

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

SEI INVESTMENTS COMPANY
(Exact name of issuer as specified in its charter)

Pennsylvania 23-1707341
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation of organization)

1 Freedom Valley Drive
Oaks, Pennsylvania 19456-1100
(610) 676-1000
(Address of principal executive offices)

SEI Investments Company Stock Option Plan
SEI Investments Company 1997 Stock Option Plan
SEI Investments Company Option Share Deferral Plan
SEI Investments Company Option Share Deferral Plan for Non-Employee Directors
SEI Investments Company Employee Stock Purchase Plan
SEI Investments Company 1998 Equity Compensation Plan
(Full title of the plans)

Kevin P. Robins, Esq.
SEI Investments Company
1 Freedom Valley Drive
Oaks, Pennsylvania 19456-1100
(Name and address of agent for service)

(610) 676-1000
(Telephone number, including area code, of agent for service)

Copy to:
N. Jeffrey Klauder
Morgan, Lewis & Bockius LLP
2000 One Logan Square
Philadelphia, PA 19103
(215) 963-5000

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Number of shares to be registered (1)	Proposed maximum offering price per share (2)	Proposed maximum aggregate offering price (2)	Amount of registration fee
Common Stock, par value \$.01 per share	2,650,000	\$67.44	\$178,716,000	\$52,722

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(1) This registration statement covers shares of Common Stock of SEI Investments Company which may be offered or sold pursuant to the Plans named above. This registration statement also relates to an indeterminate number of shares of Common Stock that may be issued upon stock splits, stock dividends or similar transactions in accordance with Rule 416. 106,152 shares are being registered in connection with the SEI Investments Company Stock Option Plan and the SEI Investments Company Option Share Deferral Plan (designed to operate in conjunction with each other). 386,000 shares are being registered in connection with the SEI Investments Company 1997 Stock Option Plan and the SEI Investments Company Option Share Deferral Plan for Non-Employee Directors (designed to operate in conjunction with each other). 500,000 shares are being registered in connection with the SEI Investments Company Employee Stock Purchase Plan. 1,657,848 shares are being registered in connection with the SEI Investments Company 1998 Equity Compensation Plan, the SEI Investments

Company Option Share Deferral Plan and the SEI Investments Company Option Share Deferral Plan for Non-Employee Directors (designed to operate in conjunction with each other).

- (2) Estimated pursuant to paragraphs (c) and (h) of Rule 457 solely for the purpose of calculating the registration fee, based upon the average of the reported high and low sales prices for a share of Common Stock on September 11, 1998, as reported on the Nasdaq National Market.

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PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents, as filed by the Company with the Securities and Exchange Commission, are incorporated by reference in the Registration Statement:

1. Annual Report on Form 10-K, for the fiscal year ended December 31, 1997;
2. Quarterly Report on Form 10-Q, for the quarter ended March 31, 1998;
3. Quarterly Report on Form 10-Q, for the quarter ended June 30, 1998;
4. The description of the Common Stock of the Company contained in the Company's most recent registration statements filed under the Securities Exchange Act of 1934 (the "Exchange Act"), including any amendment or report filed for the purpose of updating such descriptions.

All reports and other documents subsequently filed by the Company or the Plans (defined below) 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 to be incorporated by reference herein and to be part hereof from the date of filing of such documents. Any statement contained in any document, all or a portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained or incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement. The term "Plans" used herein means the SEI Investments Company Stock Option Plan, SEI Investments Company 1997 Stock Option Plan, SEI Investments Company Option Share Deferral Plan, SEI Investments Company Option Share Deferral Plan for Non-Employee Directors, SEI Investments Company Employee Stock Purchase Plan, and SEI Investments Company 1998 Equity Compensation Plan.

Experts

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The consolidated financial statements and schedule of SEI Investments Company and subsidiaries included in SEI Investments Company's 1997 Annual Report on Form 10-K which are incorporated by reference in this registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the

"PBCL") contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses they may incur as such in connection with any threatened, pending or completed civil, administrative or investigative proceeding, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best

interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for specified expenses. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending actions against them in such capacities if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL grants a corporation broad authority to indemnify its directors and officers for liabilities and expenses incurred in such capacity, except in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another corporation or other enterprise, against any liability asserted against such person and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under Chapter 17, Subchapter D of the PBCL.

Section 3.01(b) of the Company's Bylaws provides that a director shall not be personally liable for monetary damages for any action taken, or any failure to take any action, unless the director has breached or failed to perform the duties of his or her office and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. These provisions do not apply to the responsibility or liability of a director pursuant to any criminal statute or the liability of a director for the payment of taxes pursuant to local, state or federal law.

Section 7.01 of the Company's Bylaws provides that the Company shall indemnify directors and officers against any liability incurred in connection with any proceeding in which the director or officer may be involved by reason of the fact that such person was serving in an indemnified capacity, including without limitation liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict products liability, except where such indemnification is expressly prohibited by applicable law or where the conduct has been determined to constitute willful misconduct or recklessness.

Section 7.04 of the Company's Bylaws provides that the Company may maintain insurance or use any other arrangement to satisfy or secure its indemnification obligations.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

The following is a list of exhibits filed as part of this Registration Statement.

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Number - - - - -	Exhibit - - - - -
5	Opinion of Morgan, Lewis & Bockius LLP
23.1	Consent of Arthur Andersen LLP
23.2	Consent of Morgan, Lewis & Bockius LLP (contained in exhibit 5)
99(a)	SEI Investments Company Stock Option Plan
99(b)	SEI Investments Company 1997 Stock Option Plan
99(c)	SEI Investments Company Option Share Deferral Plan
99(d)	SEI Investments Company Option Share Deferral Plan for Non-Employee Directors
99(e)	SEI Investments Company Employee Stock Purchase Plan
99(f)	SEI Investments Company 1998 Equity Compensation Plan

ITEM 9. UNDERTAKINGS.

(a) 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 of 1933;

(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; and

(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 (a)(1)(i) and (a)(1)(ii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Company pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, 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 that remain unsold at the termination of the offering.

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(b) The undersigned registrant hereby undertakes that, for the purpose of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this 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.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, 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 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, 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 Act and will be governed by the final adjudication of such issue.

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SIGNATURES

The Registrant. Pursuant to the requirements of the Securities Act of

1933, as amended, the Registrant 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 Oaks, Commonwealth of Pennsylvania on September 18, 1998.

SEI INVESTMENTS COMPANY

By: /s/ Alfred P. West, Jr.

Alfred P. West, Jr.
Chairman of the Board, Chief Executive Officer,

and Director

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Alfred P. West, Jr. such person's true and lawful attorney-in-fact and agent, for such person and in such person's name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, including post-effective amendments, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection with such filing, as fully as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
<S>	<C>	<C>
/s/ Alfred P. West, Jr. ----- Alfred P. West, Jr.	Chairman of the Board, Chief Executive Officer, and Director	September 18, 1998
/s/ Henry H. Greer ----- Henry H. Greer	President, Chief Operating Officer, and Director	September 18, 1998
/s/ Carmen V. Romeo ----- Carmen V. Romeo	Executive Vice President and Director	September 18, 1998
/s/ Richard B. Lieb ----- Richard B. Lieb	Executive Vice President and Director	September 18, 1998
/s/ William M. Doran ----- William M. Doran	Director	September 18, 1998
/s/ Henry H. Porter, Jr. ----- Henry H. Porter, Jr.	Director	September 18, 1998

Exhibit Index

- 5 Opinion of Morgan, Lewis & Bockius LLP
- 23.1 Consent of Arthur Andersen LLP
- 23.2 Consent of Morgan, Lewis & Bockius LLP (contained in exhibit 5)
- 99(a) SEI Investments Company Stock Option Plan
- 99(b) SEI Investments Company 1997 Stock Option Plan
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- 99(e) SEI Investments Company Employee Stock Purchase Plan
- 99(f) SEI Investments Company 1998 Equity Compensation Plan

EXHIBIT 5

September 18, 1998

SEI Investments Company
1 Freedom Valley Drive
Oaks, Pennsylvania 19456-1100

Re: SEI Investments Company -- Form S-8 Registration Statement

Ladies and Gentlemen:

As your counsel, we have assisted in the preparation of the above-referenced Registration Statement on Form S-8 (the "Registration Statement") for filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Act"), and the rules and regulations promulgated thereunder.

The Registration Statement relates to 2,650,000 shares of Common Stock, par value \$.01 per share (the "Common Stock"), of SEI Investments Company (the "Company"), all of which may be issued pursuant to the Plans (as defined in the Registration Statement). We have examined copies of the Company's Amended and Restated Articles of Incorporation, By-Laws, resolutions adopted by the board of directors and such other documents, and have made such inquiries of the Company's officers, as we have deemed appropriate. In our examination, we have assumed the genuineness of all signatures, the authenticity of all items submitted to us as originals, and the conformity with originals of all items submitted to us as copies.

Based upon the foregoing, it is our opinion that the Company's Common Stock, when issued and delivered in accordance with the Plans, will be legally issued, fully paid and non-assessable.

The opinion set forth above is limited to the laws of the Commonwealth of Pennsylvania.

We hereby consent to the use of this opinion as Exhibit 5 to the Registration Statement. In giving such consent, we do not thereby admit that we are acting within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ Morgan, Lewis & Bockius LLP

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

To SEI Investments Company:

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of SEI Investments Company on Form S-8 of our report dated February 6, 1998 included in SEI Investments Company's Form 10-K for the year ended December 31, 1997 and to all references to our firm included in this Registration Statement.

/s/ Arthur Andersen LLP

Philadelphia, Pennsylvania
September 18, 1998

Amended, Restated and Renewed
as of February 11, 1997

SEI INVESTMENTS COMPANY
STOCK OPTION PLAN

1. Background.

The Board of Directors of SEI Investments Company (formerly known as SEI Corporation), a Pennsylvania corporation (the "Company"), by resolution dated January 21, 1981, adopted the Stock Option Plan (the "Plan") providing for the grant of stock options for the purchase of shares of Non-Voting Common Stock of the Company, which shares were subsequently converted to Common Stock, par value \$.01 (the "Shares"), to employees of the Company and its subsidiaries. The Plan was initially approved by the shareholders of the Company on February 9, 1981. The Plan has been subsequently amended and restated from time to time by all requisite action of the Board of Directors and shareholders of the Company. The Plan was again amended and restated by action by the Board of Directors on February 11, 1997, subject to approval by shareholders of the Company.

2. Purpose of Plan.

The purpose of the Plan is to allow for the issuance thereunder of Incentive Stock Options and Non-Qualified Options in order to provide an additional means through which the Company can attract and retain employees and consultants. The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefitting the Company's shareholders, and will align the economic interests of the participants with those of the shareholders.

3. Administration of the Plan.

(a) Committee. The Plan shall be administered and interpreted by a Stock Option Committee (the "Committee"). The Committee shall consist of two or more persons appointed by the Board of Directors, all of whom shall be "outside directors" as defined under section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") and related Treasury regulations and "non-employee directors" as defined under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) Committee Authority. The Committee shall have the sole authority to (i) determine the individuals to whom grants shall be made under the Plan, (ii) determine the type, size and terms of the grants to be made to each such individual, (iii) determine the time when the grants will be made and the duration of any applicable exercise period, including the criteria for

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exercisability and the acceleration of exercisability and (iv) deal with any other matters arising under the Plan.

(c) Committee Determinations. The Committee shall have full power and authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated individuals.

4. Shares Subject to the Plan.

(a) Plan Share Limits. The maximum aggregate number of Shares with respect to which options may be granted from time to time under the Plan (subject to the provisions of Section 12) shall be 12,304,988 Shares. The maximum aggregate number of Shares that shall be subject to grants made under the Plan to any individual during any calendar year shall be 25,000 Shares.

(b) Other Share Requirements. If an option granted under the Plan ceases to be exercisable in whole or in part by reason of (i) the expiration of the term of the option; (ii) the cancellation of the option with the consent of the optionee; (iii) upon or following termination of employment of the optionee in accordance with Section 10; or (iv) the forfeiture, exchange or surrender of the option, the Shares which were subject to such option, but to which the option had not been exercised at the time of termination of the option, shall continue to be available under the Plan. The Shares to be issued upon exercise of options granted under the Plan shall be either authorized but unissued Shares or Shares

reacquired by the Company and held in the treasury of the Company, including Shares purchased by the Company on the open market for purposes of the Plan.

5. Designation of Participants

(a) Eligible Individuals. Employees of the Company, and affiliates of the Company, shall be eligible to receive options under the Plan. Consultants who perform services to the Company or any of its affiliates shall be eligible to participate in the Plan if the consultants render bona fide services and such services are not in connection with the offer or sale of securities in a capital-raising transaction. Notwithstanding the foregoing, only employees of the Company or its subsidiaries shall be eligible to receive Incentive Stock Options.

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(b) Selection of Optionees. From time to time, the Committee shall designate from such eligible persons those who will receive options and the number of Shares to be covered by each option.

(c) Rights of Participants. Nothing in the Plan shall entitle any employee, consultant or other person to any claim or right to be granted an option under this Plan. Nothing in this Plan, in any option granted pursuant to this Plan, or in any action taken hereunder shall be construed as conferring on any individual any rights to continue in the employ (or as a consultant) of the Company or any of its subsidiaries, or any other employment (or consulting) rights. Nothing in the Plan or in any option granted pursuant to this Plan shall in any way interfere with the right of the Company or any of its subsidiaries to terminate the optionee's employment (or consulting relationship) at any time. Options may be granted to eligible persons whether or not they hold or have held options under the Plan or under plans or arrangements previously adopted by the Company.

(d) Definitions. For the purposes of the Plan, the term "subsidiary" shall mean any corporation now existing or hereafter organized or acquired by the Company in an unbroken chain of corporations beginning with the Company if, at the time of the granting of the option, each of the corporations (including the Company) other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one or the other corporations, in such chain. The term "affiliate" shall mean any corporation, partnership or other entity in which the Company holds, directly or indirectly, fifty percent (50%) or more of the entity's equity interest.

6. Types of Options.

Options granted under the Plan may be of two types: (a) options intended to meet the requirements of section 422 of the Code ("Incentive Stock Options") and (b) options not intended to meet the requirements of section 422 of the Code ("Non-Qualified Options"). The Committee shall have authority and discretion to grant to an eligible person either Incentive Stock Options, Non-Qualified Options or both but shall clearly designate the nature of each option at the time of option grant.

7. Stock Option Agreement.

Each option granted under the Plan shall be subject to the terms and conditions set forth herein and shall be evidenced by a stock option agreement, which shall be executed by the Company. The agreement shall contain such terms and provisions, not inconsistent with the Plan, as shall be determined by the Committee, including (a) a clear designation of the status of the options granted thereby; and (b) in the case of Incentive Stock Options such terms as shall be requisite to cause such options to comply with the provisions of section 422 of the Code. The Committee shall approve the form and provisions of each stock option agreement, and any amendment thereto. Incentive Stock Options and Non-Qualified Options may be granted

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simultaneously and subject to a single option agreement, provided that, in no event shall a Non-Qualified Option be granted in tandem with an Incentive Stock Option, such that the exercise of one affects the right to exercise the other. The terms and provisions of such option agreements may vary between optionees and between different options granted to the same optionee. By accepting any option granted under the Plan, an optionee will be deemed to have agreed to all provisions contained in the option agreement.

8. Option Price.

(a) Determination of Option Price. The option price shall be determined by the Committee and shall be not less than the Fair Market Value (as defined below) of the Shares at the time the option is granted provided; however, that the option price of Shares with respect to Incentive Stock Options granted to any person possessing (at the time of option grant) over ten percent of the total combined voting power of all classes of stock of the Company and any

parent and subsidiary corporations (such person hereinafter a "control person") shall be 110% of such Fair Market Value of a Share on the date the Incentive Stock Option is granted.

(b) Determination of Fair Market Value. For the purposes of this Plan, the Fair Market Value of the Shares shall mean the average (mean) of the closing bid and asked prices of the Shares as reported on the relevant date through the National Association of Securities Dealers Automated Quotation System or, if the Shares are listed or admitted to trading on the Nasdaq National Market System or any national securities exchange or if the last reported sale price of such Shares is generally available, the last reported sale price on such system or exchange on the relevant date. The Fair Market Value for any day for which there is no such bid and asked price or last reported sales price shall be the Fair Market Value of the next preceding day for which there is such a price.

Should the Shares be traded otherwise than on the markets referred to above, then the Fair Market Value shall be determined by the Committee. If the Shares are not publicly traded, then the Fair Market Value shall be not less than the value established for the Shares by an independent appraisal as of a date not more than twelve months before such value determination by the Committee.

9. Amount of Incentive Stock Options.

With respect to Incentive Stock Options granted after December 31, 1986, if the aggregate Fair Market Value (determined as of the time of option grant) of the Shares with respect to which such Incentive Stock Options first become exercisable during any calendar year under this Plan and any other plan of the Company or any parent or subsidiary, exceeds \$100,000, then such Incentive Stock Options, to the extent of such excess, shall be treated for all tax purposes as Non-Qualified Options.

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10. Terms of Options.

The Committee shall have the authority to determine the term of each option, provided that no Incentive Stock Option granted to a control person shall be exercisable after the expiration of five (5) years from the date of option grant and no other option shall be exercisable after the expiration of ten (10) years from the date of option grant. Subject to the limitation periods hereinabove set forth, no option, or portion thereof, granted under the Plan shall vest after the optionee ceases to be employed by (and is employed by neither) the Company or one of its subsidiaries or affiliates (a "termination of employment") and all options shall terminate automatically on the earliest to occur of the expiration of the option term (as described above), or one of the following events:

a. Upon the expiration of ten (10) days after notice by the Company pursuant to Section 12(d) of the sale of all or substantially all of its assets;

b. Thirty (30) days after a termination of employment (or within such other period of time as may be specified by the Committee) for any reason other than death, retirement or disability;

c. One year from the date of a termination of employment (or within such other period of time as may be specified by the Committee) by reason of the optionee's death;

d. Three months from the date of a termination of employment (or within such other period of time as may be specified by the Committee) by reason of the optionee's disability or retirement; or

e. As of the date of a termination of employment by reason of a termination for cause.

For purpose of determining whether or not a termination of employment has occurred, (i) the transfer of an optionee among the Company or any subsidiary or affiliate shall not be deemed a termination of employment, (ii) the sale of any subsidiary or affiliate to an unaffiliated party shall be deemed a termination of employment of any optionee who continues to be employed by such subsidiary or affiliate subsequent to such sale, (iii) a consultant shall be deemed to have incurred a termination of employment at the time he is no longer required to perform services for the Company or any subsidiary or affiliate, as determined by the Committee, (iv) an optionee shall be deemed to have been terminated for cause if the Committee finds that the optionee has breached his employment or service contract with the Company, any subsidiary or affiliate, or has been engaged in disloyalty to the Company, any subsidiary or affiliate, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his employment or service, or has disclosed trade secrets or confidential information of the Company, any subsidiary or affiliate to persons not entitled to receive such information, and (v)

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an optionee shall be deemed to be disabled if the optionee becomes disabled within the meaning of section 22(e) (3) of the Code. Notwithstanding the foregoing, with respect to an option granted to a consultant, the Committee, in its sole discretion, shall establish the provisions concerning termination of such option at the time of option grant. In the absence of such establishment, the provisions of (a) through (e) above shall apply.

11. Exercise of Options.

(a) **Exercisability of Options.** The time or times at which or during which options granted under this Plan may be exercised, and any conditions pertaining to such exercise, shall be determined by the Committee and specified in the stock option agreement or an amendment to the stock option agreement; provided however, that no Incentive Stock Option granted on or before December 31, 1986 shall become exercisable while the optionee has outstanding any previously granted incentive stock option (as defined in section 422 of the Code) to purchase stock in the Company, in a corporation that (at the time of option grant) was a parent or subsidiary of the Company or in a predecessor corporation of any of such corporations.

(b) Transferability of Options.

(i) **Nontransferability of Options.** Except as provided below, no option granted under this Plan shall be assignable or otherwise transferable except by will or the laws of descent and distribution or, with respect to Non-Qualified Options, if permitted in any specific case by the Committee, pursuant to a domestic relations order (as defined under the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the regulations thereunder). Any option shall be exercisable solely by the optionee during the lifetime of the optionee and, after the death of the optionee, an option shall be exercisable (subject to the provision of Section 10) solely by either the duly qualified personal representative or representatives of the optionee, or the person or persons who acquire the right to exercise such option by will or the laws of descent and distribution and such person or persons furnish proof satisfactory to the Company of his or their right to receive the option under the optionee's will or under the applicable laws of descent and distribution.

(ii) **Transfer of Non-Qualified Options.** Notwithstanding the foregoing, the Committee may provide, in a stock option agreement, that an optionee may transfer Non-Qualified Options to family members or other persons or entities according to such terms as the Committee may determine; provided that the optionee receives no consideration for the transfer of a Non-Qualified Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

(c) **Payment of Option Price.** The purchase price of the Shares as to which an option is exercised shall be paid in full in cash or in any other manner approved by the Committee which may include, but shall not be limited to, payment by surrender of unrestricted Shares owned by the optionee (including Shares acquired in connection with the exercise of the option,

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subject to such restrictions as the Committee deems appropriate) and having a Fair Market Value on the date of exercise equal to the purchase price, or payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board. The optionee shall pay the option price and the amount of any withholding tax due (pursuant to Subsection (d)) at the time of exercise.

(d) Withholding of Taxes.

(i) **Required Withholding.** All options under the Plan shall be subject to applicable federal (including FICA), state and local tax withholding requirements. The Company may require the optionee or other person receiving such Shares to pay to the Company the amount of any such taxes that the Company is required to withhold with respect to the exercise of such options, or the Company may deduct from other wages paid by the Company the amount of any withholding taxes due with respect to such exercise.

(ii) **Withholding Shares.** If the Company is required to withhold any taxes arising from an exercise of options under the Plan, the Treasurer of the Company may, in such person's discretion, withhold delivery of Shares issuable upon exercise of an option in an amount (valued at the Fair Market Value of such Shares on the date of exercise of the option) sufficient to cover the Company's withholding obligation with respect to such taxes.

(e) **Notice of Exercise.** Notice in writing shall be given by the optionee to the Treasurer of the Company, or such other person as may be designated from time to time by the Treasurer, on any day on which the offices of the Company are generally open for the conduct of business, which notice shall indicate the exercise of any option and specify the number of Shares desired at the option price.

(f) Limitations on Issuance of Shares. The obligation of the Company to

deliver Shares upon such exercise shall be subject to all applicable laws, rules, regulations, and such approvals by governmental agencies as may be deemed appropriate by the Committee, including, among others, such steps as counsel for the Company shall be deemed necessary or appropriate to comply with requirements of relevant securities laws. Such obligation shall also be subject to the condition that the Shares reserved for issuance upon the exercise of options granted under the Plan shall have been duly listed on any national securities exchange which then constitutes the principal trading market for the Shares.

12. Capital Change of the Company.

(a) Adjustments. In the event that there is a change in, reclassification of, subdivision of, combination of, split-up or spin-off with respect to, stock dividend on, or exchange of stock of the Company for the outstanding Shares of the Company, the maximum aggregate number and class of Shares as to which options may be granted under the Plan, the maximum aggregate number of Shares that any individual participating in the Plan may be granted in any calendar

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year, and the number and class of Shares as to which each outstanding option and the option price may (but need not) be adjusted by the Committee in any manner in which the Committee, in its absolute discretion, deems appropriate. Such adjustment to Shares subject to the Plan or to Shares subject to options under the Plan shall not in any event take place with respect to any dividend payable in Shares of the Company, unless such dividend would result in either (i) an increase of ten percent (10%) or more in the outstanding Shares of the Company since the adoption of the Plan or the grant of the subject option thereunder, as the case may be; or (ii) an increase in any one transaction of five percent (5%) or more in the outstanding Shares.

(b) Consolidation or Merger of the Company. If the Company shall be consolidated or merged with another corporation, each optionee who has an outstanding option hereunder shall, at the time for issuance of Shares upon exercise or partial exercise of such option, be entitled to receive the same number and kind of shares, or the same amount of other property, cash, or securities as the optionee would have been entitled to receive upon the happening of such consolidation or merger if the optionee had been, immediately prior to such event, the holder of the number of Shares to which the optionee has an outstanding option hereunder (to the extent of such exercise or partial exercise) adjusted in the manner provided in this Section, or, if another corporation shall be the survivor, such other corporation shall substitute therefor a substantially equivalent number and kind of shares of stock or other property, cash, or securities of such other corporation. Notwithstanding anything in the Plan to the contrary, in the event of a consolidation or merger described above, the Committee shall not have the right to take any actions described in the Plan that would make the consolidation or merger ineligible for pooling of interests accounting treatment or that would make the consolidation or merger ineligible for desired tax treatment if, in the absence of such right, the consolidation or merger would qualify for such treatment and the Company intends to use such treatment with respect to the consolidation or merger.

(c) Further Adjustments. In the event that there shall be any change, other than as specified above, in the number or kind of the outstanding Shares or of any stock or other securities into which such Shares shall have been changed or for which they shall have been exchanged, or in the event of a dividend to holders of the Shares payable other than in cash or stock of the Company, then if the Committee shall determine that such change equitably requires an adjustment in the number or kind of Shares theretofore appropriated for the purposes of the Plan but not yet covered by an option, an adjustment in the number or kind of Shares that may be granted to any individual during any calendar year under the limit set forth in Section 4 of the Plan, or an adjustment with respect to the number, price or kind of Shares then subject to an option or options, such adjustment shall be made and shall be effective and binding for all purposes of the Plan.

(d) Sale of Substantially all Assets. Notwithstanding the above, if all or substantially all of the assets of the Company shall be sold or exchanged (otherwise than by merger or consolidation), each optionee shall have the right to exercise such option in full, to the extent that

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it has not previously been exercised within ten (10) days after the notice by the Company of the right to exercise, and any such option not so exercised shall lapse.

13. Termination and Amendment.

(a) Termination and Amendment of Plan. Unless the Plan shall theretofore have been terminated as hereinafter provided, it shall terminate on, and no option shall be granted thereunder after, January 1, 2001. The Board of Directors may also terminate the Plan or make such modifications or amendments thereof as it shall deem advisable; provided, however, that the Board of Directors shall not, amend the Plan without further approval by the holders of a

majority of the outstanding common stock of the Company if such approval is required by section 162(m) of the Code or such approval is required by section 422 of the Code.

(b) Termination and Amendment of Outstanding Options. The Committee may authorize amendments of outstanding options including without limitation the reduction of the option prices specified therein (or the granting of new options at lower prices upon the cancellation of outstanding options), so long as all options granted hereunder outstanding at any one time shall not call for issuance of more shares of common stock than those provided in Section 4 hereof and so long as the provisions of any amended option would have been permissible under the Plan if such option had been originally granted as of the date of such amendment with such amended terms. No termination, modification, or amendment of this Plan may adversely affect any then outstanding option under such Plan without the consent of the person to whom such option has been granted. Whether or not the Plan has terminated, an outstanding option may be terminated or amended under Section 18(c) or may be amended by agreement of the Company and the optionee consistent with the Plan.

(c) Governing Document. The Plan shall be the controlling document. No other statements, representations, explanatory materials or examples, oral or written, may amend the Plan in any manner. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

14. Funding of the Plan.

This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of grants under this Plan. In no event shall interest be paid or accrued on any grant.

15. No Fractional Shares

No fractional Shares shall be issued or delivered pursuant to the Plan or any option. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

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16. Headings.

Section headings are for reference only. In the event of a conflict between a title and the content of a Section, the content of the Section shall control.

17. Effective Date.

Subject to the approval of the Company's shareholders, the Plan, as amended and restated, shall be effective on February 11, 1997.

18. Miscellaneous.

(a) Grants in Connection with Corporate Transactions and Otherwise. Nothing contained in this Plan shall be construed to (i) limit the right of the Committee to make grants under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including options to employees thereof who become employees of the Company, or for other proper corporate purposes, or (ii) limit the right of the Company to grant stock options or make other awards outside of this Plan. Without limiting the foregoing, the Committee may make a grant to an employee of another corporation who becomes an employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company or any of its subsidiaries in substitution for a stock option or restricted stock grant made by such corporation. The terms and conditions of the substitute grants may vary from the terms and conditions required by the Plan and from those of the substituted stock incentives. The Committee shall prescribe the provisions of the substitute grants.

(b) Rights of an Optionee. No optionee shall have any rights of a shareholder with respect to any Shares unless and until the optionee has exercised the option with respect to such Shares and has paid the full option price therefor.

(c) Compliance with Law. The Plan and the exercise of options shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. The Committee may revoke any grant if it is contrary to law or modify a grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to optionees. The Committee may,

in its sole discretion, agree to limit its authority under this Section.

(d) Governing Law. The validity, construction, interpretation and effect of the Plan and stock option agreements issued under the Plan shall exclusively be governed by and determined in accordance with the law of the Commonwealth of Pennsylvania, to the extent such law is not superseded by or inconsistent with Federal law.

SEI INVESTMENTS COMPANY
1997 STOCK OPTION PLAN

1. Background.

The Board of Directors of SEI Investments Company, a Pennsylvania corporation (the "Company"), by resolution dated December 4, 1997, adopted the 1997 Stock Option Plan (the "Plan") providing for the grant of stock options for the purchase of shares of Common Stock, par value \$.01 (the "Shares"), to eligible employees of and consultants to the Company and its affiliates, and directors of the Company who are not also employees of the Company or any affiliate of the Company ("Non-Employee Directors").

2. Purpose of Plan.

The purpose of the Plan is to allow for the issuance thereunder of stock options in order to provide an additional means through which the Company can attract and retain employees and independent Non-Employee Directors. The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefitting the Company's shareholders, and will align the economic interests of the participants with those of the shareholders.

3. Administration of the Plan.

(a) Committee. The Plan shall be administered and interpreted by a Stock Option Committee (the "Committee"). The Committee shall consist of two or more persons appointed by the Board of Directors.

(b) Committee Authority. Subject to the further terms and conditions of the Plan, the Committee shall have the sole authority to (i) determine the individuals to whom grants shall be made under the Plan, (ii) determine the size and terms of the grants to be made to each such individual, (iii) determine the time when the grants will be made and the duration of any applicable exercise period, including the criteria for exercisability and the acceleration of exercisability and (iv) deal with any other matters arising under the Plan.

(c) Committee Determinations. The Committee shall have full power and authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated individuals.

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4. Shares Subject to the Plan.

(a) Plan Share Limits. The maximum aggregate number of Shares that may be issued under the Plan with respect to options granted from time to time under the Plan (subject to the provisions of Section 12) shall be 400,000 Shares. The maximum aggregate number of Shares that may be issued with respect to options granted made under the Plan to directors eligible hereunder shall be 25,000.

(b) Other Share Requirements. If an option granted under the Plan ceases to be exercisable in whole or in part by reason of (i) the expiration of the term of the option; (ii) the cancellation of the option with the consent of the optionee; (iii) upon or following termination of employment of the optionee in accordance with Section 9; or (iv) the forfeiture, exchange or surrender of the option, the Shares which were subject to such option, but to which the option had not been exercised at the time of termination of the option, shall continue to be available under the Plan. The Shares to be issued upon exercise of options granted under the Plan shall be either authorized but unissued Shares or Shares reacquired by the Company and held in the treasury of the Company, including Shares purchased by the Company on the open market for purposes of the Plan.

5. Designation of Participants

(a) Eligible Individuals. Employees of the Company and affiliates of the Company, other than any employees who are officers or directors of the Company or an affiliate of the Company, shall be eligible to receive options under the Plan. Consultants who perform services to the Company or any of its affiliates shall be eligible to participate in the Plan if the consultants render bona fide services and such services are not in connection with the offer or sale of

securities in a capital-raising transaction. Non-Employee Directors shall be eligible to receive options under the Plan only in accordance with Section 11.

(b) Selection of Optionees. From time to time, the Committee shall designate from such eligible persons those who will receive options and the number of Shares to be covered by each option.

(c) Rights of Participants. Nothing in the Plan shall entitle any employee, consultant, Non-Employee Director or other person to any claim or right to be granted an option under this Plan. Nothing in this Plan, in any option granted pursuant to this Plan, or in any action taken hereunder shall be construed as conferring on any individual any rights to continue in the employ or as a consultant or Non-Employee Director of the Company or any of its affiliates, or any other employment, consulting or similar rights. Nothing in the Plan or in any option granted pursuant to this Plan shall in any way interfere with the right of the Company or any of its affiliates to terminate the optionee's employment, consulting relationship or directorship, at any time. Options may be granted to eligible persons whether or not they hold or have held options under the Plan or under any other plan or arrangement of the Company or any affiliate of the Company.

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(d) Definitions. For the purposes of the Plan, the term "affiliate" shall mean any corporation, partnership or other entity in which the Company holds, directly or indirectly, fifty percent (50%) or more of the entity's equity interest. The term "director" shall mean a member of the Board of Directors of the Company.

6. Type of Options.

Options granted under the Plan shall consist solely of options not intended to meet the requirements of section 422 of the Code.

7. Stock Option Agreement.

Each option granted under the Plan shall be subject to the terms and conditions set forth herein and shall be evidenced by a stock option agreement, which shall be executed by the Company. The agreement shall contain such terms and provisions, not inconsistent with the Plan, as shall be determined by the Committee. The Committee shall approve the form and provisions of each stock option agreement, and any amendment thereto. The terms and provisions of such option agreements may vary between optionees and between different options granted to the same optionee. By accepting any option granted under the Plan, an optionee will be deemed to have agreed to all provisions contained in the option agreement.

8. Option Price.

(a) Determination of Option Price. The option price shall be determined by the Committee and shall be not less than the Fair Market Value (as defined below) of the Shares at the time the option is granted.

(b) Determination of Fair Market Value. For the purposes of this Plan, the Fair Market Value of the Shares shall mean the average (mean) of the closing bid and asked prices of the Shares as reported on the relevant date through the National Association of Securities Dealers Automated Quotation System or, if the Shares are listed or admitted to trading on the Nasdaq National Market System or any national securities exchange or if the last reported sale price of such Shares is generally available, the last reported sale price on such system or exchange on the relevant date. The Fair Market Value for any day for which there is no such bid and asked price or last reported sales price shall be the Fair Market Value of the next preceding day for which there is such a price.

Should the Shares be traded otherwise than on the markets referred to above, then the Fair Market Value shall be determined by the Committee. If the Shares are not publicly traded, then the Fair Market Value shall be not less than the value established for the Shares by an independent appraisal as of a date not more than twelve months before such value determination by the Committee.

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9. Terms of Options.

The Committee shall have the authority to determine the term of each option, provided that no option shall be exercisable after the expiration of ten (10) years from the date of option grant. Subject to the limitation periods hereinabove set forth, no option, or portion thereof, granted under the Plan shall vest after the optionee ceases to be employed by (and is employed by neither) the Company or one of its affiliates (a "termination of employment") and all options shall terminate automatically on the earliest to occur of the expiration of the option term (as described above), or one of the following events:

a. Upon the expiration of ten (10) days after notice by the Company pursuant to Section 12(d) of the sale of all or substantially all of its assets;

b. Thirty (30) days after a termination of employment (or within such other period of time as may be specified by the Committee) for any reason other than death, retirement or disability;

c. One year from the date of a termination of employment (or within such other period of time as may be specified by the Committee) by reason of the optionee's death;

d. Three months from the date of a termination of employment (or within such other period of time as may be specified by the Committee) by reason of the optionee's disability or retirement; or

e. As of the date of a termination of employment by reason of a termination for cause.

For purpose of determining whether or not a termination of employment has occurred, (i) the transfer of an optionee between the Company and any affiliate or between affiliates shall not be deemed a termination of employment, (ii) the sale of any affiliate to an unaffiliated party, or the consummation of any other transaction whereby an affiliate ceases to be an affiliate of the Company, shall be deemed a termination of employment of any optionee who continues to be employed by such affiliate subsequent to such sale or transaction, (iii) a consultant shall be deemed to have incurred a termination of employment at the time he is no longer required to perform services for the Company or any affiliate, as determined by the Committee, (iv) an optionee shall be deemed to have been terminated for cause if the Committee finds that the optionee has breached his employment or service contract with the Company or an affiliate, or has been engaged in disloyalty to the Company or an affiliate, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his employment or service, or has disclosed trade secrets or confidential information of the Company or an affiliate to persons not entitled to receive such information, and (v) an optionee shall be deemed to be disabled if the optionee becomes disabled within the meaning of section 22(e)(3) of the Code. Notwithstanding the foregoing, with respect to an option granted to a consultant, the

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Committee, in its sole discretion, shall establish the provisions concerning termination of such option at the time of option grant. In the absence of such establishment, the provisions of (a) through (e) above shall apply.

10. Exercise of Options.

(a) Exercisability of Options. The time or times at which or during which options granted under this Plan may be exercised, and any conditions pertaining to such exercise, shall be determined by the Committee and specified in the stock option agreement or an amendment to the stock option agreement.

(b) Transferability of Options.

(i) Nontransferability of Options. Except as provided below, no option granted under this Plan shall be assignable or otherwise transferable except by will or the laws of descent and distribution or if permitted in any specific case by the Committee, pursuant to a domestic relations order (as defined under the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the regulations thereunder). Any option shall be exercisable solely by the optionee during the lifetime of the optionee and, after the death of the optionee, an option shall be exercisable (subject to the provision of Section 9) solely by either the duly qualified personal representative or representatives of the optionee, or the person or persons who acquire the right to exercise such option by will or the laws of descent and distribution and such person or persons furnish proof satisfactory to the Company of his or their right to receive the option under the optionee's will or under the applicable laws of descent and distribution.

(ii) Family Transfers. Notwithstanding the foregoing, the Committee may provide, in a stock option agreement, that an optionee may transfer options to family members or other persons or entities according to such terms as the Committee may determine; provided that the optionee receives no consideration for the transfer of the option and the transferred option shall continue to be subject to the same terms and conditions as were applicable to the option immediately before the transfer.

(c) Payment of Option Price. The purchase price of the Shares as to which an option is exercised shall be paid in full in cash or in any other manner approved by the Committee which may include, but shall not be limited to, payment by surrender of unrestricted Shares owned by the optionee (including Shares acquired in connection with the exercise of the option, subject to such restrictions as the Committee deems appropriate) and having a Fair Market Value on the date of exercise equal to the purchase price, or payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve

Board. The optionee shall pay the option price and the amount of any withholding tax due (pursuant to Subsection (d)) at the time of exercise.

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(d) Withholding of Taxes.

(i) Required Withholding. All options under the Plan shall be subject to applicable federal (including FICA), state and local tax withholding requirements. The Company may require the optionee or other person receiving such Shares to pay to the Company the amount of any such taxes that the Company is required to withhold with respect to the exercise of such options, or the Company may deduct from other wages paid by the Company the amount of any withholding taxes due with respect to such exercise.

(ii) Withholding Shares. If the Company is required to withhold any taxes arising from an exercise of options under the Plan, the Treasurer of the Company may, in such person's discretion, withhold delivery of Shares issuable upon exercise of an option in an amount (valued at the Fair Market Value of such Shares on the date of exercise of the option) sufficient to cover the Company's withholding obligation with respect to such taxes.

(e) Notice of Exercise. Notice in writing shall be given by the optionee to the Treasurer of the Company, or such other person as may be designated from time to time by the Treasurer, on any day on which the offices of the Company are generally open for the conduct of business, which notice shall indicate the exercise of any option and specify the number of Shares desired at the option price.

(f) Limitations on Issuance of Shares. The obligation of the Company to deliver Shares upon such exercise shall be subject to all applicable laws, rules, regulations, and such approvals by governmental agencies as may be deemed appropriate by the Committee, including, among others, such steps as counsel for the Company shall be deemed necessary or appropriate to comply with requirements of relevant securities laws. Such obligation shall also be subject to the condition that the Shares reserved for issuance upon the exercise of options granted under the Plan shall have been duly listed on any national securities exchange which then constitutes the principal trading market for the Shares.

11. Formula Option Grants to Non-Employee Directors.

A Non-Employee Director shall be entitled to receive options under the Plan only in accordance with this Section 11.

(a) Initial Grant. Each Non-Employee Director who first becomes a member of the Board of Directors of the Company after the effective date of this Plan (as specified in Section 17) shall receive a grant of an option to purchase 8,000 Shares on the date as of which he or she first becomes a member of the Board or at such other proximate time as the Committee may determine.

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(b) Annual Grants. Each Non-Employee Director shall receive an annual grant of an option to purchase 4,000 Shares; provided that such Non-Employee Director qualifies as such on the date of grant. The date of grant of each such annual grant shall be December 31, the date of any year end grants to employees under this Plan or such other proximate time as the Committee shall determine.

(c) Option Price. The option price of the Shares subject to an option granted under this Section 11 shall be equal to the Fair Market Value of the Shares on the date of grant.

(d) Option Term and Exercisability. The term of each option granted pursuant to this Section 11 shall be ten years. Options granted under this Section 11 shall become exercisable in four equal installments of whole number of shares on the first, second, third and fourth anniversaries of the date of grant, unless otherwise determined by the Committee. No option, or portion thereof, granted under this Section 11 shall vest or become exercisable after the optionee ceases to be a Non-Employee Director and all options shall terminate automatically on the earliest to occur of the expiration of the option term (as described above), or one of the following events:

(1) Upon expiration of ten (10) days after notice by the Company pursuant to Section 12(d) of the sale of all or substantially all of its assets;

(2) Thirty (30) days after the date the Non-Employee Director ceases to be a Non-Employee Director for any reason other than death, disability or the employment of the Non-Employee Director by the Company or an affiliate of the Company; or

(3) One year after the date the Non-Employee Director ceases to be a Non-Employee Director as a result of death, disability or the Non-Employee Director's employment by the Company or an affiliate of the Company.

(e) Applicability of Plan Provisions. Except as otherwise provided in this Section 11, options granted to Non-Employee Directors shall be subject to the provisions of this Plan applicable to options granted to other persons.

(f) Administration. Except to the extent provided herein, the provisions of this Section 11 are intended to operate automatically and not require administration. To the extent that any administrative determinations are required, any determinations with respect to the provisions of this Section 11 shall be made by the Committee. If at any time there are not sufficient Shares available under the Plan to permit a grant as described in this Section 11, the Grant shall be reduced pro rata (to zero, if necessary) so as not to exceed the number of Shares then available under the Plan.

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12. Capital Change of the Company.

(a) Adjustments. In the event that there is a change in, reclassification of, subdivision of, combination of, split-up or spin-off with respect to, stock dividend on, or exchange of stock of the Company for the outstanding Shares of the Company, the maximum aggregate number and class of Shares as to which options may be granted under the Plan, but not the maximum aggregate number of Shares that may be subject to grants to Non-Employee Directors, and the number and class of Shares subject to each outstanding option and the option price pertaining to such Shares, may (but need not) be adjusted by the Committee in any manner in which the Committee, in its absolute discretion, deems appropriate. Such adjustment to Shares that may be subject to options granted under the Plan or to outstanding Shares subject to options under the Plan shall not in any event take place with respect to any dividend payable in Shares of the Company, unless such dividend would result in either (i) an increase of ten percent (10%) or more in the outstanding Shares of the Company since the adoption of the Plan or the grant of the subject option thereunder, as the case may be; or (ii) an increase in any one transaction of five percent (5%) or more in the outstanding Shares.

(b) Consolidation or Merger of the Company. If the Company shall be consolidated or merged with another corporation, each optionee who has an outstanding option hereunder shall, at the time for issuance of Shares upon exercise or partial exercise of such option, be entitled to receive the same number and kind of shares, or the same amount of other property, cash, or securities as the optionee would have been entitled to receive upon the happening of such consolidation or merger if the optionee had been, immediately prior to such event, the holder of the number of Shares to which the optionee has an outstanding option hereunder (to the extent of such exercise or partial exercise) adjusted in the manner provided in this Section, or, if another corporation shall be the survivor, such other corporation shall substitute therefor a substantially equivalent number and kind of shares of stock or other property, cash, or securities of such other corporation. Notwithstanding anything in the Plan to the contrary, in the event of a consolidation or merger described above, the Committee shall not have the right to take any actions described in the Plan that would make the consolidation or merger ineligible for pooling of interests accounting treatment or that would make the consolidation or merger ineligible for desired tax treatment if, in the absence of such right, the consolidation or merger would qualify for such treatment and the Company intends to use such treatment with respect to the consolidation or merger.

(c) Further Adjustments. In the event that there shall be any change, other than as specified above, in the number or kind of the outstanding Shares or of any stock or other securities into which such Shares shall have been changed or for which they shall have been exchanged, or in the event of a dividend to holders of the Shares payable other than in cash or stock of the Company, then if the Committee shall determine that such change equitably requires an adjustment in the number or kind of Shares available for grants under the Plan (other than grants to Non-Employee Directors) but not yet covered by an option, or an adjustment with

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respect to the number, price or kind of Shares then subject to an option or options, such adjustment shall be made and shall be effective and binding for all purposes of the Plan.

(d) Sale of Substantially all Assets. Notwithstanding the above, if all or substantially all of the assets of the Company shall be sold or exchanged (otherwise than by merger or consolidation), each optionee shall have the right to exercise such option in full, to the extent that it has not previously been exercised within ten (10) days after the notice by the Company of the right to exercise, and any such option not so exercised shall lapse.

13. Termination and Amendment.

(a) Termination and Amendment of Plan. Unless the Plan shall theretofore have been terminated as hereinafter provided, it shall terminate on, and no option shall be granted thereunder after, the second anniversary of the effective date of the Plan (as specified in Section 17). The Board of Directors,

in its sole discretion, may, at any time and from time to time, terminate the Plan or make such modifications or amendments thereof as it shall deem advisable.

(b) Termination and Amendment of Outstanding Options. The Committee may authorize amendments of outstanding options including without limitation the reduction of the option prices specified therein (or the granting of new options at lower prices upon the cancellation of outstanding options), so long as all options granted hereunder outstanding at any one time shall not call for issuance of more Shares than those provided in Section 4 and so long as the provisions of any amended option would have been permissible under the Plan if such option had been originally granted as of the date of such amendment with such amended terms. No termination, modification, or amendment of this Plan may adversely affect any then outstanding option under such Plan without the consent of the person to whom such option has been granted. Whether or not the Plan has terminated, an outstanding option may be terminated or amended under Section 18(c) or may be amended by agreement of the Company and the optionee consistent with the Plan.

(c) Governing Document. The Plan shall be the controlling document. No other statements, representations, explanatory materials or examples, oral or written, may amend the Plan in any manner. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

14. Funding of the Plan.

This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of grants under this Plan. In no event shall interest be paid or accrued on any grant.

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15. No Fractional Shares

No fractional Shares shall be issued or delivered pursuant to the Plan or any option. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

16. Headings.

Section headings are for reference only. In the event of a conflict between a title and the content of a Section, the content of the Section shall control.

17. Effective Date.

The Plan shall be effective on December 4, 1997, the date of its adoption by the Board of Directors of the Company.

18. Miscellaneous.

(a) Grants in Connection with Corporate Transactions and Otherwise. Nothing contained in this Plan shall be construed to (i) limit the right of the Committee to make grants under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including options to employees thereof who become employees of the Company, or for other proper corporate purposes, or (ii) limit the right of the Company to grant stock options or make other awards outside of this Plan. Without limiting the foregoing, the Committee may make a grant to an employee of another corporation who becomes an employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company or any of its subsidiaries in substitution for a stock option or restricted stock grant made by such corporation. The terms and conditions of the substitute grants may vary from the terms and conditions required by the Plan and from those of the substituted stock incentives. The Committee shall prescribe the provisions of the substitute grants.

(b) Rights of an Optionee. No optionee shall have any rights of a shareholder with respect to any Shares unless and until the optionee has exercised the option with respect to such Shares, has paid the full option price therefor, and the Shares have been issued to the optionee on the books of the Company.

(c) Compliance with Law. The Plan and the exercise of options shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule

16b-3 or its successors under the Exchange Act. The Committee may revoke any grant if it is contrary to law or modify a grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to optionees. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(d) Governing Law. The validity, construction, interpretation and effect of the Plan and stock option agreements issued under the Plan shall exclusively be governed by and determined in accordance with the law of the Commonwealth of Pennsylvania, to the extent such law is not superseded by or inconsistent with Federal law.

SEI INVESTMENTS COMPANY
OPTION SHARE DEFERRAL PLAN

(EFFECTIVE DECEMBER 1, 1997)

SEI INVESTMENTS COMPANY
OPTION SHARE DEFERRAL PLAN

In recognition of the services provided to SEI Investments Company (the "Company") by certain of its officers and other key management and highly compensated employees, the Company has established the SEI Investments Company Option Share Deferral Plan (the "Plan") to offer such employees the opportunity to defer receipt of the "profit shares," as defined herein, when they exercise options under the Company's Stock Option Plan. The Plan shall be effective, December 1, 1997, under the terms and conditions hereinafter set forth.

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ARTICLE 1

DEFINITIONS AND CONSTRUCTION

Sec. 1.01 DEFINITIONS. Whenever used in this Plan:

"ACCOUNT" means entries maintained in the records of the Company which reflect the number of Profit Shares deferred by a Participant pursuant to Section 2.01 or which otherwise stand to the credit of the Participant under the Plan.

"AFFILIATE" means any corporation, partnership or other entity in which the Company holds, directly or indirectly, fifty percent (50%) or more of the entity's equity interest.

"BENEFICIARY" means any individual or entity designated by a Participant pursuant to Section 4.02 to receive death benefits described in Section 4.01 subsequent to the Participant's death.

"BOARD" means the Board of Directors or other governing body of the Company.

"CODE" means the Internal Revenue Code of 1986, as amended, and any successor statute of similar nature and purpose.

"COMMON STOCK" means shares of Common Stock, par value \$.01 per share, of the Company.

"COMPANY" means SEI Investments Company or any successor thereto.

"DEFERRAL ELECTION FORM" means the form provided to Participants by the Plan Administrator on which the Participants elect (a) to defer Profit Shares in accordance with Section 2.01, (b) to have cash dividends payable with respect to Common Stock credited to his or her Account in the form of additional Profit Shares or paid in cash, in accordance with Section 2.02, and (c) the time of distribution of Profit Shares credited to his or her Account in accordance with Section 3.01.

"EFFECTIVE DATE" means December 1, 1997.

"ELIGIBLE EMPLOYEE" means an Employee who (a) is a participant in the Stock Option Plan, and (b) is designated and approved for participation in the Plan by the Plan Administrator, in its sole discretion.

"EMPLOYEE" means any individual employed by the Company (as determined in accordance with the personnel policies and practices of the Company).

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"FAIR MARKET VALUE" means the fair market value of Common Stock as determined by the Plan Administrator in accordance with the rules established under the Stock Option Plan for making such determination.

"HARDSHIP" means an unforeseeable financial emergency that is an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence.

"OPTION SHARE DEFERRAL" means a deferral of Profit Shares by a Participant pursuant to Section 2.01 upon exercise of a nonqualified stock option under the Stock Option Plan.

"PARTICIPANT" means (a) any Eligible Employee who makes an Option Share Deferral pursuant to Section 2.01, or (b) any former Eligible Employee who has a balance in his or her Account greater than zero which has not been fully distributed pursuant to Article 3 or 4.

"PLAN" means this SEI Investments Company Option Share Deferral Plan.

"PLAN ADMINISTRATOR" means the individual or committee designated as the administrator of the Plan by the Board or its designee, or, if such position is vacant, the Company.

"PLAN YEAR" means the calendar year.

"PROFIT SHARES" means with respect to an exercise of an option under the Stock Option Plan, a number of shares of Common Stock (rounded to the nearest one-one hundredth of a share) equal to (a) the excess of the Fair Market Value per share of Common Stock at the date of exercise multiplied by the number of shares covered by the option exercise over the aggregate exercise price of the shares so purchased, divided by (b) the Fair Market Value per share at the date of exercise.

"STOCK OPTION PLAN" means the SEI Investments Company Stock Option Plan or any successor thereto.

"TERMINATION FROM EMPLOYMENT" means, for any Participant, his termination from employment for any reason other than death, including retirement, disability, discharge or any absence that causes him to cease to be an employee of the Company and any affiliates.

Sec. 1.02 GENDER AND NUMBER. The masculine pronoun shall include

the feminine; the singular shall include the plural; and vice versa.

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ARTICLE 2

PARTICIPANT DEFERRALS AND ACCOUNTS -----

Sec. 2.01 OPTION SHARE DEFERRALS.

(a) An Eligible Employee may irrevocably elect on the Deferral Election Form to defer receipt of all or a portion of the Profit Shares pursuant to the exercise of a nonqualified stock option under the Stock Option Plan for a Plan Year, subject to such rules and procedures as the Plan Administrator deems appropriate. Such Deferral Election Form must be provided to the Plan

Administrator by November 30 of the calendar year prior to the beginning of the Plan Year in which the options are exercised; at any time on or before provided, however, that such Deferral Election Form may be provided to the Administrator at any time on or before December 31, 1997 for deferrals to be made during the Plan Year beginning January 1, 1998. Any election hereunder shall apply only to the extent that payment of the exercise price for the option to which the election relates is satisfied by surrender (including a constructive surrender) of unrestricted mature shares of Common Stock owned by the Participant having a Fair Market Value on the date of exercise equal to the exercise price. Any election hereunder shall be irrevocable with respect to option exercises during the Plan Year to which it relates.

(b) Subject to such reasonable rules as may be prescribed by the Plan Administrator, the number of Profit Shares deferred under this Section 2.01 shall be credited to a Participant's Account immediately upon the exercise of the option from which such Profit Shares derive. The number of Profit Shares credited to the Participant's Account shall be reduced as necessary to satisfy any applicable employment tax withholding obligations of the Company in connection with the option exercise, all as determined by the Plan Administrator in accordance with procedures similar to those established under the Stock Option Plan.

(c) The Plan Administrator shall provide a statement at least annually to each Participant showing such information as is appropriate, including the aggregate number of Profit Shares credited to his or her Account.

Sec. 2.02 ACCOUNT ADJUSTMENTS.

(a) In the event a dividend is declared with respect to the Common Stock, a Participant's Account shall be credited with additional Profit Shares (rounded to the nearest one-one hundredth of a share) equal to the amount of the aggregate cash dividend that would have been distributed on shares represented by the Profit Shares then credited to a Participant's Account, divided by the then current per share Fair Market Value of the Common Stock, unless the Participant has made an irrevocable election on a Deferral Election Form to receive instead an amount equal to such cash dividends at the time such dividends become payable.

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(b) Unless otherwise determined by the Plan Administrator, in the event of a stock split, stock dividend, reclassification, reorganization or other capital adjustment in the shares of Common Stock, the number of Profit Shares then credited to the Participant's Account shall be adjusted in the same manner as the shares of the Common Stock are adjusted.

ARTICLE 3

DISTRIBUTIONS TO PARTICIPANTS

Sec. 3.01 DISTRIBUTION UPON TERMINATION FROM EMPLOYMENT OR AFTER A

FIXED PERIOD OF TIME. A Participant shall irrevocably elect on the Deferral

Election Form to receive a number of shares of Common Stock equal to the number of Profit Shares credited to his or her Account, as a result of a deferral election made pursuant to Section 2.01 or an adjustment in his or her Account pursuant to the terms of the Plan, upon:

- (a) the Participant's Termination from Employment;
- (b) a specified date or the expiration of a specified number of years after the date of exercise of the option from which the Profit Shares are derived; provided that in no event may such specified date be less than, or deferral period end before, three (3) years from the date of exercise of the option from which such Profit Shares are derived;
- (c) the earlier of (a) or (b); or
- (d) the later of (a) or (b).

A Participant shall receive the entire number of shares of Common Stock to which he or she is entitled in a single distribution at the time determined above, unless the Participant has made an irrevocable election on the Deferral Election Form or supplement thereto, at least thirteen (13) months in advance of the distribution date determined above, to receive such shares instead in substantially equal annual installments over a period of not more than five (5) years from the distribution date determined above.

Sec. 3.02 WITHDRAWALS ON ACCOUNT OF HARDSHIP. Prior to the date a

Participant becomes entitled to a distribution under Section 3.01, the Participant may request, and the Plan Administrator, in its sole and absolute discretion, may approve, a withdrawal of all or a portion of the Profit Shares credited to the Participant's Account on account of a Hardship. The Plan Administrator may request the Participant to provide such information as it deems necessary and proper for it to determine the existence of a Hardship. The Plan Administrator shall review the Participant's request and determine the extent, if any, to which such request is justified. It is intended that the Plan Administrator's determination as to whether a Participant

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has suffered a Hardship shall be made consistent with the requirements for an "unforeseeable emergency," within the meaning of section 457(d) of the Code. Any such withdrawal shall be limited to an amount reasonably necessary to meet the Hardship.

Sec. 3.03 WITHDRAWALS WITH PENALTY. Prior to the date a Participant

becomes entitled to a distribution under Section 3.01, the Participant may request and the Plan Administrator, in its sole and absolute discretion, may approve, a withdrawal of all or a portion of the Profit Shares credited to the Participant's Account. In the event of a withdrawal pursuant to this Section 3.03, the Participant shall forfeit from his or her Account a number (rounded up to the next whole number) of Profit Shares equal to ten (10%) percent of the number of Profit Shares withdrawn. The forfeited Profit Shares shall be deducted from the Participant's Account prior to giving effect to the requested withdrawal, and neither the Participant, nor his or her Beneficiary or any other person claiming an interest in the Participant's Account shall have any right or claim to the forfeited amount.

Sec. 3.04 ACCELERATION OF PAYMENTS.

(a) In the event of the liquidation, dissolution or winding up of the Company or the distribution or sale of all or substantially all of the Company's assets and property, the Company shall immediately distribute to the Participant shares of Common Stock equal to the number of Profit Shares then credited to the Participant's Account.

(b) In the event the Plan Administrator determines, based on a change in the applicable tax laws, a published ruling or similar announcement issued by the Internal Revenue Service, a regulation issued by the Secretary of the Treasury or his or her delegate, a decision by a court of competent jurisdiction involving a Participant, or a closing agreement involving a Participant made under section 7121 of the Code that is approved by the Commissioner, that a Participant has recognized or will recognize income for Federal income tax purposes with respect to any amounts that are or will be payable to the Participant under this Article 3 before they otherwise would be paid to the Participant, upon the request of the Participant, the Plan Administrator shall immediately distribute to the Participant shares of Common Stock equal to the number of Profit Shares with a Fair Market Value at the time of such distribution equal to the amount of income so recognized.

(c) The Company reserves the right, in its sole discretion, upon termination of the Plan or at any other time to accelerate payments hereunder by distributing to Participants' shares of Common Stock equal to the number of Profit Shares then credited to the Participants' Accounts in full satisfaction of its obligations hereunder.

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ARTICLE 4

DEATH BENEFITS

Sec. 4.01 DISTRIBUTION OF BENEFITS UPON DEATH OF PARTICIPANT. In

the event of a Participant's death prior to the complete distribution of his or her Account pursuant to Article 3, shares of Common Stock equal to the number of Profit Shares remaining in the Participant's Account shall be distributed to the Participant's Beneficiary in a single distribution as soon as administratively practicable following the Participant's death.

Sec. 4.02 DESIGNATION OF BENEFICIARY. For purposes of Section 4.01,

the Participant's Beneficiary shall be the person or persons so designated by the Participant in a written instrument submitted to the Plan Administrator. In the event the Participant fails to properly designate a Beneficiary, his or her Beneficiary shall be the Participant's surviving spouse or, if none, his or her estate.

ARTICLE 5

VESTING

Sec. 5.01 FULL VESTING OF BENEFITS. A Participant, at all times,

shall have a fully (100%) vested interest in his or her Account.

ARTICLE 6

NATURE OF COMPANY'S OBLIGATION

Sec. 6.01 FUNDING OF BENEFITS. In any event, the obligation of the

Company hereunder shall constitute a general, unsecured obligation, payable solely out of general assets of the Company, and anything contained herein to the contrary notwithstanding, until delivery of Common Stock is made to the Participant or the Participant's Beneficiary hereunder, neither the Participant, nor the Participant's Beneficiary or any other person claiming an interest hereunder shall have any right to or property interest in, any Common Stock or other specific assets of the Company.

Sec. 6.02 NO RIGHTS AS SHAREHOLDER. Until delivery of Common Stock

is made to the Participant or the Participant's Beneficiary hereunder, no Participant, Participant's Beneficiary or any other person claiming an interest hereunder shall have any rights as a shareholder of the Company, including the right to any cash dividends (except as provided in

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Section 2.01) or the right to vote, with respect to any Common Stock or the Profit Shares credited to the Participant's Account hereunder.

ARTICLE 7

ADMINISTRATION

Sec. 7.01 PLAN ADMINISTRATOR. The individual or committee

designated by the Board as the Plan Administrator of the Plan shall be the administrator of the Plan for purposes of the Employee Retirement Income Security Act of 1974 (ERISA), as amended from time to time. However, if such position is vacant, the Company shall be the Plan Administrator.

Sec. 7.02 DUTIES AND POWERS OF PLAN ADMINISTRATOR. The Plan

Administrator shall have full discretionary power and authority to construe, interpret and administer this Plan and may, to the extent permitted by law, make factual determinations, correct defects, supply omissions and reconcile inconsistencies to the extent necessary to effectuate the Plan and, subject to Section 7.03, the Plan Administrator's actions in doing so shall be final and binding on all persons interested in the Plan. The Plan Administrator may from time to time adopt rules and regulations governing the operation of this Plan and may employ and rely on such legal counsel, such actuaries, such accountants and such agents as it may deem advisable to assist in the administration of the Plan.

Sec. 7.03 CLAIMS PROCEDURE.

(a) The Company will advise each Participant and Beneficiary of any benefits to which he or she is entitled under the Plan. If any person believes that the Company has failed to advise him or her of any benefit to which he or she is entitled, he or she may file a written claim with the Plan Administrator. The claim shall be reviewed, and a response provided, within a reasonable time after receiving the claim. Any claimant who is denied a claim for benefits shall be provided with written notice setting forth:

- (1) the specific reasons or reasons for the denial;
- (2) specific reference to pertinent Plan provisions on which denial is based;
- (3) a description of any additional material or information necessary for the claimant to perfect the claim; and
- (4) an explanation of the claim review procedure set forth in paragraph (b), below.

(b) Within 60 days of receipt by a claimant of a notice denying a claim under the Plan under paragraph (a), the claimant or his or her duly authorized representative may request in writing a full and fair review of the claim by the Plan Administrator or a claims committee appointed by the Plan Administrator (hereinafter the "Committee"). The Committee may extend the 60-day period where the nature of the benefit involved or other attendant circumstances make such extension appropriate. In connection with such review, the claimant or his or her duly authorized representative may review pertinent documents and may submit issues and comments in writing. The Committee shall make a decision promptly, and not later than 60 days after the Committee's receipt of a request for review, unless special circumstances (such as the need to hold a hearing, if the Committee deems one necessary) require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of a request for review. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based.

ARTICLE 8

AMENDMENT AND TERMINATION

Sec. 8.01 AUTHORITY TO AMEND. The Board or its designee may amend

the Plan at any time in any manner whatsoever. Notwithstanding the above, no amendment shall operate to reduce the benefit amount accrued on behalf of a Participant on the effective date of the amendment.

Sec. 8.02 RIGHT TO TERMINATE. Continuance of the Plan is completely

voluntary and is not assumed as a contractual obligation of the Company. The Company shall have the right at any time for any reason to terminate the Plan, by action of the Board; provided, however, that the Plan termination shall not operate to reduce the amount accrued on behalf of a Participant on the effective date of the Plan's termination.

ARTICLE 9

MISCELLANEOUS

Sec. 9.01 NO RIGHT TO EMPLOYMENT. Nothing contained herein (a)

shall be deemed to exclude a Participant from any compensation, bonus, pension, insurance, severance pay or other benefit to which he or she otherwise is or might become entitled to as an Employee or (b) shall be construed as conferring upon an Employee the right to continue in the employ of the Company.

Sec. 9.02 NO COMPENSATION FOR OTHER BENEFITS. Except as provided

herein, any amounts paid hereunder shall not be deemed salary or other compensation to a Participant for the purposes of computing benefits to which he or she may be entitled under any other arrangement established by the Company for the benefit of its employees.

Sec. 9.03 RIGHTS AND OBLIGATIONS. The rights and obligations

created hereunder shall be binding on a Participant's heirs, executors and administrators and on the successors and assigns of the Company.

Sec. 9.04 PAYMENTS TO REPRESENTATIVES. If any Participant or

Beneficiary entitled to receive any benefits hereunder is determined by the Plan Administrator, or is adjudged to be, legally incapable of giving valid receipt and discharge for such benefits, the benefits shall be paid to a duly appointed and acting conservator or guardian, or other legal representative of such Participant or Beneficiary, if any, and if no such legal representative is appointed and acting, to such person or persons as the Plan Administrator may designate. Such payments shall, to the extent made, be deemed a complete discharge for such payments under this Plan.

Sec. 9.05 NO FRACTIONAL SHARES. No fractional shares of Common

Stock shall be issued or delivered pursuant to the Plan. The Plan Administrator shall determine whether cash shall be paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

Sec. 9.06 NONALIENATION. Except as hereinafter provided with

respect to family disputes, the rights of any Participant under this Plan are personal and may not be assigned, transferred, pledged or encumbered. Any attempt to do so shall be void. In cases of family disputes, the Company will observe the terms of the Plan unless and until ordered to do otherwise by a state or Federal court. As a condition of participation, a Participant agrees to hold the Company harmless from any claim that arises out of the Company's obeying the final order of any state or Federal court, whether such order effects a judgment of such court or is issued to enforce a judgment or order of another court. For purposes of this Section 9.06, "family dispute" means a dispute relating to provision of child support, alimony payments, or marital property rights to a spouse, former spouse or other dependent of the Participant.

Sec. 9.07 LIMITATIONS ON OBLIGATIONS. Neither the Company nor any

member of the Board shall be responsible or liable in any manner to any Participant, Beneficiary or any person claiming through them for any benefit or action taken or omitted in connection with the granting of benefits, the continuation of benefits, or the interpretation and administration of this Plan.

Sec. 9.08 WITHHOLDING. If the Company is required to withhold

amounts under applicable federal, state or local tax laws, rules or regulations, the Company shall be entitled to deduct and withhold such amounts from any payment made pursuant to this Plan.

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Sec. 9.09 LOST PAYEES. Any benefit payable under the Plan shall be

deemed forfeited if the Plan Administrator is unable to locate the Participant or Beneficiary to whom payment is due; provided, however, that such benefit shall be reinstated if a claim is made by the Participant or Beneficiary for the forfeited benefit.

Sec. 9.10 GOVERNING LAW. The Plan shall be construed in accordance

with and governed by the laws of the Commonwealth of Pennsylvania.

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SEI INVESTMENTS COMPANY
OPTION SHARE DEFERRAL PLAN
FOR NON-EMPLOYEE DIRECTORS

(EFFECTIVE DECEMBER 1, 1997)

SEI INVESTMENTS COMPANY
OPTION SHARE DEFERRAL PLAN

FOR NON-EMPLOYEE DIRECTORS

In recognition of the services provided to SEI Investments Company (the "Company") by its non-employee directors, as defined herein, the Company has established the SEI Investments Company Option Share Deferral Plan For Non-Employee Directors (the "Plan") to offer such directors the opportunity to defer receipt of the "profit shares," as defined herein, when they exercise options under the Company's Stock Option Plan. The Plan shall be effective, December 1, 1997, under the terms and conditions hereinafter set forth.

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ARTICLE 1

DEFINITIONS AND CONSTRUCTION

Sec. 1.01 DEFINITIONS. Whenever used in this Plan:

"ACCOUNT" means entries maintained in the records of the Company which reflect the number of Profit Shares deferred by a Participant pursuant to Section 2.01 or which otherwise stand to the credit of the Participant under the Plan.

"AFFILIATE" means any corporation, partnership or other entity in which the Company holds, directly or indirectly, fifty percent (50%) or more of the entity's equity interest.

"AFFILIATE" means any corporation, partnership or other entity in which the Company holds, directly or indirectly, fifty percent (50%) or more of the entity's equity interest.

"BENEFICIARY" means any individual or entity designated by a Participant pursuant to Section 4.02 to receive death benefits described in

Section 4.01 subsequent to the Participant's death.

"BOARD" means the Board of Directors or other governing body of the Company.

"CESSATION OF SERVICES" means ceasing to serve on the Board or, with respect to a Participant who has ceased to be a Non-Employee Director by reason of his or her becoming an employee of the Company or any Affiliate, his or her termination from employment with the Company and any Affiliates, if later.

"CODE" means the Internal Revenue Code of 1986, as amended, and any successor statute of similar nature and purpose.

"COMMON STOCK" means shares of Common Stock, par value \$.01 per share, of the Company.

"COMPANY" means SEI Investments Company or any successor thereto.

"DEFERRAL ELECTION FORM" means the form provided to Participants by the Plan Administrator on which the Participants elect (a) to defer Profit Shares in accordance with Section 2.01, (b) to have cash dividends payable with respect to Common Stock credited to his or her Account in the form of additional Profit Shares or paid in cash, in accordance with Section 2.02, and (c) the time of distribution of Profit Shares credited to his or her Account in accordance with Section 3.01.

"EFFECTIVE DATE" means December 1, 1997.

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"FAIR MARKET VALUE" means the fair market value of Common Stock as determined by the Plan Administrator in accordance with the rules established under the Stock Option Plan for making such determination.

"HARDSHIP" means an unforeseeable financial emergency that is an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence.

"NON-EMPLOYEE DIRECTOR" means a member of the Board who is not also an employee of the Company or any Affiliate.

"OPTION SHARE DEFERRAL" means a deferral of Profit Shares by a Participant pursuant to Section 2.01 upon exercise of a stock option under the Stock Option Plan.

"PARTICIPANT" means (a) a Non-Employee Director who makes an Option Share Deferral pursuant to Section 2.01, or (b) any former Non-Employee Director who has a balance in his or her Account greater than zero which has not been fully distributed pursuant to Article 3 or 4.

"PLAN" means this SEI Investments Company Option Share Deferral Plan for Non-Employee Directors.

"PLAN ADMINISTRATOR" means the individual or committee designated as the administrator of the Plan by the Board or its designee, or, if such position is vacant, the Company.

"PLAN YEAR" means the calendar year.

"PROFIT SHARES" means with respect to an exercise of an option under the Stock Option Plan, a number of shares of Common Stock (rounded to the nearest one-one hundredth of a share) equal to (a) the excess of the Fair Market Value per share of Common Stock at the date of exercise multiplied by the number of shares covered by the option exercise over the aggregate exercise price of the shares so purchased, divided by (b) the Fair Market Value per share at the date of exercise.

"STOCK OPTION PLAN" means the SEI Investments Company Stock Option Plan for Non-Employee Directors or the 1997 Stock Option Plan or any successor thereto.

Sec. 1.02 GENDER AND NUMBER. The masculine pronoun shall include

the feminine; the singular shall include the plural; and vice versa.

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ARTICLE 2

PARTICIPANT DEFERRALS AND ACCOUNTS -----

Sec. 2.01 OPTION SHARE DEFERRALS.

(a) A Non-Employee Director may irrevocably elect on the Deferral Election Form to defer receipt of all or a portion of the Profit Shares pursuant to the exercise of a stock option under the Stock Option Plan for a Plan Year, subject to such rules and procedures as the Plan Administrator deems appropriate. Such Deferral Election Form must be provided to the Plan Administrator by November 30 of the calendar year prior to the beginning of the Plan Year in which the options are exercised; at any time on or before provided, however, that such Deferral Election Form may be provided to the Administrator at any time on or before December 31, 1997 for deferrals to be made during the Plan Year beginning January 1, 1998. Any election hereunder shall apply only to the extent that payment of the exercise price for the option to which the election relates is satisfied by surrender (including a constructive surrender) of unrestricted mature shares of Common Stock owned by the Participant having a Fair Market Value on the date of exercise equal to the exercise price. Any election hereunder shall be irrevocable with respect to option exercises during the Plan Year to which it relates.

(b) Subject to such reasonable rules as may be prescribed by the Plan Administrator, the number of Profit Shares deferred under this Section 2.01 shall be credited to a Participant's Account immediately upon the exercise of the option from which such Profit Shares derive.

(c) The Plan Administrator shall provide a statement at least annually to each Participant showing such information as is appropriate, including the aggregate number of Profit Shares credited to his or her Account.

Sec. 2.02 ACCOUNT ADJUSTMENTS.

(a) In the event a dividend is declared with respect to the Common Stock, a Participant's Account shall be credited with additional Profit Shares (rounded to the nearest one-one hundredth of a share) equal to the amount of the aggregate cash dividend that would have been distributed on shares represented by the Profit Shares then credited to a Participant's Account, divided by the then current per share Fair Market Value of the Common Stock, unless the Participant has made an irrevocable election on a Deferral Election Form to receive instead an amount equal to such cash dividends at the time such dividends become payable.

(b) Unless otherwise determined by the Plan Administrator, in the event of a stock split, stock dividend, reclassification, reorganization or other capital adjustment in the

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shares of Common Stock, the number of Profit Shares then credited to the Participant's Account shall be adjusted in the same manner as the shares of the Common Stock are adjusted.

ARTICLE 3

DISTRIBUTIONS TO PARTICIPANTS

Sec. 3.01 DISTRIBUTION UPON TERMINATION FROM EMPLOYMENT OR AFTER A

FIXED PERIOD OF TIME. A Participant shall irrevocably elect on the Deferral

Election Form to receive a number of shares of Common Stock equal to the number of Profit Shares credited to his or her Account, as a result of a deferral election made pursuant to Section 2.01 or an adjustment in his or her Account pursuant to the terms of the Plan, upon:

- (a) the Participant's Cessation of Services;
- (b) a specified date or the expiration of a specified number of years after the date of exercise of the option from which the Profit Shares are derived; provided that in no event may such specified date be less than, or deferral period end before, three (3) years from the date of exercise of the option from which such Profit Shares are derived;
- (c) the earlier of (a) or (b); or
- (d) the later of (a) or (b).

A Participant shall receive the entire number of shares of Common Stock to which he or she is entitled in a single distribution at the time determined above, unless the Participant has made an irrevocable election on the Deferral Election Form or supplement thereto, at least thirteen (13) months in advance of the distribution date determined above, to receive such shares instead in substantially equal annual installments over a period of not more than five (5) years from the distribution date determined above.

Sec. 3.02 WITHDRAWALS ON ACCOUNT OF HARDSHIP. Prior to the date a

Participant becomes entitled to a distribution under Section 3.01, the Participant may request, and the Plan Administrator, in its sole and absolute discretion, may approve, a withdrawal of all or a portion of the Profit Shares credited to the Participant's Account on account of a Hardship. The Plan Administrator may request the Participant to provide such information as it deems necessary and proper for it to determine the existence of a Hardship. The Plan Administrator shall review the Participant's request and determine the extent, if any, to which such request is justified. It is intended that the Plan Administrator's determination as to whether a Participant has suffered a Hardship shall be made consistent with the requirements for an "unforeseeable

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emergency," within the meaning of section 457(d) of the Code. Any such withdrawal shall be limited to an amount reasonably necessary to meet the Hardship.

Sec. 3.03 WITHDRAWALS WITH PENALTY. Prior to the date a

Participant becomes entitled to a distribution under Section 3.01, the Participant may request and the Plan Administrator, in its sole and absolute discretion, may approve, a withdrawal of all or a portion of the Profit Shares credited to the Participant's Account. In the event of a withdrawal pursuant to this Section 3.03, the Participant shall forfeit from his or her Account a number (rounded up to the next whole number) of Profit Shares equal to ten (10%) percent of the number of Profit Shares withdrawn. The forfeited Profit Shares shall be deducted from the Participant's Account prior to giving effect to the requested withdrawal, and neither the Participant, nor his or her Beneficiary or any other person claiming an interest in the Participant's Account shall have any right or claim to the forfeited amount.

Sec. 3.04 ACCELERATION OF PAYMENTS.

(a) In the event of the liquidation, dissolution or winding up of the Company or the distribution or sale of all or substantially all of the Company's assets and property, the Company shall immediately distribute to the Participant shares of Common Stock equal to the number of Profit Shares then credited to the Participant's Account.

(b) In the event the Plan Administrator determines, based on a change in the applicable tax laws, a published ruling or similar announcement issued by the Internal Revenue Service, a regulation issued by the Secretary of the Treasury or his or her delegate, a decision by a court of competent jurisdiction involving a Participant, or a closing agreement involving a Participant made under section 7121 of the Code that is approved by the Commissioner, that a Participant has recognized or will recognize income for Federal income tax purposes with respect to any amounts that are or will be payable to the Participant under this Article 3 before they otherwise would be paid to the Participant, upon the request of the Participant, the Plan Administrator shall immediately distribute to the Participant shares of Common Stock equal to the number of Profit Shares with a Fair Market Value at the time of such distribution equal to the amount of income so recognized.

(c) The Company reserves the right, in its sole discretion, upon termination of the Plan or at any other time to accelerate payments hereunder by distributing to Participants' shares of Common Stock equal to the number of Profit Shares then credited to the Participants' Accounts in full satisfaction of its obligations hereunder.

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ARTICLE 4

DEATH BENEFITS

Sec. 4.01 DISTRIBUTION OF BENEFITS UPON DEATH OF PARTICIPANT. In

the event of a Participant's death prior to the complete distribution of his or her Account pursuant to Article 3, shares of Common Stock equal to the number of Profit Shares remaining in the Participant's Account shall be distributed to the Participant's Beneficiary in a single distribution as soon as administratively practicable following the Participant's death.

Sec. 4.02 DESIGNATION OF BENEFICIARY. For purposes of Section 4.01,

the Participant's Beneficiary shall be the person or persons so designated by the Participant in a written instrument submitted to the Plan Administrator. In the event the Participant fails to properly designate a Beneficiary, his or her Beneficiary shall be the Participant's surviving spouse or, if none, his or her

estate.

ARTICLE 5

VESTING

Sec. 5.01 FULL VESTING OF BENEFITS. A Participant, at all times,

shall have a fully (100%) vested interest in his or her Account.

ARTICLE 6

NATURE OF COMPANY'S OBLIGATION

Sec. 6.01 FUNDING OF BENEFITS. In any event, the obligation of the

Company hereunder shall constitute a general, unsecured obligation, payable solely out of general assets of the Company, and anything contained herein to the contrary notwithstanding, until delivery of Common Stock is made to the Participant or the Participant's Beneficiary hereunder, neither the Participant, nor the Participant's Beneficiary or any other person claiming an interest hereunder shall have any right to, or property interest in, any Common Stock or other specific assets of the Company.

Sec. 6.02 NO RIGHTS AS SHAREHOLDER. Until delivery of Common Stock

is made to the Participant or the Participant's Beneficiary hereunder, no Participant, Participant's Beneficiary or any other person claiming an interest hereunder shall have any rights as a shareholder of the Company, including the right to any cash dividends (except as provided in Section 2.01) or the right to vote, with respect to any Common Stock or the Profit Shares credited to the Participant's Account hereunder.

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ARTICLE 7

ADMINISTRATION

Sec. 7.01 PLAN ADMINISTRATOR. The individual or committee

designated by the Board as the Plan Administrator of the Plan shall be the administrator of the Plan for purposes of the Employee Retirement Income Security Act of 1974 (ERISA), as amended from time to time. However, if such position is vacant, the Company shall be the Plan Administrator.

Sec. 7.02 DUTIES AND POWERS OF PLAN ADMINISTRATOR. The Plan

Administrator shall have full discretionary power and authority to construe, interpret and administer this Plan and may, to the extent permitted by law, make factual determinations, correct defects, supply omissions and reconcile inconsistencies to the extent necessary to effectuate the Plan and, subject to Section 7.03, the Plan Administrator's actions in doing so shall be final and binding on all persons interested in the Plan. The Plan Administrator may from time to time adopt rules and regulations governing the operation of this Plan and may employ and rely on such legal counsel, such actuaries, such accountants and such agents as it may deem advisable to assist in the administration of the Plan.

Sec. 7.03 CLAIMS PROCEDURE.

(a) The Company will advise each Participant and Beneficiary of any benefits to which he or she is entitled under the Plan. If any person believes that the Company has failed to advise him or her of any benefit to which he or she is entitled, he or she may file a written claim with the Plan Administrator. The claim shall be reviewed, and a response provided, within a reasonable time after receiving the claim. Any claimant who is denied a claim for benefits shall be provided with written notice setting forth:

- (1) the specific reasons or reasons for the denial;
- (2) specific reference to pertinent Plan provisions on which denial is based;
- (3) a description of any additional material or information necessary for the claimant to perfect the claim; and
- (4) an explanation of the claim review procedure set forth in paragraph (b), below.

(b) Within 60 days of receipt by a claimant of a notice denying a claim under the Plan under paragraph (a), the claimant or his or her duly authorized representative may request in writing a full and fair review of the claim by the Plan Administrator or a claims committee appointed by the Plan Administrator (hereinafter the "Committee"). The Committee may extend the 60-day period where the nature of the benefit involved or other attendant circumstances make such extension appropriate. In connection with such review, the claimant or his or her duly authorized representative may review pertinent documents and may submit issues and comments in writing. The Committee shall make a decision promptly, and not later than 60 days after the Committee's receipt of a request for review, unless special circumstances (such as the need to hold a hearing, if the Committee deems one necessary) require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of a request for review. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based.

ARTICLE 8

AMENDMENT AND TERMINATION

Sec. 8.01 AUTHORITY TO AMEND. The Board or its designee may amend

the Plan at any time in any manner whatsoever. Notwithstanding the above, no amendment shall operate to reduce the benefit amount accrued on behalf of a Participant on the effective date of the amendment.

Sec. 8.02 RIGHT TO TERMINATE. Continuance of the Plan is completely

voluntary and is not assumed as a contractual obligation of the Company. The Company shall have the right at any time for any reason to terminate the Plan, by action of the Board; provided, however, that the Plan termination shall not operate to reduce the amount accrued on behalf of a Participant on the effective date of the Plan's termination.

ARTICLE 9

MISCELLANEOUS

Sec. 9.01 NO RIGHT TO CONTINUED DIRECTORSHIP. Nothing contained

herein (a) shall be deemed to exclude a Participant from any compensation or other benefit to which he or she otherwise is or might become entitled to as a Non-Employee Director or (b) shall be construed as conferring upon a Non-Employee Director the right to continue as a member of the Board.

Sec. 9.02 NO COMPENSATION FOR OTHER BENEFITS. Except as provided

herein, any amounts paid hereunder shall not be deemed compensation to a Participant for the purposes of computing benefits to which he or she may be entitled under any other arrangement established by the Company for the benefit of its Non-Employee Directors.

Sec. 9.03 RIGHTS AND OBLIGATIONS. The rights and obligations

created hereunder shall be binding on a Participant's heirs, executors and administrators and on the successors and assigns of the Company.

Sec. 9.04 PAYMENTS TO REPRESENTATIVES. If any Participant or

Beneficiary entitled to receive any benefits hereunder is determined by the Plan Administrator, or is adjudged to be, legally incapable of giving valid receipt and discharge for such benefits, the benefits shall be paid to a duly appointed and acting conservator or guardian, or other legal representative of such Participant or Beneficiary, if any, and if no such legal representative is appointed and acting, to such person or persons as the Plan Administrator may designate. Such payments shall, to the extent made, be deemed a complete discharge for such payments under this Plan.

Sec. 9.05 NO FRACTIONAL SHARES. No fractional shares of Common

Stock shall be issued or delivered pursuant to the Plan. The Plan Administrator shall determine whether cash shall be paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

Sec. 9.06 NONALIENATION. Except as hereinafter provided with

respect to family disputes, the rights of any Participant under this Plan are personal and may not be assigned, transferred, pledged or encumbered. Any attempt to do so shall be void. In cases of family disputes, the Company will observe the terms of the Plan unless and until ordered to do otherwise by a state or Federal court. As a condition of participation, a Participant agrees to hold the Company harmless from any claim that arises out of the Company's obeying the final order of any state or Federal court, whether such order effects a judgment of such court or is issued to enforce a judgment or order of another court. For purposes of this Section 9.06, "family dispute" means a dispute relating to provision of child support, alimony payments, or marital property rights to a spouse, former spouse or other dependent of the Participant.

Sec. 9.07 LIMITATIONS ON OBLIGATIONS. Neither the Company nor any

member of the Board shall be responsible or liable in any manner to any Participant, Beneficiary or any person claiming through them for any benefit or action taken or omitted in connection with the granting of benefits, the continuation of benefits, or the interpretation and administration of this Plan.

Sec. 9.08 WITHHOLDING. If the Company is required to withhold

amounts under applicable federal, state or local tax laws, rules or regulations, the Company shall be entitled to deduct and withhold such amounts from any payment made pursuant to this Plan.

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Sec. 9.09 LOST PAYEES. Any benefit payable under the Plan shall be

deemed forfeited if the Plan Administrator is unable to locate the Participant or Beneficiary to whom payment is due; provided, however, that such benefit shall be reinstated if a claim is made by the Participant or Beneficiary for the forfeited benefit.

Sec. 9.10 GOVERNING LAW. The Plan shall be construed in accordance

with and governed by the laws of the Commonwealth of Pennsylvania.

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SEI INVESTMENTS COMPANY
EMPLOYEE STOCK PURCHASE PLAN

ARTICLE I

INTRODUCTION

Section 1.01 Statement of Purpose. The purpose of the SEI Investments

Company Employee Stock Purchase Plan is to provide eligible employees of SEI Investments Company and its participating subsidiaries who wish to become shareholders or to increase their share holdings, an opportunity to purchase common stock of SEI Investments Company. The Board of Directors of the Company believes that employee participation in ownership will be to the mutual benefit of both the employees and the Company. The Plan was approved by the Board of Directors and shareholders of the Company on February 9, 1981 and was amended and restated from time to time thereafter. On October 15, 1997, the Plan was again amended and thereafter restated as set forth herein, subject to approval of the Company's shareholders.

Section 1.02 Internal Revenue Code Considerations. The Plan is intended

to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended.

ARTICLE II

DEFINITIONS

Section 2.01 "Administrative Committee," which may be referred to as the "Stock Purchase Plan Committee," means the committee appointed by the Board of Directors to administer this Plan, as provided in Section 6.03 hereof.

Section 2.02 "Board of Directors" means the Board of Directors of the Company.

Section 2.03 "Company" shall mean SEI Investments Company, a Pennsylvania corporation.

Section 2.04 "Compensation" shall mean the regular salary, wages and commissions paid, during the period of reference, to an Employee by Employer, including the employee's

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elective contribution to deferral accounts under a Salary Reduction Agreement pursuant to a plan established under Section 401(k) of the Internal Revenue Code, but excluding bonuses, overtime payments, shift differential payments,

expense reimbursements of all types, payments in lieu of expenses, Employer contributions to any qualified retirement plan or other program of deferred compensation, Employer contributions to Social Security, the costs paid by Employer in connection with fringe benefits (whether or not the Employee could have elected to receive cash in lieu of such benefits), and any amounts accrued for the benefit of Employee but not paid during the period of reference. Notwithstanding the foregoing, effective May 21, 1998, "Compensation" shall mean the wages and other compensation paid during the period of reference, to an Employee by the Employer, that is reported on Form W-2, and the Employee's elective contributions to deferral accounts under a Salary Reduction Agreement pursuant to a plan established under Section 401(k) or 125 of the Internal Revenue Code.

Section 2.05 "Effective Date" shall mean January 1, 1981.

Section 2.06 "Eligible Employee" shall mean each person who, on the first date of the Purchase Period meets all of the following requirements:

- (a) He/she is an Employee of Employer;
- (b) He/she is not deemed for purposes of Section 423(b)(3) of the Internal Revenue Code to own stock possessing five percent (5%) or more of the total combined voting power or value of all classes of Stock of

Company or Employer.

Section 2.07 "Employee" shall mean each person employed by Employer whose customary employment is for more than twenty (20) hours per week and for more than five (5) months per year.

Section 2.08 "Employer" shall mean Company and each subsidiary of Company that, with the consent of the Board of Directors, has adopted this Plan.

Section 2.09 "Internal Revenue Code" shall mean the United States Internal Revenue Code of 1986, as the same is presently constituted and as it may hereafter be amended, and successor statutes of similar purpose.

Section 2.10 "Market Value" shall mean for any day the average of the closing bid and asked prices of the Stock in the over-the-counter market, as reported through the National Association of Securities Dealers ("NASD") Automated Quotation System or, if the stock is listed or admitted to trading on the NASD National Market System or any national securities exchange or if the last reported sale price of such Stock is generally available, the last reported sale price on such system or exchange. The Market Value for any day for which there is no such bid and asked or last reported sales price shall be the Market Value of the next preceding day for which there is such a price.

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Section 2.11 "Offering" shall mean the offering of shares of Stock under this Plan.

Section 2.12 "Offering Date" shall mean the last business day of each Purchase Period and shall be the date upon which all purchase privileges under this Plan are exercised with respect to each such Purchase Period.

Section 2.13 "Participant" shall mean each Employee who elects to participate in this Plan.

Section 2.14 "Plan" shall mean the SEI Investments Company Employee Stock Purchase Plan, as amended and restated as set forth herein, and as the same may hereafter be amended.

Section 2.15 "Plan Year" shall mean the twelve month period commencing each January 1 and ending on the following December 31.

Section 2.16 "Purchase Agreement" shall mean the document prescribed by the Administrative Committee pursuant to which an Eligible Employee has enrolled to be a Participant in this Plan.

Section 2.17 "Purchase Period" shall mean the period beginning on the first day of the calendar month next following the occurrence of an Offering Date and ending on the last business day of such calendar month.

Section 2.18 "Stock" shall mean the common stock, par value \$.01, of SEI Investments Company.

Section 2.19 "Stock Purchase Account" shall mean a non-interest bearing account consisting of all amounts withheld from the Employee's compensation (or otherwise paid into the Plan) for the purpose of purchasing shares of Stock under this Plan, reduced by all amounts applied to the purchase of Stock under this Plan.

ARTICLE III

ADMISSION TO PARTICIPATION

Section 3.01 Initial Participation. Any Eligible Employee may elect to

be a Participant and may become a Participant by executing and filing with the Administrative Committee, within the timeframe established by the Committee, but in any event a reasonable time prior to an Offering Date, a Purchase Agreement on forms provided by the Administrative Committee. The effective date of an Eligible Employee's participation shall be the first day of the earliest Purchase Period for which it is reasonably possible for the Administrative Committee to effect such Employee's participation.

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Section 3.02 Discontinuance of Participation. Any Participant may

voluntarily withdraw from the Plan by filing a Notice of Withdrawal with the Administrative Committee within the timeframe established by the Committee but in any event within a reasonable time prior to an Offering Date. Within sixty (60) days after such withdrawal, there shall be paid to the Participant the amount, if any, standing to his/her credit in his/her Stock Purchase Account. Amounts paid to a Participant or former Participant pursuant to this Section 3.02 shall not be eligible for redeposit in the Participant's Stock Purchase

Account in the event of the person's readmission to participation.

Section 3.03 Involuntary Withdrawal: Termination of Eligible Employee

Status. If a Participant's continuous service terminates for any reason, or if

a Participant ceases to be an Eligible Employee, the entire amount standing to the Participant's credit in his/her Stock Purchase Account on the effective date of such occurrence shall be used to purchase whole shares of Stock under this Plan as of the next succeeding Offering Date, and any balance thereafter remaining to his/her credit in his/her Stock Purchase Account shall be refunded to him/her. Notwithstanding the foregoing, if the Plan is amended to provide Purchase Periods in excess of three (3) calendar months in duration, and if a Participant's continuous service is terminated for any reason three (3) months or more prior to the next succeeding Offering Date, the entire amount, if any, standing to his/her credit in that Stock Purchase Account shall be refunded to him/her.

Section 3.04 Involuntary Withdrawal: Abuse of Purpose. It is a purpose

of the Plan to facilitate Eligible Employees in becoming shareholders in the Company. In furtherance of this purpose, the Administrative Committee has determined that under normal circumstances Stock purchased under the Plan should be held as a long term investment by Employees. Accordingly, the Administrative Committee, in its sole discretion, may exclude from participation in Offerings under the Plan any Employee who purchases Stock under the Plan and, other than in isolated cases, sells such Stock in violation of the foregoing purpose. Any Employee excluded from participation in Offerings under the Plan pursuant to the provisions of this Section, is not eligible for readmission to participation under the provisions of Section 3.05, and may only be readmitted with the consent of the Administrative Committee.

Section 3.05 Readmission to Participation. Any Eligible Employee who has

previously been a Participant, who has discontinued Participation (whether by interruption of continuous service or otherwise), and who wishes to be reinstated as a Participant may again become a participant by executing and filing with the Administrative Committee a new Purchase Agreement on forms provided by the Administrative Committee. Reinstatement to Participant status shall be effective as of the first day of the first Purchase Period reasonably possible following the date on which the Administrative Committee receives from the Eligible Employee the properly executed Purchase Agreement.

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ARTICLE IV

STOCK PURCHASE

Section 4.01 Reservation of Shares. As of the Effective Date, one

hundred thousand (100,000) shares of Stock were reserved for the Plan, subject to adjustment in accordance with the anti-dilution provisions hereinafter set forth. As of November 17, 1988, four hundred thousand (400,000) shares of Stock were reserved for the Plan, subject to adjustment as provided in the Plan. In 1993, the preceding four hundred thousand (400,000) share limit was adjusted to eight hundred thousand (800,000) shares of Stock to reflect a stock split. Except as provided in Section 4.02 hereof, the aggregate number of shares that may be purchased under the Plan shall not exceed the number of shares reserved for the Plan. Shares of Stock purchased from the Company under the Plan may be either authorized and unissued shares or shares reacquired by the Company and held in its treasury. Effective May 21, 1998, one million three hundred thousand (1,300,000) shares of Stock were reserved for the Plan, subject to adjustment as provided in the Plan.

Section 4.02 Limitation on Shares Available. The maximum number of

shares of Stock that may be purchased for each Participant on an Offering Date is the lesser of (a) the number of whole shares of Stock that can be purchased by applying the full balance of his/her Stock Purchase Account (with such balance determined as of the close of business on the Offering Date of reference) to such purchase of shares at the Purchase Price (as hereinafter determined) or (b) the Participant's proportionate part of the maximum number of shares of Stock available within the limitation established by the maximum aggregate number of such shares reserved for this Plan, as stated in Section 4.01 hereof.

Notwithstanding the foregoing, if any person entitled to purchase shares pursuant to any offering hereunder would be deemed for the purposes of Section 423(b)(3) of the Internal Revenue Code to own stock (including any number of shares that such person would be entitled to purchase hereunder) possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company, the maximum number of shares that such person shall be entitled to purchase pursuant to the Plan shall be reduced to that number which,

when added to the number of shares of Stock that such person is so deemed to own (excluding any number of shares that such person would be entitled to purchase hereunder), is one less share than the number of shares required to attain such five percent (5%) threshold. Any portion of a Participant's Stock Purchase Account that cannot be applied by reason of the foregoing limitation, or by reason of the fact that no fractional shares are purchased or issued under this Plan, shall remain in the Participant's Stock Purchase Account for application to purchase of Stock on the next Offering Date (unless withdrawn before that Offering Date).

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Section 4.03 Purchase Price of Shares. The Purchase Price per share of

the Stock sold to Participants pursuant to any Offering shall be eighty-five percent (85%) of the Market Value of such share on the Offering Date on which such Purchase Period expires. If the Offering Date with respect to the purchase of Stock is a day on which the Stock is selling ex-dividend but is on or before the record date for such dividend, then for Plan purposes the Purchase Price per share will be increased by an amount equal to the dividend per share. In no event shall the Purchase Price be less than the par value of the Stock.

Section 4.04 Exercise of Purchase Privilege.

(a) Subject to the provisions of Section 4.02 above and of paragraph (b) of this Section 4.04, if at the close of business on any Offering Date there is standing to the credit of the Participant in his/her Stock Purchase Account an amount equal to, or greater than, the Purchase Price of one share of Stock for the Offering that shall occur on such Offering Date, there shall be purchased for the Participant at such Purchase Price the largest number of whole shares of Stock as can be purchased with the amount then standing to the Participant's credit in his/her Stock Purchase Account. Each such purchase shall be deemed to have occurred on the Offering Date occurring at the close of the Purchase Period from which the purchase was made.

(b) Participant may not purchase shares of Stock having an aggregate Market Value of more than twenty-five thousand dollars (\$25,000), determined at the time of the Offering Date(s) for each calendar year in which one or more such Offering(s) is/are outstanding at any time, and a Participant may not purchase a share of Stock under any Offering after the Offering Date occurring on the last business day of the Purchase Period for such Offering.

Section 4.05 Establishment of Stock Purchase Account.

(a) Payroll Deductions. The Participant shall authorize payroll

deductions from Compensation for the purposes of funding his/her Stock Purchase Account. In the Purchase Agreement, each Participant shall authorize a deduction from each payment of his/her Compensation during a Purchase Period, which deduction shall be stated as a fixed dollar amount or as a percentage of Compensation, whichever method shall be specified by the Administrative Committee. The amount of any deduction may not be less than one percent (1%) nor more than ten percent (10%) of the gross amount of such payment of Compensation, rounded to the nearest whole dollar amount; provided, however, that effective May 21, 1998, the foregoing ten percent (10%) Compensation limit on the amount of any deduction shall not apply.

The payroll deduction rate or amount may not be reduced or increased during any Purchase Period. However, a Participant may reduce or increase his/her payroll deduction rate or amount for any subsequent Offering by filing a notice thereof within the timeframe established by the Committee but in any event within a reasonable time prior to the first day of the Purchase Period on which such subsequent Offering commences; provided in the case of a reduction that such reduction shall not reduce the payroll deduction rate or amount below one percent (1%) of

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each payment of Compensation per pay period, unless the Participant discontinues participation under Section 3.02 of this Plan, and further provided in the case of an increase the resulting deduction rate or amount shall not be more than ten percent (10%) of each payment of Compensation; provided, however, that effective May 21, 1998, the foregoing ten percent (10%) Compensation limit on increases in a Participant's deduction rate or amount shall not apply.

(b) Lump Sum Contributions. Effective October 15, 1997,

Participants may also make either lump sum cash payments or payments by check to their Stock Purchase Accounts subject to the following rules:

(i) Timing of Contributions.

(A) Participants at the time of their initial

participation or readmission to participation pursuant to Section 3.01 or 3.05 hereof, respectively, may make lump sum contributions to their Stock Purchase Accounts as described herein.

(B) Participants on whose behalf payroll deductions are being made for the purpose of funding their Stock Purchase Accounts may make additional lump sum contributions to those Stock Purchase Accounts during any Purchase Period as described herein.

(ii) Contribution Limitations. Only one such lump sum contribution shall be accepted from any Participant in each Purchase Period and such contribution shall be subject to a minimum of twenty-five dollars (\$25).

Section 4.06 Payment for Stock. The Purchase Price for all shares of

Stock purchased by any Participant under this Plan shall be paid out of the Participant's Stock Purchase Account. As of each Offering Date, the Participant's Stock Purchase Account shall be charged with the aggregate Purchase Price of the shares of Stock purchased by such Participant on the Offering Date. The remaining balance standing to the Participant's credit in his/her Stock Purchase Account shall remain credited to such Stock Purchase Account for the next succeeding Offering under this Plan. No interest shall be paid or payable with respect to any amount held in the Participant's Stock Purchase Account.

Section 4.07 Share Ownership: Issuance of Certificates.

(a) The shares purchased by a Participant on an Offering Date shall, for all purposes, be deemed to have been issued and/or sold at the close of business on such Offering Date. Prior to that time, none of the rights or privileges of a shareholder of the Company shall inure to the Participant with respect to such shares. All the shares of Stock purchased under the Plan shall be delivered by the Company in a manner as determined by the Administrative Committee, provided, however, that all shares acquired by Participants during any Purchase

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Period shall be delivered not later than one hundred twenty (120) days following the last day of such Purchase Period.

(b) The Administrative Committee, in its sole discretion, may determine that the shares of Stock shall be delivered by the Company to the Participant by issuing and delivering a certificate for the number of shares of Stock purchased by a Participant on an Offering Date or during a Plan Year, or that the shares of Stock purchased by all Participants shall be delivered to a member of the National Association of Securities Dealers, as selected by the Administrative Committee from time to time, which shares shall be maintained by such member firm in separate brokerage accounts for each Participant. Each certificate or brokerage account, as the case may be, may be in the name of the Participant or, if he/she designates on his/her Stock Purchase Agreement, in his/her name jointly with his/her spouse, with right of survivorship. A Participant who is a resident of a jurisdiction that does not recognize such joint tenancy may have a certificate or brokerage account in his/her name as tenant in common with his/her spouse, without right of survivorship. Such designation may be changed by filing notice thereof.

ARTICLE V

SPECIAL ADJUSTMENTS -----

Section 5.01 Shares Unavailable. If, on any Offering Date, the aggregate

funds available for the purchase of Stock would purchase a number of shares in excess of the number of shares then available for purchase under the Plan, the following events shall occur:

(a) The number of shares that would otherwise be purchased by each Participant shall be proportionately reduced on the Offering Date in order to eliminate such excess;

(b) The Plan shall automatically terminate immediately after the Offering Date as of which the supply of available shares is exhausted; and

(c) Any amount remaining in the Stock Purchase Accounts of each of the Participants shall be repaid to such Participants.

Section 5.02 Anti-Dilution Provisions. The aggregate number of shares of

Stock reserved for purchase under the Plan, as hereinabove provided, and the calculation of the Purchase Price per share may (but need not) be adjusted by the Administrative Committee in any manner in which the Committee, in its

absolute discretion subject only to the approval of the Board of Directors, deems appropriate to reflect any change in, reclassification of, subdivision of, combination of, split-up or spin off with respect to, stock dividend on, exchange of, or other increase or decrease in the number of issued shares of Stock.

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Section 5.03 Effect of Certain Transactions. Subject to any required

action by the shareholders, if the Company shall be the surviving or resulting corporation in any merger or consolidation, any Offering hereunder shall pertain to and apply to the shares of stock of the Company. However, in the event of a dissolution or liquidation of the Company, or of a merger or consolidation in which the Company is not the surviving or resulting corporation, this Plan and any Offering hereunder shall terminate upon the effective date of such dissolution, liquidation, merger, or consolidation, and the balance then standing to the credit of each Participant in his/her Stock Purchase Account shall be returned to him/her.

ARTICLE VI

MISCELLANEOUS

Section 6.01 Non-Alienation. The right to purchase shares of Stock under

this Plan is personal to the Participant, is exercisable only by the Participant during his/her lifetime except as hereinafter set forth, and may not be assigned or otherwise transferred by the Participant. Notwithstanding the foregoing, there shall be delivered to the executor, administrator or other personal representative of a deceased Participant such shares of Stock and such residual balance as may remain in the Participant's Stock Purchase Account as of the Offering Date occurring at the close of the Purchase Period in which the Participant's death occurs, including shares of Stock purchased by the Participant and/or withheld from the Participant's compensation.

Section 6.02 Administrative Costs. The Company shall pay all

administrative expenses associated with the operation of this Plan. No administrative charges shall be levied against the Stock Purchase Accounts of the Participants.

Section 6.03 Administrative Committee. The Board of Directors shall

appoint an Administrative Committee (which may be referred to as the "Stock Purchase Plan Committee"), which shall have the authority and power to administer the Plan and to make, adopt, construe, and enforce rules and regulations not inconsistent with the provisions of the Plan. The Administrative Committee shall adopt and prescribe the contents of all forms required in connection with the administration of this Plan, including, but not limited to, the Purchase Agreement, payroll withholding authorizations, withdrawal documents, and all other notices required hereunder. The Administrative Committee's interpretations and decisions in respect of this Plan, the rules and regulations pursuant to which it is operated, and the rights of Participants hereunder shall be final and conclusive.

Section 6.04 Amendment of the Plan. The Board of Directors may, at any

time and from time to time, amend the Plan in any respect, except that no amendment may

(a) except as provided in Section 5.02 hereof, increase the number of shares reserved for purposes of this Plan;

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(b) allow any person who is not an Eligible Employee to become a Participant; or

(c) prior to May 21, 1998 materially increase the benefits accruing to Participants under the Plan;

without the approval of the shareholders, nor may any amendment provide for (i) Purchase Periods shorter in duration than one (1) calendar month nor longer in duration than twelve (12) calendar months (treating as a calendar month any month commencing on the first day thereof and ending on either the last day thereof or the last business day thereof) or (ii) overlapping Purchase Periods.

Section 6.05 Expiration and Termination of the Plan. The Plan shall

continue in effect through May 20, 2008 unless terminated prior thereto pursuant to the provisions of this Plan or pursuant to action by the Board of Directors, which shall have the right to terminate the Plan at any time without prior notice to any Participant. Upon the expiration or termination of this

Plan, the balance, if any, then standing to the credit of each Participant in his/her Stock Purchase Account shall be refunded to him/her.

Section 6.06 Repurchase of Stock. The Company shall not be required to

purchase or repurchase from any Participant any of the shares of Stock that the Participant acquired under this Plan.

Section 6.07 Notice. A Purchase Agreement and any notice that a

Participant files pursuant to the Plan shall be on the form prescribed by the Administrative Committee and shall be effective only when received by the Administrative Committee. Delivery of such forms may be made by hand or by certified mail, sent postage prepaid, to SEI Investments Company, One Freedom Valley Drive, Oaks, Pennsylvania 19456, Attention: Stock Purchase Plan Committee.

Section 6.08 Government Regulation. The Company's obligation to sell and

to deliver the Stock under the Plan is at all times subject to compliance with all laws and administrative regulations pertaining to the authorization, issuance, sale, or delivery of such stock, including state and federal securities laws and the regulations of any securities exchange, if applicable.

Section 6.09 Headings, Captions, Gender. The headings and captions

herein are for convenience of reference only and shall not be considered as a part of the text.

Section 6.10 Severability of Provisions; Prevailing Law The provisions

of this Plan shall be deemed severable. In the event any such provision is determined to be unlawful or unenforceable by a court of competent jurisdiction or by reason of a change in an applicable statute, the Plan shall continue to exist as though such provisions had never been included therein. This Plan shall be governed by the laws of the Commonwealth of Pennsylvania, to the extent such laws are not in conflict with or superseded by federal law.

SEI INVESTMENTS COMPANY
1998 EQUITY COMPENSATION PLAN

The purpose of the SEI Investments Company 1998 Equity Compensation Plan (the "Plan") is to provide (i) designated employees of SEI Investments Company (the "Company") and its subsidiaries, (ii) certain consultants and advisors who perform services for the Company or its subsidiaries and (iii) non-employee members of the Board of Directors of the Company (the "Board") with the opportunity to receive grants of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock and performance units. The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefitting the Company's shareholders, and will align the economic interests of the participants with those of the shareholders. For purposes of the Plan, the term subsidiary shall refer to any company (whether a corporation, partnership, joint venture or other entity) in which the Company owns, directly or indirectly, a majority of the shares of capital stock or other equity interest.

1. Administration

(a) Committee. The Plan shall be administered and interpreted by a

committee consisting of two or more persons appointed by the Board (the "Committee"), each of whom may, but need not, be an "outside director" as defined under section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and related Treasury regulations and a "non-employee director" as defined under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). However, the Board may ratify or approve (and, in the case of grants to the members of the Committee, shall approve) grants, in which case references to the Committee shall be deemed to include the Board.

(b) Committee Authority. The Committee shall have the sole authority to

(i) determine the individuals to whom grants shall be made under the Plan, (ii) determine the type, size and terms of the grants to be made to each such individual, (iii) determine the time when the grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability and (iv) deal with any other matters arising under the Plan. Notwithstanding the foregoing, in addition to any other grants made by the Committee to Non-Employee Directors in accordance with the terms of the Plan, Non-Employee Directors shall receive stock option grants pursuant to the provisions of Section 6.

(c) Committee Determinations. The Committee shall have full power and

authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated individuals.

2. Grants

Awards under the Plan may consist of grants of stock options as described in Section 5 and Section 6 ("Options"), restricted stock as described in Section 7 ("Restricted Stock"), stock appreciation rights as described in Section 8 ("SARs"), performance units as described in Section 9 ("Performance Units") or a combination of the foregoing (hereinafter collectively referred to as "Grants"). All Grants shall be subject to the terms and conditions set forth herein and to such other terms and conditions consistent with this Plan as the Committee deems appropriate and as are specified in writing by the Committee to the individual in a grant instrument or an amendment to the grant instrument (the "Grant Instrument"). The Committee shall approve the form and provisions of each Grant Instrument. Grants under a particular Section of the Plan need not be uniform as among the grantees.

3. Shares Subject to the Plan

(a) Shares Authorized. Subject to the adjustment specified below, the

aggregate number of shares of common stock of the Company ("Company Stock") that may be issued or transferred under the Plan is the sum of (i) 1,500,000 shares and (ii) the number of shares of Company Stock reserved for issuance, but not subject to outstanding or previously exercised option grants, as of the Effective Date of the Plan, under the Company's Stock Option Plan and 1997 Stock Option Plan, plus any shares of Company Stock that, but for the termination of such plans, would have again become available for grants after the Effective Date of this Plan, by reason of the termination, expiration, cancellation, forfeiture or surrender of options previously granted under such plans; provided, however, that the maximum number of shares of Company Stock for which Incentive Stock Options may be granted during the term of the Plan is 1,500,000 shares. The maximum aggregate number of shares of Company Stock that shall be subject to Grants made under the Plan to any individual during any calendar year shall be 100,000 shares. The shares may be authorized but unissued shares of Company Stock or reacquired shares of Company Stock, including shares purchased by the Company on the open market for purposes of the Plan. If and to the extent Options or SARs granted under the Plan terminate, expire, or are canceled, forfeited, exchanged or surrendered without having been exercised or if any shares of Restricted Stock or Performance Units are forfeited, the shares subject to such Grants shall again be available for purposes of the Plan. Any shares of Company Stock delivered to the Company

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to exercise an Option granted under the Plan, or to satisfy the Company's withholding obligation with respect to any Grant, shall also become available for the issuance of Grants under the Plan.

(b) Adjustments. If there is any change in the number or kind of shares of

Company Stock outstanding (i) by reason of a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) by reason of a merger, reorganization or consolidation in which the Company is the surviving corporation, (iii) by reason of a reclassification or change in par value, or (iv) by reason of any other extraordinary or unusual event affecting the outstanding Company Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Company Stock is substantially reduced as a result of a spinoff or the Company's payment of an extraordinary dividend or distribution, the maximum number of shares of Company Stock available for Grants, the maximum number of shares of Company Stock that any individual participating in the Plan may be granted in any year, the number of shares covered by outstanding Grants, the kind of shares issued under the Plan, and the price per share or the applicable market value of such Grants may be appropriately adjusted by the Committee to reflect any increase or decrease in the number of, or change in the kind or value of, issued shares of Company Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under such Grants; provided, however, that any fractional shares resulting from such adjustment shall be eliminated. Any adjustments determined by the Committee shall be final, binding and conclusive.

4. Eligibility for Participation

(a) Eligible Persons. All employees of the Company and its subsidiaries

("Employees"), including Employees who are officers or members of the Board, and members of the Board who are not Employees ("Non-Employee Directors") shall be eligible to participate in the Plan. Consultants and advisors who perform valuable services to the Company or any of its subsidiaries ("Key Advisors") shall be eligible to participate in the Plan if the Key Advisors render bona fide services and such services are not rendered in connection with the offer or sale of securities in a capital-raising transaction.

(b) Selection of Grantees. The Committee shall select the Employees and

Key Advisors to receive Grants and shall determine the number of shares of Company Stock subject to a particular Grant in such manner as the Committee determines; provided, however, that Non-Employee Directors shall receive Grants in accordance with Section 6 hereof, in addition to any other Grants that the Committee determines shall be made in accordance with the terms of the Plan. Employees, Key Advisors and Non-Employee Directors who receive Grants under this Plan shall hereinafter be referred to as "Grantees".

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5. Granting of Options

(a) Number of Shares. The Committee shall determine the number of shares

of Company Stock that will be subject to each Grant of Options under this Section 5 to Employees, Non-Employee Directors and Key Advisors.

(b) Type of Option and Price.

(i) The Committee may grant Incentive Stock Options that are intended to qualify as "incentive stock options" within the meaning of section 422 of the Code ("Incentive Stock Options") or Options that are not intended to so qualify ("Nonqualified Stock Options") or any combination of Incentive Stock Options and Nonqualified Stock Options, all in accordance with the terms and conditions set forth herein. Incentive Stock Options may be granted only to Employees. Nonqualified Stock Options under this Section 5 may be granted to Employees, Non-Employee Directors and Key Advisors.

(ii) The purchase price (the "Exercise Price") of Company Stock subject to an Option shall be determined by the Committee and shall not be less than the Fair Market Value (as defined below) of a share of Company Stock on the date the Option is granted; provided, however, that an Incentive Stock Option may not be granted to an Employee who, at the time of grant, owns stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Company or any "parent corporation" or "subsidiary corporation" of the Company (within the meaning of sections 424(e) and 424(f) of the Code, respectively), unless the Exercise Price per share is not less than 110% of the Fair Market Value of Company Stock on the date of grant. Notwithstanding the foregoing, the Exercise Price of Company Stock subject to a Nonqualified Stock Option may be less than the Fair Market Value of a share of Company Stock on the date the Option is granted ("Discounted Option"), if the grant thereof is subject to the satisfaction of specified performance goals which may, but need not, be in accordance with Section 10 hereof.

(iii) If the Company Stock is publicly traded, then the Fair Market Value per share shall be determined as follows: (x) if the principal trading market for the Company Stock is a national securities exchange or the Nasdaq National Market, the last reported sale price thereof on the relevant date or (if there were no trades on that date) the latest preceding date upon which a sale was reported, or (y) if the Company Stock is not principally traded on such exchange or market, the mean between the last reported "bid" and "asked" prices of Company Stock on the relevant date, as reported on Nasdaq or, if not so reported, as reported by the National Daily Quotation Bureau, Inc. or as reported in a customary financial reporting service, as applicable and as the Committee determines. If the Company Stock is not publicly traded or, if publicly traded, is not subject to reported transactions or "bid" or "asked" quotations as set forth above, the Fair Market Value per share shall be as determined by the Committee.

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(c) Option Term. The Committee shall determine the term of each Option.

The term of any Option shall not exceed ten years from the date of grant. However, an Incentive Stock Option that is granted to an Employee who, at the time of grant, owns stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Company, or any parent or subsidiary of the Company, may not have a term that exceeds five years from the date of grant.

(d) Exercisability of Options. Options shall become exercisable in

accordance with such terms and conditions, consistent with the Plan, as may be determined by the Committee and specified in the Grant Instrument. The Committee may accelerate the exercisability of any or all outstanding Options at any time for any reason.

(e) Termination of Employment or Service.

(i) Except as provided below, an Option may only be exercised while the Grantee is employed by, or providing service to, the Company as an Employee, Key Advisor or member of the Board. In the event that a Grantee ceases to be employed by, or provide service to, the Company for any reason other than a "disability", death, or termination for "cause", any Option which is otherwise exercisable by the Grantee shall terminate unless exercised within 90 days after the date on which the Grantee ceases to be employed by, or provide service to, the Company (or within such other period of time as may be specified by the Committee), but in any event no later than the date of expiration of the Option term. Except as otherwise provided by the Committee, any of the Grantee's Options that are not otherwise exercisable as of the date on which the Grantee ceases to be employed by, or provide service to, the Company shall terminate as of such date.

(ii) In the event the Grantee ceases to be employed by, or provide service to, the Company on account of a termination for "cause" by the Company, any Option held by the Grantee shall terminate as of the date the Grantee ceases to be employed by, or provide service to, the Company.

(iii) In the event the Grantee ceases to be employed by, or provide

service to, the Company because the Grantee is "disabled", any Option which is otherwise exercisable by the Grantee shall terminate unless exercised within one year after the date on which the Grantee ceases to be employed by, or provide service to, the Company (or within such other period of time as may be specified by the Committee), but in any event no later than the date of expiration of the Option term. Except as otherwise provided by the Committee, any of the Grantee's Options which are not otherwise exercisable as of the date on which the Grantee ceases to be employed by, or provide service to, the Company shall terminate as of such date.

(iv) If the Grantee dies while employed by, or providing service to, the Company or within 90 days after the date on which the Grantee ceases to be employed or provide service on account of a termination specified in Section 5(e)(i) above (or within such other period

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of time as may be specified by the Committee), any Option that is otherwise exercisable by the Grantee shall terminate unless exercised within one year after the date on which the Grantee ceases to be employed by, or provide service to, the Company (or within such other period of time as may be specified by the Committee), but in any event no later than the date of expiration of the Option term. Except as otherwise provided by the Committee, any of the Grantee's Options that are not otherwise exercisable as of the date on which the Grantee ceases to be employed by, or provide service to, the Company shall terminate as of such date.

(v) For purposes of this Section 5(e) and Sections 7, 8 and 9:

(A) The term "Company" shall mean the Company and its subsidiaries.

(B) "Employed by, or provide service to, the Company" shall mean employment or service as an Employee, Key Advisor or member of the Board (so that, for purposes of exercising Options and SARs and satisfying conditions with respect to Restricted Stock and Performance Units, a Grantee shall not be considered to have terminated employment or service until the Grantee ceases to be an Employee, Key Advisor and member of the Board), unless the Committee determines otherwise.

(C) "Disability" shall mean a Grantee's becoming disabled within the meaning of section 22(e)(3) of the Code.

(D) "Cause" shall mean, (i) the Grantee's willful misconduct with respect to the business and affairs of the Company; (ii) the Grantee's gross neglect of duties or failure to act which materially and adversely affects the business or affairs of the Company; (iii) the Grantee's commission of an act involving embezzlement or fraud or conviction for any felony; or the (iv) the Grantee's breach of an employment or consulting agreement with the Company.

(f) Exercise of Options. A Grantee may exercise an Option that has become

exercisable, in whole or in part, by delivering a notice of exercise to the Company with payment of the Exercise Price. The Grantee shall pay the Exercise Price for an Option as specified by the Committee (x) in cash, (y) with the approval of the Committee, by delivering shares of Company Stock owned by the Grantee (including Company Stock acquired in connection with the exercise of an Option, subject to such restrictions as the Committee deems appropriate) and having a Fair Market Value on the date of exercise equal to the Exercise Price or (z) by such other method as the Committee may approve, including payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board. Shares of Company Stock used to exercise an Option shall have been held by the Grantee for the requisite period of time to avoid adverse accounting consequences to the Company with respect to the Option. The Grantee shall pay the Exercise Price and the amount of any withholding tax due (pursuant to Section 11) at the time of exercise.

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(g) Limits on Incentive Stock Options. Each Incentive Stock Option shall

provide that, if the aggregate Fair Market Value of the Company Stock on the date of the grant with respect to which Incentive Stock Options are exercisable for the first time by a Grantee during any calendar year, under the Plan or any other stock option plan of the Company or a subsidiary, exceeds \$100,000, then such Option, as to the excess, shall be treated as a Nonqualified Stock Option. An Incentive Stock Option shall not be granted to any person who is not an Employee of the Company or a parent corporation or a subsidiary corporation (within the meaning of sections 424(e) and 424(f) of the Code, respectively).

6. Formula Option Grants to Non-Employee Directors.

In addition to any other Grants made by the Committee to a Non-Employee Director, a Non-Employee Director shall be entitled to receive Options under the

Plan in accordance with this Section 6.

(a) Initial Grant. Each Non-Employee Director who first becomes a member

of the Board of Directors of the Company after the Effective Date of this Plan (as specified in Section 21) shall receive a grant of a Nonqualified Stock Option to purchase 8,000 shares of Company Stock on the date as of which he or she first becomes a member of the Board or at such other proximate time as the Committee may determine.

(b) Annual Grants. Each Non-Employee Director shall receive an annual

grant of a Nonqualified Stock Option to purchase 4,000 shares of Company Stock; provided that such Non-Employee Director qualifies as such on the date of grant. The date of grant of each such annual grant shall be December 31, the date of any year end grants to employees under this Plan or such other proximate time as the Committee shall determine.

(c) Option Price. The option price of the shares of Company Stock subject

to an Option granted under this Section 6 shall be equal to the Fair Market Value of the shares of Company Stock on the date of grant.

(d) Option Term and Exercisability. The term of each Option granted

pursuant to this Section 6 shall be ten years. Options granted under this Section 6 shall become exercisable in four equal installments of whole number of shares on the first, second, third and fourth anniversaries of the date of grant, unless otherwise determined by the Committee. No option, or portion thereof, granted under this Section 6 shall vest or become exercisable after the Grantee ceases to provide services to the Company and all Options shall terminate automatically on the earliest to occur of the expiration of the option term (as described above), or one of the following events:

(i) Upon expiration of ten (10) days after notice by the Company pursuant to Section 13(b)(ii) of the sale of all or substantially all of its assets;

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(ii) Thirty (30) days after the date the Non-Employee Director ceases to provide services to the Company for any reason other than death or disability; or

(iii) One year after the date the Non-Employee Director ceases to provide services to the Company as a result of death or disability.

(e) Applicability of Plan Provisions. Except as otherwise provided in this

Section 6, options granted to Non-Employee Directors shall be subject to the provisions of this Plan applicable to Options granted to other persons.

(f) Administration. Except to the extent provided herein, the provisions

of this Section 6 are intended to operate automatically and not require administration. To the extent that any administrative determinations are required, any determinations with respect to the provisions of this Section 6 shall be made by the Committee. If at any time there are not sufficient shares of Company Stock available under the Plan to permit a grant as described in this Section 6, the Grant shall be reduced pro rata (to zero, if necessary) so as not to exceed the number of shares then available under the Plan.

7. Restricted Stock Grants -----

The Committee may issue or transfer shares of Company Stock to an Employee, Non-Employee Director or Key Advisor under a Grant of Restricted Stock, upon such terms as the Committee deems appropriate. The following provisions are applicable to Restricted Stock:

(a) General Requirements. Shares of Company Stock issued or transferred

pursuant to Restricted Stock Grants may be issued or transferred for consideration or for no consideration, as determined by the Committee in its sole discretion. The Committee may establish conditions under which restrictions on shares of Restricted Stock shall lapse over a period of time or according to such other criteria as the Committee deems appropriate. The period of time during which the Restricted Stock will remain subject to restrictions will be designated in the Grant Instrument as the "Restriction Period."

(b) Number of Shares. The Committee shall determine the number of shares

of Company Stock to be issued or transferred pursuant to a Restricted Stock Grant and the restrictions applicable to such shares.

(c) Requirement of Employment or Service. If the Grantee ceases to be

employed by, or provide service to, the Company (as defined in Section 5(e)) during a period designated in the Grant Instrument as the Restriction Period, or if other specified conditions are not met, the Restricted Stock Grant shall terminate as to all shares covered by the Grant as to which the restrictions have not lapsed, and those shares of Company Stock must be immediately returned to the Company. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

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(d) Restrictions on Transfer and Legend on Stock Certificate. During the

Restriction Period, a Grantee may not sell, assign, transfer, pledge or otherwise dispose of the shares of Restricted Stock except to a Successor Grantee under Section 12(a). Each certificate for a share of Restricted Stock shall contain a legend giving appropriate notice of the restrictions in the Grant. The Grantee shall be entitled to receive a stock certificate or certificates, or have the legend removed from the stock certificate or certificates covering any of the shares subject to restrictions, as applicable, when all restrictions on such shares have lapsed. The Committee may determine, in its sole discretion, that the Company will not issue certificates for shares of Restricted Stock until all restrictions on such shares have lapsed, or that the Company will retain possession of certificates for any shares issued pursuant to a Restricted Stock Grant, until all restrictions on such shares have lapsed.

(e) Right to Vote and to Receive Dividends. Unless the Committee

determines otherwise, during the Restriction Period, the Grantee shall have the right to vote shares of Restricted Stock for which certificates have been issued or transferred to the Grantee and to receive any dividends or other distributions paid on such shares, subject to any restrictions deemed appropriate by the Committee.

(f) Lapse of Restrictions. All restrictions imposed on Restricted Stock

shall lapse upon the expiration of the applicable Restriction Period and the satisfaction of all conditions imposed by the Committee. The Committee may determine, as to any or all Restricted Stock Grants, that the restrictions shall lapse without regard to any Restriction Period.

8. Stock Appreciation Rights

(a) General Requirements. The Committee may grant stock appreciation

rights ("SARs") to an Employee, Non-Employee Director or Key Advisor separately or in tandem with any Option (for all or a portion of the applicable Option). Tandem SARs may be granted either at the time the Option is granted or at any time thereafter while the Option remains outstanding; provided, however, that, in the case of an Incentive Stock Option, SARs may be granted only at the time of the Grant of the Incentive Stock Option. The Committee shall establish the base amount of the SAR at the time the SAR is granted. Unless the Committee determines otherwise, the base amount of each SAR shall be equal to the per share Exercise Price of the related Option or, if there is no related Option, the Fair Market Value of a share of Company Stock as of the date of Grant of the SAR.

(b) Tandem SARs. In the case of tandem SARs, the number of SARs granted to

a Grantee that shall be exercisable during a specified period shall not exceed the number of shares of Company Stock that the Grantee may purchase upon the exercise of the related Option during such period. Upon the exercise of an Option, the SARs relating to the Company Stock covered by such Option shall terminate. Upon the exercise of SARs, the related Option shall terminate to the extent of an equal number of shares of Company Stock.

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(c) Exercisability. An SAR shall be exercisable during the period

specified by the Committee in the Grant Instrument and shall be subject to such vesting and other restrictions as may be specified in the Grant Instrument. The Committee may accelerate the exercisability of any or all outstanding SARs at any time for any reason. SARs may only be exercised while the Grantee is employed by the Company or during the applicable period after termination of employment as described in Section 5(e). A tandem SAR shall be exercisable only during the period when the Option to which it is related is also exercisable.

(d) Value of SARs. When a Grantee exercises SARs, the Grantee shall

receive in settlement of such SARs an amount equal to the value of the stock appreciation for the number of SARs exercised, payable in cash, Company Stock or

a combination thereof. The stock appreciation for an SAR is the amount by which the Fair Market Value of the underlying Company Stock on the date of exercise of the SAR exceeds the base amount of the SAR as described in Subsection (a).

(e) Form of Payment. The Committee shall determine whether the

appreciation in an SAR shall be paid in the form of cash, shares of Company Stock, or a combination of the two, in such proportion as the Committee deems appropriate. For purposes of calculating the number of shares of Company Stock to be received, shares of Company Stock shall be valued at their Fair Market Value on the date of exercise of the SAR. If shares of Company Stock are to be received upon exercise of an SAR, cash shall be delivered in lieu of any fractional share.

9. Performance Units

(a) General Requirements. The Committee may grant performance units

("Performance Units") to an Employee or Key Advisor. Each Performance Unit shall represent the right of the Grantee to receive an amount based on the value of the Performance Unit, if performance goals established by the Committee are met. A Performance Unit shall be based on the Fair Market Value of a share of Company Stock or on such other measurement base as the Committee deems appropriate. The Committee shall determine the number of Performance Units to be granted and the requirements applicable to such Units.

(b) Performance Period and Performance Goals. When Performance Units are

granted, the Committee shall establish the performance period during which performance shall be measured (the "Performance Period"), performance goals applicable to the Units ("Performance Goals") and such other conditions of the Grant as the Committee deems appropriate. Performance Goals may relate to the financial performance of the Company or its operating units, the performance of Company Stock, individual performance, or such other criteria as the Committee deems appropriate.

(c) Payment with respect to Performance Units. At the end of each

Performance Period, the Committee shall determine to what extent the Performance Goals and other conditions of the Performance Units are met and the amount, if any, to be paid with respect to the

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Performance Units. Payments with respect to Performance Units shall be made in cash, in Company Stock, or in a combination of the two, as determined by the Committee.

(d) Requirement of Employment or Service. If the Grantee ceases to be

employed by, or provide service to, the Company (as defined in Section 5(e)) during a Performance Period, or if other conditions established by the Committee are not met, the Grantee's Performance Units shall be forfeited. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

10. Qualified Performance-Based Compensation.

(a) Designation as Qualified Performance-Based Compensation. The Committee

may determine that Performance Units, Discounted Options or Restricted Stock granted to an Employee shall be considered "qualified performance-based compensation" under section 162(m) of the Code. The provisions of this Section 10 shall apply to Grants of Discounted Options, Performance Units and Restricted Stock that are to be considered "qualified performance-based compensation" under section 162(m) of the Code.

(b) Performance Goals. When Discounted Options, Performance Units or

Restricted Stock that are to be considered "qualified performance-based compensation" are granted, the Committee shall establish in writing (i) the objective performance goals that must be met in order for Discounted Options to be granted, restrictions on the Restricted Stock to lapse or amounts to be paid under the Performance Units, (ii) the Performance Period during which the performance goals must be met, (iii) the threshold, target and maximum amounts that may be paid if the performance goals are met, and (iv) any other conditions, including without limitation provisions relating to death, disability, other termination of employment or Change of Control, that the Committee deems appropriate and consistent with the Plan and section 162(m) of the Code. The performance goals may relate to the Employee's business unit or the performance of the Company and its subsidiaries as a whole, or any combination of the foregoing. The Committee shall use objectively determinable performance goals based on one or more of the following criteria: stock price,

earnings per share, net earnings, operating earnings, return on assets, shareholder return, return on equity, growth in assets, unit volume, sales, market share, or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, geographic business expansion goals, cost targets or goals relating to acquisitions or divestitures.

(c) Establishment of Goals. The Committee shall establish the performance

goals in writing either before the beginning of the Performance Period or during a period ending no later than the earlier of (i) 90 days after the beginning of the Performance Period or (ii) the date on which 25% of the Performance Period has been completed, or such other date as may be required or permitted under applicable regulations under section 162(m) of the Code. The performance goals shall satisfy the requirements for "qualified performance-based compensation," including the requirement that the achievement of the goals be substantially uncertain at the time they are

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established and that the goals be established in such a way that a third party with knowledge of the relevant facts could determine whether and to what extent the performance goals have been met. The Committee shall not have discretion to increase the amount of compensation that is payable upon achievement of the designated performance goals.

(d) Maximum Payment. If Discounted Options, Restricted Stock, or

Performance Units measured with respect to the fair market value of Company Stock, are granted, not more than 100,000 shares of Company Stock may be granted to an Employee under Discounted Options, Performance Units or Restricted Stock for any Performance Period. If Performance Units are measured with respect to other criteria, the maximum amount that may be paid to an Employee with respect to a Performance Period is \$1,000,000.

(e) Announcement of Grants. The Committee shall certify and announce the

results for each Performance Period to all Grantees immediately following the announcement of the Company's financial results for the Performance Period. If and to the extent that the Committee does not certify that the performance goals have been met, the grants of Restricted Stock or Performance Units for the Performance Period shall be forfeited.

11. Withholding of Taxes

(a) Required Withholding. All Grants under the Plan shall be subject to

applicable federal (including FICA), state and local tax withholding requirements. The Company may require the Grantee or other person receiving shares to pay the Company the amount of any such taxes that the Company is required to withhold with respect to such Grants or the Company may deduct from the amount payable under a Grant or from other wages paid by the Company the amount of any withholding taxes due with respect to such Grants.

(b) Election to Withhold Shares. If the Committee so permits, a Grantee

may elect to satisfy the Company's income tax withholding obligation with respect to an Option, SAR, Restricted Stock or Performance Units paid in Company Stock by having shares withheld up to an amount that does not exceed the Grantee's minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities. The election must be in a form and manner prescribed by the Committee and shall be subject to the prior approval of the Committee.

12. Transferability of Grants

(a) Nontransferability of Grants. Except as provided below, only the

Grantee may exercise rights under a Grant during the Grantee's lifetime. A Grantee may not transfer those rights except by will or by the laws of descent and distribution or, with respect to Grants other than Incentive Stock Options, if permitted in any specific case by the Committee, in its sole discretion, pursuant to a domestic relations order (as defined under the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the regulations thereunder).

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When a Grantee dies, the personal representative or other person entitled to succeed to the rights of the Grantee ("Successor Grantee") may exercise such rights. A Successor Grantee must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Grantee's will or under the applicable laws of descent and distribution.

(b) Transfer of Nonqualified Stock Options. Notwithstanding the foregoing,

the Committee may provide, in a Grant Instrument, that a Grantee may transfer Nonqualified Stock Options to family members, one or more trusts for the benefit of family members, one or more partnerships of which family members are the only partners, or other persons or entities, according to such terms as the Committee may determine; provided that the Grantee receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

13. Change of Control of the Company

As used herein, a "Change of Control" shall be deemed to have occurred if:

(a) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than Alfred P. West, Jr., becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the voting power of the then outstanding securities of the Company;

(b) The shareholders of the Company approve (or, if shareholder approval is not required, the Board approves) an agreement providing for (i) the merger or consolidation of the Company with another corporation where the shareholders of the Company, immediately prior to the merger or consolidation, will not beneficially own, immediately after the merger or consolidation, shares entitling such shareholders to 50% or more of all votes to which all shareholders of the surviving corporation would be entitled in the election of directors (without consideration of the rights of any class of stock to elect directors by a separate class vote), (ii) the sale or other disposition of all or substantially all of the assets of the Company, or (iii) a liquidation or dissolution of the Company;

(c) Any person, other than the Company, has commenced a tender offer or exchange offer for 30% or more of the voting power of the then outstanding shares of the Company; or

(d) At least a majority of the Board does not consist of individuals who were elected, or nominated for election, by the directors in office at the time of such election or nomination.

14. Consequences of a Change of Control

(a) Notice and Acceleration. Upon a Change of Control, unless the Board

determines otherwise, (i) the Company shall provide each Grantee with outstanding Grants written notice of

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such Change of Control, (ii) all outstanding Options and SARs shall automatically accelerate and become fully exercisable, (iii) the restrictions and conditions on all outstanding Restricted Stock shall immediately lapse, and (iv) Grantees holding Performance Units shall receive a payment in settlement of such Performance Units, in an amount determined by the Committee, based on the Grantee's target payment for the Performance Period and the portion of the Performance Period that precedes the Change of Control.

(b) Assumption of Grants. Upon a Change of Control where the Company is

not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Board determines otherwise, all outstanding Options and SARs that are not exercised shall be assumed by, or replaced with comparable options or rights by, the surviving corporation.

(c) Other Alternatives. Notwithstanding the foregoing, subject to

subsection (d) below, in the event of a Change of Control, the Board may take one or both of the following actions: the Board may (i) require that Grantees surrender their outstanding Options and SARs in exchange for a payment by the Company, in cash or Company Stock as determined by the Board, in an amount equal to the amount by which the then Fair Market Value of the shares of Company Stock subject to the Grantee's unexercised Options and SARs exceeds the Exercise Price of the Options or the base amount of the SARs, as applicable, or (ii) after giving Grantees an opportunity to exercise their outstanding Options and SARs, terminate any or all unexercised Options and SARs at such time as the Board deems appropriate. Such surrender or termination shall take place as of the date of the Change of Control or such other date as the Board may specify.

(d) Board. The Board making the determinations under this Section 14

following a Change of Control must be comprised of the same members as those on

the Board immediately before the Change of Control. If the Board members do not meet this requirement, the automatic provisions of Subsections (a) and (b) shall apply, and the Board shall not have discretion to vary them.

(e) Limitations.

(i) Notwithstanding anything in the Plan to the contrary, in the event of a Change of Control, neither the Committee nor the Board shall have the right to take any actions described in the Plan (including without limitation actions described in Subsection (c) above) that would make the Change of Control ineligible for pooling of interests accounting treatment or that would make the Change of Control ineligible for desired tax treatment if, in the absence of such right, the Change of Control would qualify for such treatment and the Company intends to use such treatment with respect to the Change of Control.

(ii) The Committee shall limit the application of Section 14 if it determines that: (i) a Grantee will receive an "excess parachute payment," as defined in section 280G of the Code, that will be subject to an excise tax under section 4999 of the Code, and (ii) the

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Committee's imposition of limits on the application Section 14 will result in a Grantee receiving a larger amount on an after-tax basis than he would have received had the Committee not imposed such limitations. If the Committee must limit application of Section 14 as a result of the foregoing, it shall do so in manner that (A) maximizes total compensation paid to the Grantee without causing any compensation to be subject to excise tax under section 4999 of the Code, and (B) unless the Committee determines otherwise, restores, in the following order, Options, SARs, Restricted Stock and Performance Units on a share-by-share or unit-by-unit basis, to the terms that applied before the Change of Control.

15. Requirements for Issuance or Transfer of Shares

No Company Stock shall be issued or transferred in connection with any Grant hereunder unless and until all legal requirements applicable to the issuance or transfer of such Company Stock have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any Grant made to any Grantee hereunder on such Grantee's undertaking in writing to comply with such restrictions on his or her subsequent disposition of such shares of Company Stock as the Committee shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and certificates representing such shares may be legended to reflect any such restrictions. Certificates representing shares of Company Stock issued or transferred under the Plan will be subject to such stop-transfer orders and other restrictions as may be required by applicable laws, regulations and interpretations, including any requirement that a legend be placed thereon.

16. Amendment and Termination of the Plan

(a) Amendment. The Board may amend or terminate the Plan at any time;

provided, however, that the Board shall not amend the Plan without shareholder approval if such approval is required in order to meet the requirements for Incentive Stock Options under section 422 of the Code (and the Board has determined that compliance with section 422 of the Code is desirable), or such approval is required in order to exempt compensation under the Plan from the deduction limit under section 162(m) of the Code.

(b) Termination of Plan. The Plan shall terminate on the day immediately

preceding the tenth anniversary of its effective date, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the shareholders.

(c) Termination and Amendment of Outstanding Grants. A termination or

amendment of the Plan that occurs after a Grant is made shall not materially impair the rights of a Grantee unless the Grantee consents or unless the Committee acts under Section 22(b). The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Grant. Whether or not the Plan has terminated, an outstanding Grant may be terminated or amended under Section 22(b) or may be amended by agreement of the Company and the Grantee consistent with the Plan.

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(d) Governing Document. The Plan shall be the controlling document. No

other statements, representations, explanatory materials or examples, oral or written, may amend the Plan in any manner. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

17. Funding of the Plan

This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under this Plan. In no event shall interest be paid or accrued on any Grant, including unpaid installments of Grants.

18. Rights of Participants

Nothing in this Plan shall entitle any Employee, Key Advisor, Non-Employee Director or other person to any claim or right to be granted a Grant under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employ of the Company or any other employment rights.

19. No Fractional Shares

No fractional shares of Company Stock shall be issued or delivered pursuant to the Plan or any Grant. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

20. Headings

Section headings are for reference only. In the event of a conflict between a title and the content of a Section, the content of the Section shall control.

21. Effective Date of the Plan.

(a) Effective Date. Subject to approval by the Company's shareholders, the Plan shall be effective on May 21, 1998.

22. Miscellaneous

(a) Grants in Connection with Corporate Transactions and Otherwise.

Nothing contained in this Plan shall be construed to (i) limit the right of the Committee to make Grants under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Grants to employees thereof who become Employees of the Company, or for other

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proper corporate purposes, or (ii) limit the right of the Company to grant stock options or make other awards outside of this Plan. Without limiting the foregoing, the Committee may make a Grant to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company or any of its subsidiaries in substitution for a stock option or restricted stock grant made by such corporation. The terms and conditions of the substitute grants may vary from the terms and conditions required by the Plan and from those of the substituted stock incentives. The Committee shall prescribe the provisions of the substitute grants.

(b) Compliance with Law. The Plan, the exercise of Options and SARs and

the obligations of the Company to issue or transfer shares of Company Stock under Grants shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that the Plan and applicable Grants under the Plan comply with the applicable provisions of section 162(m) of the Code and section 422 of the Code. To the extent that any legal requirement of section 16 of the Exchange Act or section 162(m) or 422 of the Code as set forth in the Plan ceases to be required under section 16 of the Exchange Act or section 162(m) or 422 of the Code, that Plan provision shall cease to apply. The Committee may revoke any Grant if it is contrary to law or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Grantees. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(c) No Shareholder Rights. Except as otherwise provided by the Committee,

a Grantee or Successor Grantee shall have no rights as a shareholder with respect to any shares of Company Stock covered by a Grant until the shares are issued or transferred to the Grantee or Successor Grantee on the stock transfer records of the Company.

(d) Governing Law. The validity, construction, interpretation and effect

of the Plan and Grant Instruments issued under the Plan shall exclusively be governed by and determined in accordance with the law of the Commonwealth of Pennsylvania.