company, to purchase any shares of Common Stock issued to the Employee upon exercise of this Option, such purchase to be made at the fair market value of the Company's Common Stock as at the date of the Employee's death, disability or termination. Promptly upon receipt by the Chief Financial Officer of the Company of the written notice and payment provided for in Section 3(b) hereof, the Chief Financial Officer shall cause the Employee to be provided with copies of the latest Security Holders' Agreement (or substitute agreement) and the Redemption Agreement, and shall arrange for the Employee's execution of an original or original counterpart of each. Upon the Employee's execution of such agreements, subject to all other terms and conditions of this Agreement, the Employee's option exercise shall be effective. If the Employee refuses to execute such agreements, the Chief Financial Officer shall cause the aforesaid payment to be returned to the Employee, and the Employee's attempted option exercise shall be null and void and without effect.

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15. Miscellaneous.

(a) Except as otherwise expressly provided herein, this Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and the Employee.

(b) All notices under this Agreement shall be delivered by hand, sent by commercial overnight courier service or sent by registered or certified mail, return receipt requested, and first-class postage prepaid, to the parties at their respective addresses set forth beneath their names below or at such other address as may be designated in a notice by either party to the other. Notwithstanding the foregoing, any notice sent to such an address in a country other than that from which the notice is sent may be sent by telefax, telegram or commercial air courier.

(c) Any reference in this Agreement to a Section of the Code shall refer to that Section as it reads as of the date of this Agreement and as it may be amended from time to time, and to any successor provision.

(d) Each provision of this Agreement shall be considered separable. The invalidity or unenforceability of any provision shall not affect the other provisions, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

(e) Sections 12, 13, 14 and 15 hereof shall survive any termination of this Agreement.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

(g) The failure of the Company or the Employee to insist upon strict

performance of any provision hereunder, irrespective of the length of time for which such failure continues, shall not be deemed a waiver of such party's right to demand strict performance at any time in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation or provision hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

(h) Except for the right of any party to apply to a court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other equitable relief to preserve the status quo or prevent irreparable harm pending the selection and confirmation of an arbitrator, any controversy or claim arising out of or relating to this Agreement, including without limitation claims under the Americans with Disabilities Act, the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act of 1964 as amended, or any other applicable state or federal statutory or common law; shall be resolved by arbitration in Fort Worth, Texas, in accordance with the governing rules of the American Arbitration Association (the "AAA"). A demand for arbitration shall be filed with the AAA during the term, or within six months after termination or expiration, of this Agreement. The arbitrator shall have the authority to permit discovery, to the extent deemed appropriate by the arbitrator, upon the request of a party and to grant any type of injunctive relief as well as award damages; provided, however, the arbitrator shall have no authority to award multiple or punitive damages. The costs of the arbitration proceeding, including the fee of the arbitrator, shall be borne equally by the parties. Each party shall bear the costs of its own counsel. Judgment upon the award entered may be enforced by any court of competent jurisdiction.

Date of Grant: [\_\_\_\_\_]

CBS EMPLOYER SERVICES, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_

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EMPLOYEE'S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions of this Agreement. The undersigned hereby acknowledges receipt of a copy of the Company's 2000 Stock Option/Stock Issuance Plan.

[Name of Employee]

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Signature

Address:  
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## CBS EMPLOYER SERVICES, INC.

## 2000 STOCK OPTION/STOCK ISSUANCE PLAN,

## AS AMENDED AND RESTATED

1. Purpose. This 2000 Stock Option/Stock Issuance Plan, as Amended and Restated (the "Plan") is intended to promote the interests of CBS EMPLOYER SERVICES, INC. (the "Company") by giving incentives to the eligible officers and other employees and directors of and consultants and advisors to the Company, any present or future parent (if any) and any present or future subsidiaries of the Company including, without limitation, CBS CORPORATE SERVICES, INC. (collectively, "Related Corporations") through providing opportunities to acquire stock in the Company. As used herein, the terms "parent" and "subsidiary" mean "parent corporation" and "subsidiary corporation", respectively, as those terms are defined in Sections 424(e) and 424(f) or successor provisions of the Internal Revenue Code of 1986 as amended from time to time (the "Code").

2. Structure of the Plan. The Plan permits the following separate types of grant:

A. Options may be granted hereunder to purchase shares of common stock of the Company. These options may meet the requirements of Section 422 of the Code ("Incentive Stock Options" or "ISOs"); or, they may not qualify as ISOs ("Non-Qualified Options"). Both ISOs and Non-Qualified Options are sometimes referred to hereinafter as "Options".

B. Awards of stock in the Company ("Awards") may be granted.

C. Opportunities to make direct purchases of stock in the Company ("Purchases") may be authorized.

Options, Awards and authorizations to make Purchases are sometimes referred to hereinafter as "Stock Rights".

3. Administration of the Plan.

A. The Plan shall be administered by the Board of Directors of the Company (the "Board"). The Board may in its sole discretion grant Options, authorize Purchases and grant Awards, as provided in the Plan. The Board shall have full power and authority, subject to the express provisions of the Plan, to construe and interpret the Plan and all Option agreements, Purchase authorizations and Award grants thereunder, to establish, amend and rescind such rules and regulations as it may deem appropriate for the proper administration of the Plan, to determine in each case the terms and provisions which shall apply to a particular Option agreement, Purchase authorization, or Award grant, and to make all other determinations which are, in the Board's judgment, necessary or desirable for the proper administration of the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Option agreement, Purchase authorization or Award grant in the manner and to the extent it shall, in its sole discretion, consider expedient. Decisions of the Board shall be final and binding on all parties who have an interest in the Plan or any Option, Purchase, Award, or stock issuance thereunder. No director or person acting pursuant to authority delegated by the Board shall be liable for any action or determination under the Plan made in good faith.

B. The Board may, to the full extent permitted by and consistent with applicable law and the Company's By-laws, and subject to Subparagraph D hereinbelow, delegate any or all of its powers with respect to the administration of the Plan to a committee (the "Committee") appointed by the Board. If a Committee has been appointed, all references in this Plan to the Board shall mean and relate to that Committee.

C. Those provisions of this Plan which make express reference to Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor rule ("Rule 16b-3"), or which

are required in order for certain option transactions to qualify for exemption under Rule 16b-3, shall apply only to those persons required to file reports under Section 16(a) of the Exchange Act (a "Reporting Person").

D. If the Company registers any class of equity security under Section 12 of the Exchange Act, the selection of a director or an officer (as the terms "director" and "officer" are defined for purposes of Rule 16b-3) as a recipient of an option, the timing of the option grant, the exercise price of the option and the number of shares subject to the option shall be determined

either (i) by the full Board, or (ii) by the Committee which shall be comprised of two or more directors each of whom is (1) a "non-employee director" for purposes of Section 16 of the Exchange Act and Rule 16b-3, and (2) an "outside director" for purposes of Section 162(m) of the Code, unless the Board has fewer than two such outside directors.

4. Eligible Employees and Others. ISOs may be granted to any employee of the Company or of any Related Corporation. No person who is not such an employee may be granted an ISO. Non-Qualified Options, Awards, and authorizations to make Purchases may be granted to any employee, officer or director of, or consultant or advisor to the Company or any Related Corporation. The granting of any Stock Right to any individual or entity shall neither entitle that individual or entity to, nor disqualify him from, participation in any other grant of Stock Rights.

5. Stock. The stock subject to Options, Awards and Purchases shall be authorized but unissued shares of the Company's Class A Common Stock ("Common Stock"), or shares of Common Stock reacquired by the Company in any manner. The aggregate number of shares which may be issued under the Plan is 800,000 shares, subject to adjustment as provided in Paragraph 14. If any Option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, or if the Company shall reacquire any nonvested shares issued pursuant to Awards or Purchases, the unpurchased shares subject to such Option, or such nonvested shares so reacquired shall again be available for grants of Stock Rights under the Plan.

6. Option Agreements. As a condition to the grant of an Option, each recipient of an Option shall execute an option agreement in such form not inconsistent with the Plan as the Board shall approve. These option agreements may differ among recipients. Each option agreement with respect to an ISO shall be subject to the provisions of the Plan applicable to ISOs. The Board may, in its sole discretion, include additional provisions in option agreements, including without limitation restrictions on transfer, repurchase rights, commitments to pay cash bonuses, to make, arrange for or guarantee loans or to transfer other property to optionees upon exercise of options, or such other provisions as shall be determined by the Board; provided, however, that such additional provisions shall not be inconsistent with any provision of the Plan and such additional provisions shall not cause any ISO granted under the Plan to fail to qualify as an incentive stock option within the meaning of Section 422 of the Code.

7. Option Exercise Price.

A. Subject to Subparagraph 3D of this Plan and Subparagraphs B and C of this Paragraph 7, the purchase price per share of Common Stock deliverable upon the exercise of an Option ("exercise price") shall be determined by the Board.

B. In the case of an ISO, the exercise price shall not be less than 100% of the fair market value of Common Stock, as determined by the Board, at the time of grant of such option, or less than 110% of such fair market value in the case of an ISO granted to the owner of stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Related Corporation (after taking into account the attribution of stock ownership rules of Section 424(d) of the Code) (a "10% Shareholder").

C. The exercise price of each Non-Qualified Option granted under the Plan shall in no event be less than thirty percent (30%) of the fair market value per share of Common Stock on the date of grant.

8. Cancellation and New Grant of Options, Etc. The Board shall have the authority to effect, at any time and from time to time, with the consent of the affected optionees, and after consideration of such factors as the

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Board considers relevant (which may include any financial accounting consequences to the Company, e.g., under APB Opinion No. 25), (i) the cancellation of any or all outstanding Options and the grant in substitution therefor of new Options covering the same or different shares of Common Stock and having an exercise price per share which may be lower or higher than the exercise price per share of the canceled Options, or (ii) unless doing so would have the effect of causing an ISO to be treated as a Non-Qualified Option, the amendment of the terms of any and all outstanding Options to provide an exercise price per share which is higher or lower than the then-current exercise price per share of such outstanding Options.

9. Exercise of Options.

A. Each Option granted under the Plan shall be exercisable either in full or in installments at such time or times and during such period as shall be set forth in the agreement evidencing the Option, subject to Paragraph 12 and other provisions of the Plan and to Company policies established by the Board

(or by individuals to whom the Board has delegated responsibility) from time to time with respect to vesting during leaves of absences. Unless doing so would have the effect of causing an ISO to be treated as a Non-Qualified Option, the Board may, in its sole discretion, after consideration of such factors as it considers relevant (which may include the impact, if any, on the Company's financial statements of such change in the terms of the Option or Options), (i) accelerate the date or dates on which all or any particular Option or Options granted under the Plan may be exercised or (ii) extend the dates during which all, or any particular, Option or Options granted under the Plan may be exercised.

B. Each Option granted under the Plan will cease to vest upon the optionee's termination of employment or at the time the optionee otherwise ceases to provide services to the Company or any Related Corporation, unless the optionee has been actively employed by the Company for one year or more and the optionee's termination results from optionee's "total disability" (as defined in this Subparagraph B) or death (or his or her death occurs within three months of optionee's termination). Each Option held by an optionee who is an employee that has been actively employed by the Company or any Related Corporation for one year or more or a director will vest as to 100% of the shares subject to such Option, if the optionee has a termination of employment due to "total disability" or death (or his or her death occurs within three months of such termination of employment). For purposes of Paragraph 9, "total disability" shall mean: (1) (I) for so long as such definition is used for purposes of the Company's group life insurance and accidental death and dismemberment plan or group long term disability plan, that the optionee is unable to perform each of the material duties of any gainful occupation for which the optionee is or becomes reasonably fitted by training, education or experience and which total disability is in fact preventing the optionee from engaging in any employment or occupation for wage or profit; or (II) if such definition has changed, such other definition of "total disability" as determined under the Company's group life insurance and accidental death and dismemberment plan or group long term disability plan; and (2) the Company shall have received from the optionee's primary physician a certification that the optionee's total disability is likely to be permanent. Each Option that is granted to an employee who, in connection with a Corporate Transaction (as defined in Subparagraph 16A) of the Company, has his or her employment terminated by the Company or any Related Corporation within one year following the date of such Corporate Transaction will immediately vest as to such number of shares as the optionee would have been vested twelve months after the date of termination of employment had the optionee remained employed for that twelve month period.

C. Options granted under the Plan may provide for payment of the exercise price by (i) delivery of cash or a check payable to the order of the Company, or (ii) to the extent (if at all) provided in the option agreement, delivery of a recourse promissory note of the optionee bearing interest payable not less than annually at the applicable Federal rate as defined in Section 1274(d) of the Code and otherwise payable on such terms as are specified by the Board, (iii) a "same day sale" commitment from the optionee and a broker-dealer that is a member of the National Association of Securities Dealers, Inc. or (iv) by any combination of the above methods of payment.

10. Option Period. Subject to earlier termination under other provisions of this Plan, each Option and all rights thereunder shall expire on such date as shall be set forth in the applicable option agreement, except that, in the case of an ISO, such expiration date (the "Expiration Date") shall not be later than ten years after the date on

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which the ISO is granted and, in the case of an ISO granted to a 10% Shareholder as defined in Subparagraph 7B of this Plan, such expiration date shall not be later than five years after the date on which the ISO is granted.

11. Nontransferability of Options. ISOs shall not be assignable or transferable by the optionee, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the optionee, shall be exercisable only by the optionee. The foregoing restrictions shall also apply to Non-Qualified Options except to the extent otherwise provided in the agreement evidencing the Non-Qualified Option.

12. Effect of Termination of Employment or Other Relationship. Except as otherwise provided in Paragraph 10 and Subparagraph 13C with respect to ISOs, and subject to all other provisions of the Plan, following the optionee's termination of employment, the optionee's Option may be exercised to the extent vested as set forth in Paragraph 9: (A) not later than 90 days after the date of the optionee's termination of employment if the optionee's termination is for any reason except death or disability (within the meaning of Section 22(e)(3) of the Code), unless a longer time period, not exceeding five years, is specifically set forth in the optionee's stock option agreement; provided that no Option may be exercised after its Expiration Date; or (B) no later than (1) twelve months after the optionee's termination of employment due to disability (within the meaning of Section 22(e)(3) of the Code) or (2) eighteen months after the optionee's termination of employment due to death or if the optionee



dies within three months of his or her termination of employment, unless a longer time period, not exceeding five years, is specifically set forth in the optionee's stock option agreement, provided that no Option may be exercised after its Expiration Date.

13. Additional ISO Requirements. ISOs granted under the Plan are subject to the minimum exercise price rules set forth in Subparagraph 7B hereof, the option period rules of Paragraph 10 hereof, and various other restrictions set forth elsewhere in this Plan. In addition, ISOs granted under the Plan are subject to the following:

A. Each ISO granted under the Plan shall, at the time of grant, be specifically designated as such in the option agreement evidencing such Option.

B. In no event shall the aggregate fair market value (determined at the time an ISO is granted) of Common Stock for which ISOs granted to any employee are exercisable for the first time by such employee during any calendar year (under all stock option plans of the Company and any Related Corporation) exceed One Hundred Thousand Dollars (\$100,000); provided, however, that this Subparagraph B shall have no force or effect if its inclusion in the Plan is not necessary for Options issued as ISOs to qualify as incentive stock options within the meaning of Section 422 of the Code. Any Option which would, but for its failure to satisfy the foregoing restriction, qualify as an ISO shall nevertheless be a valid Option, but to the extent of such failure it shall be deemed to be a Non-Qualified Option.

C. No ISO may be exercised unless, at the time of such exercise, the optionee is, and has been continuously since the date of grant of the ISO, employed by the Company or a Related Corporation, except that:

(i) An ISO may be exercised within the period of three (3) months after the date the optionee ceases to be an employee of the Company and any Related Corporation (or within such lesser period as may be specified in the option agreement); provided, however, that the option agreement may designate a longer exercise period, in which case the exercise after such three-month period shall be treated as the exercise of a Non-Qualified Option.

(ii) If the optionee dies while in the employ of the Company or a Related Corporation, or within three (3) months after the optionee ceases to be such an employee of the Company or a Related Corporation, the ISO may be exercised by the person to whom it is transferred by will or the laws of descent and distribution within the period of one (1) year after the date of death (or within such lesser period as may be specified in the option agreement).

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(iii) If the optionee becomes disabled (within the meaning of Section 22(e)(3) of the Code) while in the employ of the Company or a Related Corporation, the ISO may be exercised within the period of one (1) year after the date the optionee's employment ceases because of such disability (or within such lesser period as may be specified in the option agreement).

For all purposes of the Plan and any agreement evidencing an Option, "employment" shall be defined in accordance with the provisions of Treasury Regulation Section 1.421-7(h) under the Code (or any successor regulations). Notwithstanding the foregoing provisions, no ISO may be exercised after its Expiration Date.

14. Adjustments.

A. If, through or as a result of any merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, holding company formation or other similar transaction, (i) the outstanding shares of Common Stock are increased, decreased or exchanged for a different number or kind of shares or other securities of the Company or a corporation or other entity controlled by or controlling the Company, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash property is distributed with respect to such shares of Common Stock or other securities, an appropriate and proportionate adjustment shall be made in (a) the maximum number and kind of shares reserved for issuance under the Plan, (b) the number and kind of shares or other securities subject to any then outstanding Options under the Plan, and (c) the price for each share subject to any then outstanding Options under the Plan, without changing the aggregate purchase price as to which such Options remain exercisable. No fractional shares shall be issued under the Plan on account of any such adjustments. Notwithstanding the foregoing provisions of this Subparagraph A, no adjustment shall be made pursuant to this Paragraph 14 if such adjustment would cause any ISO granted under the Plan to fail to qualify as an incentive stock option within the meaning of Section 422 of the Code.

B. Any adjustments under this Paragraph 14 shall be made by the Board of Directors, whose determination as to what adjustments, if any, will be made and the extent thereof shall be final, binding and conclusive.

15. Rights as a Shareholder. The holder of an Option shall have no rights as a shareholder with respect to any shares covered by the option (including, without limitation, any voting rights, the right to inspect or receive the Company's balance sheets or financial statements or any rights to receive dividends or non-cash distributions with respect to such shares) until the date of issue of a stock certificate for such shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

16. Merger, Consolidation, Asset Sale, Liquidation, Etc.

A. Except as may otherwise be provided in the applicable option agreement, in the event of a Corporate Transaction (as defined below in this Subparagraph A) any or all outstanding options may be assumed or replaced by the successor corporation, which assumption or replacement shall be binding on all optionees. In the alternative, the successor corporation may substitute equivalent options or provide substantially similar consideration to optionees as was provided to stockholders (after taking into account the existing provisions of the options). The successor corporation may also issue, in place of outstanding shares of the Company held by the optionee, substantially similar shares or other property subject to repurchase restrictions no less favorable to the optionee. In the event such successor corporation, if any, refuses to assume or replace the options, as provided above, pursuant to a Corporate Transaction or if there is no successor corporation due to a dissolution or liquidation of the Company, such options shall immediately vest as to 100% of the shares subject thereto at such time and on such conditions as the Board shall determine and the options shall expire at the closing of the transaction or at the time of dissolution or liquidation. "Corporate Transaction" means (a) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial

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change in the stockholders of the Company and the Stock Rights granted under the Plan are assumed or replaced by the successor corporation, which assumption shall be binding on all optionees), (b) a dissolution or liquidation of the Company, (c) the sale of substantially all of the assets of the Company, (d) a merger in which the Company is the surviving corporation but after which the stockholders of the Company immediately prior to such merger (other than any stockholder that merges, or which owns or controls another corporation that merges, with the Company in such merger) cease to own their shares or other equity interest in the Company; or (e) any other transaction which qualifies as a "corporate transaction" under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company).

B. Subject to any greater rights granted to optionees under Subparagraph 16A, in the event of a Corporate Transaction, any outstanding options shall be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation or sale of assets.

C. The Company may grant Options under the Plan in substitution for Options held by employees of another corporation who become employees of the Company or a Related Corporation as the result of a merger or consolidation of the employing corporation with the Company or a Related Corporation, or as a result of the acquisition by the Company or a Related Corporation of property or stock of the employing corporation. The Company may direct that substitute Options be granted on such terms and conditions as the Board considers appropriate in the circumstances.

17. Stock Restriction Agreement. As a condition to the grant of an Award or a Purchase authorization under the Plan, the recipient of the Award or Purchase authorization shall execute an agreement ("Stock Restriction Agreement") in such form not inconsistent with the Plan as may be approved by the Board. Stock Restriction Agreements may differ among recipients. Stock Restriction Agreements may include any provisions the Board determines should be included and that are not inconsistent with any provision of the Plan.

18. No Special Employment Rights. Nothing contained in the Plan or in any option agreement or other agreement or instrument executed pursuant to the provisions of the Plan shall confer upon any optionee any right with respect to the continuation of his or her employment by the Company or any Related Corporation or interfere in any way with the right of the Company or a Related Corporation at any time to terminate such employment or to increase or decrease the compensation of the optionee.

19. Other Employee Benefits. Except as to plans which by their terms

include such amounts as compensation, no amount of compensation deemed to be received by an employee as a result of the grant or exercise of an Option or the sale of shares received upon such exercise, or as a result of the grant of an Award or the authorization or making of a Purchase will constitute compensation with respect to which any other employee benefits of such employee are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board.

20. Amendment of the Plan.

A. The Board may at any time, and from time to time, modify or amend the Plan in any respect, except as otherwise expressly provided in this Plan; provided, however, that if at any time the approval of the shareholders of the Company is required under the Code with respect to ISOs, or is required under Rule 16b-3, the Board may not effect such modification or amendment without such approval.

B. The termination or any modification or amendment of the Plan shall not, without the consent of an optionee, affect the optionee's rights under an Option previously granted. With the consent of the optionee affected, the Board may amend outstanding option agreements in a manner not inconsistent with the Plan. The Board shall have the right to amend or modify (i) the terms and provisions of the Plan and of any outstanding ISO granted under the Plan to the extent necessary to qualify any or all such Options for such favorable federal

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income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options within the meaning of Section 422 of the Code, and (ii) the terms and provisions of the Plan and of any outstanding Option to the extent necessary to ensure the qualification of the Plan under Rule 16b-3.

21. Investment Representations. The Board may require any person to whom an Option is granted, as a condition of exercising such Option, and any person to whom an Award is granted or a Purchase is authorized, as a condition thereof, to give written assurances in substance and form satisfactory to the Board to the effect that such person is acquiring the Common Stock subject to the Option, Award or Purchase for such person's own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws, or with covenants or representations made by the Company in connection with any public offering of its Common Stock.

22. Compliance With Securities Laws. Each Option shall be subject to the requirement that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the shares subject to such Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of shares thereunder, such Option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration or qualification, or to satisfy such condition.

23. Withholding. The Company shall have the right to deduct from payments of any kind otherwise due to the optionee any federal, state or local taxes of any kind required by law to be withheld with respect to any shares issued upon exercise of Options under the Plan or upon the grant of an Award, the making of a Purchase of Common Stock for less than its fair market value, the making of a Disqualifying Disposition (as defined in Paragraph 24), or the vesting of restricted Common Stock acquired pursuant to a Stock Right. The Board in its sole discretion may condition the exercise of an Option, the grant of an Award, the making of a Purchase, or the vesting of restricted shares acquired by exercising a Stock Right on the grantee's payment of such additional withholding taxes.

24. Notice to Company of Disqualifying Disposition. Each employee who receives an ISO must agree to notify the Company in writing immediately after the employee makes a Disqualifying Disposition, as hereinafter defined, of any Common Stock acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is any disposition (including any sale) of such Common Stock before the later of (a) two (2) years after the date the employee was granted the ISO or (b) one (1) year after the date the employee acquired Common Stock by exercising the ISO. If the employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

25. Effective Date and Duration of the Plan.

A. The Plan shall become effective when adopted by the Board, but no Stock Right granted under the Plan shall become exercisable unless and until the Plan shall have been approved by the Company's shareholders. If such shareholder approval is not obtained within twelve months after the date of the Board's adoption of the Plan, Stock Rights previously granted under the Plan shall not vest and shall terminate and shall be null and void and no Stock Rights shall be granted thereafter under the Plan. Amendments to the Plan not requiring shareholder approval shall become effective when adopted by the Board; amendments requiring shareholder approval shall become effective when adopted by the Board, but no stock Right granted after the date of such amendment shall become exercisable (to the extent that such amendment to the Plan was required to enable the Company to grant such stock Right to a particular person) unless and until such amendment shall have been approved by the Company's shareholders. If such shareholder approval is not obtained within twelve months of the Board's adoption of such amendment, any Stock Rights granted on or after the date of such amendment shall terminate and become null and void to the extent that such amendment was required to enable the Company to grant

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such Stock Rights to a particular person. Subject to this limitation, Stock Rights may be granted under the Plan at any time after the effective date and before the termination date of the Plan.

B. Unless sooner terminated as provided elsewhere in this Plan, this Plan shall terminate upon the close of business on the day next preceding the tenth anniversary of the date of its adoption by the Board. Stock Rights outstanding on such date shall continue to have force and effect in accordance with the provisions of the instruments evidencing such Stock Rights.

Adopted by the Board of Directors on April 17, 2000 and Amended and Restated by the Board of Directors on June 6, 2002.

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## CBS EMPLOYER SERVICES, INC.

## NON-QUALIFIED STOCK OPTION AGREEMENT

CBS EMPLOYER SERVICES, INC., a Texas corporation (the "Company"), hereby grants this [\_\_\_\_\_] day of [\_\_\_\_\_] 2002 (the "Grant Date"), to [Name of Employee] (the "Employee"), an option (this "Option") to purchase a maximum of \_\_\_\_\_ shares ("Total Option Shares") of the Company's Class A Common Stock, \$0.001 par value per share (the "Common Stock"), at the price of [\$\_\_\_\_\_] per share, on the following terms and conditions:

1. Grant Under 2000 Stock Option/Stock Issuance Plan. This Option is granted pursuant to and is governed by and subject to the Company's 2000 Stock Option/Stock Issuance Plan, as Amended and Restated (the "Plan"), the terms and conditions of which are incorporated herein by this reference. Unless the context otherwise requires, capitalization terms used herein shall have the same meaning as in the Plan. Determinations made pursuant to the Plan in connection with this Option shall be governed by the Plan as it exists on the date of this Non-Qualified Stock Option Agreement ("Agreement").

2. Grant as Non-Qualified Stock Option, Other Options. This Option is a Non-Qualified Stock Option and is not intended to qualify as an incentive stock option ("ISO") within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "Code"). This Option is in addition to any other options heretofore or hereafter granted to the Employee by the Company, but a duplicate original of this instrument shall not effect the grant of another option.

3. Exercise of Option and Provisions for Termination.

(a) Vesting Schedule. Except as otherwise provided in this Agreement, and subject to all other terms and conditions of this Agreement, so long as the Employee has continued to be employed by the Company, thirty-three and one-thirds percent (33-1/3%) of the Total Option Shares will vest on [the first anniversary of the Grant Date] (the "First Vesting Date"); then two and seventy seven hundredths percent (2.77%) of the Total Option Shares will vest on each monthly anniversary of the First Vesting Date until 100% vested. On Employee's termination of employment, the Option will either cease to vest or, if Employee has been actively employed by the Company for one year or more and became totally disabled or die as provided in Subparagraph 9B of the Plan, accelerate in full. Following Employee's termination of employment, Employee may exercise the Option only as provided in Paragraph 12 of the Plan. Vesting may also be suspended in accordance with Company policies, as described in Subparagraph 9A of the Plan. Unless this Option terminates earlier, this Option may be exercised prior to the seventh anniversary of the Grant Date (hereinafter the "Expiration Date"). The right of exercise shall be cumulative so that if the Option is not exercised to the maximum extent permissible as of an applicable date, it shall be exercisable, in whole or in part, with respect to all shares not so purchased at any time prior to the Expiration Date or the earlier termination of this Option. Notwithstanding any other provision of this Agreement or the Plan, this Option may not be exercised at any time on or after the Expiration Date.

(b) Method of Exercise. Subject to the terms and conditions set forth in this Agreement, this Option shall be exercised by following the exercise procedures established by the Company. This Option may be exercised only with respect to vested shares. Payment of the Exercise Price for the Shares may be made in cash (by check) and/or, if a public market exists for the Company's

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Common Stock, by means of a Same-Day-Sale commitment. Employee understands and agrees that the Company may be required to withhold taxes upon exercise of this Option.

(c) Continuous Employment Required. Except as otherwise provided in this Paragraph 3, this Option may not be exercised unless the Employee, at the time he or she exercises this Option, is, and has been at all times since the Grant Date, an employee of the Company. For all purposes of this Agreement, (i) "employee" and "employment" shall be defined in accordance with the provisions of Treasury Regulation Section 1.421-7(h) under the Code, or any successor regulations, (ii) employment by a parent or subsidiary corporation of the Company shall be deemed to be employment by the Company and (iii) if this Option shall be assumed or a new option substituted therefor in a transaction to which Section 424(a) of the Code applies, employment by such assuming or substituting corporation (hereinafter a "Successor Corporation") shall be considered for all purposes of this Option to be employment by the Company. As used herein, the terms "parent" and "subsidiary" mean "parent corporation" and "subsidiary corporation", respectively, as those terms are defined in Sections 424(e) and 424(f) or successor provisions of the Code.

4. No Special Employment Rights. Nothing contained in the Plan or this

Agreement shall be construed or deemed by any person under any circumstances to obligate the Company to continue the employment of the Employee for any period.

5. Miscellaneous.

(a) Except as otherwise expressly provided herein, this Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and the Employee.

(b) All notices under this Agreement shall be delivered by hand, sent by commercial overnight courier service or sent by registered or certified mail, return receipt requested, and first-class postage prepaid, to the parties at their respective addresses set forth beneath their names below or at such other address as may be designated in a notice by either party to the other. Notwithstanding the foregoing, any notice sent to such an address in a country other than that from which the notice is sent may be sent by telefax, telegram or commercial air courier.

(c) Each provision of this Agreement shall be considered separable. The invalidity or unenforceability of any provision shall not affect the other provisions, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

(e) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

(f) The failure of the Company or the Employee to insist upon strict performance of any provision hereunder, irrespective of the length of time for which such failure continues, shall not be deemed a waiver of such party's right to demand strict performance at any time in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation or provision hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

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(g) Except for the right of any party to apply to a court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other equitable relief to preserve the status quo or prevent irreparable harm pending the selection and confirmation of an arbitrator, any controversy or claim arising out of or relating to this Agreement, including without limitation claims under the Americans with Disabilities Act, the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act of 1964 as amended, or any other applicable state or federal statutory or common law; shall be resolved by arbitration in Fort Worth, Texas, in accordance with the governing rules of the American Arbitration Association (the "AAA"). A demand for arbitration shall be filed with the AAA during the term, or within six months after termination or expiration, of this Agreement. The arbitrator shall have the authority to permit discovery, to the extent deemed appropriate by the arbitrator, upon the request of a party and to grant any type of injunctive relief as well as award damages; provided, however, the arbitrator shall have no authority to award multiple or punitive damages. The costs of the arbitration proceeding, including the fee of the arbitrator, shall be borne equally by the parties. Each party shall bear the costs of its own counsel. Judgment upon the award entered may be enforced by any court of competent jurisdiction.

Date of Grant: [\_\_\_\_\_]

CBS EMPLOYER SERVICES, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address:  
\_\_\_\_\_  
\_\_\_\_\_

EMPLOYEE'S ACCEPTANCE

The undersigned hereby accepts this Option and agrees to the terms and conditions of this Agreement. The undersigned hereby acknowledges receipt of a copy of the Company's 2000 Stock Option/Stock Issuance Plan, as Amended and Restated.

[Name of Employee]

\_\_\_\_\_  
Signature

Address:



June 21, 2002

Securities and Exchange Commission  
450 Fifth Street NW  
Washington, D.C. 20549

Subject: Intuit Inc.

Ladies and Gentlemen:

This opinion is provided in connection with a Form S-8 Registration Statement (the "Registration Statement") being filed by Intuit Inc. (the "Company") on or about June 24, 2002. The Registration Statement relates to the registration of the Company's Common Stock, par value \$0.01 per share (the "Shares") that are subject to issuance on exercise of options assumed by the Registrant in connection with its acquisition of CBS Employer Services, Inc. on June 7, 2002 (the "Intuit Options").

For purposes of this opinion, I have examined copies of (i) the Registration Statement, (ii) the Certificate of Incorporation of the Company, as amended to date, (iii) the Bylaws of the Company, as amended to date, (iv) CBS Employer Services, Inc. 2000 Stock Option/Stock Issuance Plan, and (v) the Agreement and Plan of Merger among Intuit Inc., Intuit Ventures, Inc., Credence Acquisition Corporation, CBS Employer Services, Inc., certain shareholders of CBS Employer Services, Inc., Shawmut Equity Partners, L.P. and J. Michael Sykes, as Representative pursuant to which outstanding options of CBS Employer Services, Inc. options were assumed by the Company and converted into the Intuit Options. In rendering the opinion expressed herein, I have assumed the genuineness of all signatures, the authenticity of all documents, instruments and certificates purporting to be originals, the conformity with the original documents, instruments and certificates of all documents, instruments and certificates purporting to be copies, and the legal capacity to sign of all individuals executing documents, instruments and certificates. I have also assumed that all Shares will be issued pursuant to the Intuit Options for a purchase price of not less than \$0.01 per share.

Based upon and subject to the foregoing and to the effectiveness of the Registration Statement, I am of the opinion that the Shares that may be issued by the Company pursuant to the Intuit Options, when issued and paid for in accordance with the Intuit Options, will be legally issued, fully paid and non-assessable.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving this consent, I do not admit thereby that I come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission.

Very truly yours,

/s/ Virginia R. Coles  
Virginia R. Coles  
Assistant General Counsel and Assistant Secretary



**Consent of Ernst and Young, LLP, Independent Auditors**

We consent to the reference to our firm under the caption "Named Experts" in the Registration Statement (Form S-8) of Intuit Inc. pertaining to the Options Granted Under CBS Employer Services, Inc. 2000 Stock Option/ Stock Issuance Plan and Assumed By Intuit Inc. and to the incorporation by reference therein of our report dated August 20, 2001, with respect to the consolidated financial statements and schedule of Intuit Inc. included in its Annual Report (Form 10-K) for the year ended July 31, 2001 filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

San Francisco, California

June 19, 2002