

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

FORM 8-K
CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): March 29, 2024

CYTOSORBENTS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-36792
(Commission File Number)

98-0373793
(I.R.S. Employer Identification No.)

305 College Road East
Princeton, New Jersey
(Address of principal executive offices)

08540
(Zip Code)

Registrant's telephone number, including area code: (732) 329-8885

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
common stock, \$0.001 par value	CTSO	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Salary Reduction Program and Stock Option Grants.

On March 29, 2024, the Board of Directors (the “Board”) of CytoSorbents Corporation (the “Company”) authorized and approved a voluntary salary reduction program for certain of the Company’s employees, including the Company’s named executive officers, as part of the Company’s cost-cutting measures implemented in the best interests of the Company and its stockholders (the “Reduction Program”). Executive officers Phillip P. Chan, MD, PhD (Chief Executive Officer), Vincent J. Capponi, MS (President and Chief Operating Officer), Kathleen P. Bloch, MBA, CPA (Chief Financial Officer) and Efthymios N. Deliargyris, MD (Chief Medical Officer) chose to participate.

In connection with the Reduction Program, the Board authorized, approved and adopted a form payment reduction agreement, which was executed by each of the named executive officers and the Company. The salary reduction agreements serve as amendments to the existing employment agreements between the named executive officers and the Company. Pursuant to the salary reduction agreements, the CEO agreed to reduce his base salary by 35% and each of the other named executive officers agreed to reduce his or her base salary by 15%, as set forth in the table below. The reduced base salary is effective for the period of April 1, 2024 through December 31, 2024. As of January 1, 2025, each of the named executive officer’s base salary will be automatically restored to the base salary in effect prior to the reduction.

As consideration for the voluntary participation in the Reduction Program, on March 29, 2024, the Company’s Board also approved grants of nonqualified stock options to each participant under the Company’s 2014 Long-Term Incentive Plan, as amended (the “Plan”), and the form of Nonqualified Stock Option Agreement filed herewith. The nonqualified stock options granted to each participant, as set forth in the table below, is equal in value to the amount by which such participant’s base salary was reduced as determined using the market closing price for a share of Company common stock on March 28, 2024, which amount was \$0.95. The nonqualified stock options also have an exercise price equal to the fair market value of a share of Company common stock on the date of grant as set forth in the Plan.

	Salary Reduction Amount (\$)	Salary (After Reduction Amount) (\$)	Number of Shares of Common Stock Subject to the Option
Phillip P. Chan	123,498.43	359,352.57	129,998
Kathleen P. Bloch	46,586.54	378,413.46	49,038
Vincent J. Capponi	46,476.92	377,523.08	48,923
Efthymios Nikolaos Deliargyris	44,734.04	363,365.96	47,088

Item 9.01 Exhibits

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
<u>No.</u>	
10.1	Form of Payment Reduction Agreement.
10.2	Form of Nonqualified Stock Option Agreement
104	Cover Page Interactive Data File (embedded with the Inline XBRL document)

SIGNATURES

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

Dated: April 2, 2024

CYTOSORBENTS CORPORATION

By: /s/ Dr. Phillip P. Chan

Name: Dr. Phillip P. Chan

Title: Chief Executive Officer

March 29, 2024

[Name]
[Address of Employee]

Re: Salary Reduction Agreement

Dear _____:

We are sending you this letter to memorialize your election to reduce your annual base salary by 15% to **\$[Amount]** (your “Reduced Pay”), which represents a reduction in the amount of **\$[Amount]** (“Reduction Amount”), effective for the period of April 1, 2024 through December 31, 2024 (the “Reduction Period”). Your base salary will be based on your Reduced Pay during the Reduction Period, which shall be paid in accordance with the Company’s payroll, subject to your continued employment with the Company. Following the Reduction Period, your Reduced Pay will be automatically reset to your base salary in effect prior to the Reduction Amount. This letter will serve to amend and modify the terms of any employment agreement you have with the Company, including any reference to base salary as set forth in such employment agreement.

In addition, you will be granted a nonqualified stock option award under the Company’s 2014 Long-Term Incentive Plan, as amended (the “Plan”), equal in value to the Reduction Amount. The number of shares underlying the nonqualified stock option granted to you will be determined by dividing your Reduction Amount by the Fair Market Value (as defined in the Plan) of Common Stock (as defined in the Plan), rounded down to the nearest whole share, determined on the grant date, which is anticipated to be on or around March 29, 2024. The nonqualified stock option granted to you will be subject to the Plan, the Company’s form of Nonstatutory Stock Option Notice and Nonstatutory Stock Option Agreement and will vest and become exercisable as set forth therein.

We note that this salary reduction may affect other components of compensation and benefits provided to you, particularly to the extent that such other compensation and benefits (including PTO accruals) are based on your annual compensation or are calculated as a percentage of base salary. Any impact on other components of your compensation and benefits (including PTO accruals) will be determined in accordance with the applicable plan documents, policies or programs. If you have any questions about these other programs or the impact of this salary reduction on those programs please contact us.

This reduction of your annual base salary is intended to comply with section 409A of the Code and its corresponding regulations, or an exemption. Please note that your agreement to continue to be employed with the Reduced Pay will not, in any way, modify the at-will nature of your employment relationship with the Company.

By signing below to make this election, you are authorizing the Company to reduce your base salary and not pay your Reduction Amount over the Reduction Period and you acknowledge and agree that this voluntary reduction in your base salary will not trigger any good reason trigger under your employment agreement. You are further acknowledging that you understand that this election is irrevocable.

Please acknowledge your acceptance of the terms and conditions of this letter and your intent to be legally bound by these terms and conditions by signing and returning this letter.

Sincerely,

[Name]
[Title]

I hereby agree to all of the terms and conditions set forth in the foregoing letter.

Name:	Date

US Form

CYTOSORBENTS CORPORATION
NONSTATUTORY STOCK OPTION NOTICE

Grant No.: _____

This Notice evidences the award of nonstatutory stock options (each, an “**Option**” or collectively, the “**Options**”) that have been granted to you, [NAME], subject to the terms of the attached Nonstatutory Stock Option Agreement (the “**Agreement**”). The Options entitle you to purchase shares of common stock, par value \$0.001 per share (“**Common Stock**”), of CytoSorbents Corporation, a Delaware corporation (the “**Company**”), under the CytoSorbents Corporation 2014 Long-Term Incentive Plan (the “**Plan**”). The number of shares you may purchase and the exercise price at which you may purchase them are specified below. This Notice constitutes part of and is subject to the terms and provisions of the Agreement and the Plan, which are incorporated by reference herein.

The Options are being granted to you as an incentive for your participation in the Salary Reduction Program. As a participant in the Salary Reduction Program, you executed a salary reduction agreement pursuant to which we agreed to reduce your salary by the amount set forth therein (the “Reduction Amount”). The number of Shares subject to the Options granted to you pursuant to this Notice and Agreement were determined based on the Reduction Amount and the closing price of the Company’s Shares on the Grant Date.

Grant Date: [GRANT DATE]

Number of Options: [NUMBER] Options, each permitting the purchase of one Share

Exercise Price: [PRICE] per share

Expiration Date: The Options expire at 5:00 P.M. Eastern Time on the last business day coincident with or prior to the 10th anniversary of the Grant Date (the “**Expiration Date**”), unless fully exercised or terminated earlier.

Vesting & Exercisability Schedule: Subject to the terms and conditions described in the Agreement, the Options shall vest and become fully exercisable with respect to 100% of the underlying Shares on January 31, 2025 (the “**Vesting Date**”). The treatment of your Options upon the termination of your Service with the Company prior to the Vesting Date shall be set forth in the Agreement.

CytoSorbents Corporation

By: _____

Date: _____

I acknowledge that I have carefully read the attached Agreement and the prospectus for the Plan and agree to be bound by all of the provisions set forth in these documents.

Enclosures: Nonstatutory Stock Option Agreement
 Prospectus for the 2014 Long-Term Incentive Plan
 Exercise Form

OPTIONEE

 Date: _____

NONSTATUTORY STOCK OPTION AGREEMENT**UNDER THE****CYTOORBENTS CORPORATION 2014 LONG-TERM INCENTIVE PLAN**

1. Terminology. Capitalized terms used in this Agreement are defined in the correlating Stock Option Notice and/or the Glossary at the end of the Agreement.

2. Exercise of Options.

(a) Exercisability. Except as provided in Section 3 below, the Options will become exercisable on the Vesting Date as set forth in the Stock Option Notice, so long as you are in the Service of the Company from the Grant Date through the applicable exercisability dates. None of the Options will become exercisable after your Service with the Company ceases, unless the Stock Option Notice provides otherwise with respect to exercisability that arises as a result of your cessation of Service.

(b) Right to Exercise. You may exercise the Options, to the extent vested and exercisable, at any time on or before 5:00 P.M. Eastern Time on the Expiration Date, unless otherwise provided under applicable law. Notwithstanding the foregoing, if at any time the Administrator determines that the delivery of Shares under the Plan or this Agreement is or may be unlawful under the laws of any applicable jurisdiction, or Federal, state or foreign securities laws, the right to exercise the Options or receive Shares pursuant to the Options shall be suspended until the Administrator determines that such delivery is lawful. If at any time the Administrator determines that the delivery of Shares under the Plan or this Agreement is or may violate the rules of the national securities exchange on which the shares are then listed for trade, the right to exercise the Options or receive Shares pursuant to the Options shall be suspended until the Administrator determines that such exercise or delivery would not violate such rules. The Options may be exercised only in multiples of whole Shares and may not be exercised at any one time as to fewer than one hundred Shares (or such lesser number of Shares as to which the Options are then exercisable). No fractional Shares will be issued under the Options.

(c) Exercise Procedure. In order to exercise the Options, you must provide the following items to the Secretary of the Company or his or her delegate before the expiration or termination of the Options:

- (i) notice, in such manner and form as the Administrator may require from time to time, specifying the number of Shares to be purchased under the Options;
- (ii) full payment of the Exercise Price for the Shares or properly executed, irrevocable instructions, in such manner and form as the Administrator may require from time to time, to effectuate a broker-assisted cashless exercise, each in accordance with Section 2(d) of this Agreement; and
- (iii) full payment of applicable withholding taxes pursuant to Section 7 of this Agreement.

An exercise will not be effective until the Secretary of the Company or his or her delegate receives all of the foregoing items, and such exercise otherwise is permitted under and complies with all applicable federal, state and foreign securities laws. Notwithstanding the foregoing, if the Administrator permits payment by means of delivering properly executed, irrevocable instructions, in such manner and form as the Administrator may require from time to time, to effectuate a broker-assisted cashless exercise and such instructions provide for sale of Shares under a limit order rather than at the market, the exercise will not be effective until the earlier of the date the Company receives delivery of cash or cash equivalents in full payment of the Exercise Price or the date the Company receives confirmation from the broker that the sale instruction has been fulfilled, and the exercise will not be effective unless the earlier of such dates occurs on or before termination of the Options.

(d) Method of Payment. You may pay the Exercise Price by:

- (i) delivery of cash, certified or cashier's check, money order or other cash equivalent acceptable to the Administrator in its discretion;
- (ii) a broker-assisted cashless exercise in accordance with Regulation T of the Board of Governors of the Federal Reserve System through a brokerage firm designated or approved by the Administrator;
- (iii) subject to such limits as the Administrator may impose from time to time, tender (via actual delivery or attestation) to the Company of other shares of Common Stock of the Company which have a Fair Market Value on the date of tender equal to the Exercise Price; or
- (iv) any other method approved by the Administrator; or
- (v) any combination of the foregoing.

(e) Issuance of Shares upon Exercise. The Company shall issue to you the Shares underlying the Options you exercise as soon as practicable after the exercise date, subject to the Company's receipt of the aggregate exercise price and the requisite withholding taxes, if any. Upon issuance of such Shares, the Company may deliver, subject to the provisions of Section 7 below, such Shares on your behalf electronically to the Company's designated stock plan administrator or such other broker-dealer as the Company may choose at its sole discretion, within reason, or may retain such Shares in uncertificated book-entry form. Any share certificates delivered will, unless the Shares are registered or an exemption from registration is available under applicable federal and state law, bear a legend restricting transferability of such Shares.

3. Termination of Service.

(a) Termination of Service (other than for Cause or Other Misconduct). If your Service with the Company ceases for any reason, other than for Cause or other misconduct as described in Section 3(c) below, prior to the Vesting Date, the number of Shares underlying the Options shall be prorated based on the extent to which the Reduction Amount has been applied to your salary through your date of termination. The pro-rated portion of the Shares underlying the Options shall be determined by multiplying the total number of Shares underlying the Options by a fraction, the numerator of which is the portion of the Reduction Amount that has been applied to your salary through your date of termination of Service and the denominator of which is the total Reduction Amount set forth in your salary reduction agreement.

(b) Exercise Period Following Termination of Service. If your Service with the Company ceases for any reason other than for Cause or other misconduct as described in Section 3(c) below, the Options that are then exercisable, after giving effect the reduction described in Section 3(a) above, will terminate upon the Expiration Date. In the event of your death, the exercisable Options may be exercised by your executor, personal representative, or the person(s) to whom the Options are transferred by will or the laws of descent and distribution.

(c) Cause; Misconduct. The Options will terminate in their entirety, regardless of whether the Options are then exercisable, immediately upon your discharge from Service for Cause, or upon your commission of any acts that would constitute Cause during the exercise period following your termination of Service, as determined by the Administrator, which determination will be conclusive.

(d) Change in Status. In the event that your Service is with a business, trade or entity that, after the Grant Date, ceases for any reason to be part or an Affiliate of the Company, your Service will be deemed to have terminated for purposes of this Section 3 upon such cessation if your Service does not continue uninterrupted immediately thereafter with the Company or an Affiliate of the Company.

4. Nontransferability of Options. These Options and, before exercise, the underlying Shares are nontransferable otherwise than by will or the laws of descent and distribution and, during your lifetime, the Options may be exercised only by you or, during the period you are under a legal disability, by your guardian or legal representative. Except as provided above, the Options and, before exercise, the underlying Shares may not be assigned, transferred, pledged, hypothecated, subjected to any "put equivalent position," "call equivalent position" (as each preceding term is defined by Rule 16(a)-1 under the Securities Exchange Act of 1934), or short position, or disposed of in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

5. Nonqualified Nature of the Options. The Options are not intended to qualify as incentive stock options within the meaning of Code section 422, and this Agreement shall be so construed. You hereby acknowledge that, upon exercise of the Options, you will recognize compensation income in an amount equal to the excess of the then Fair Market Value of the Shares over the Exercise Price and must comply with the provisions of Section 7 of this Agreement with respect to any tax withholding obligations that arise as a result of such exercise.

6. Withholding of Taxes.

(a) At the time the Options are exercised, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll or any other payment of any kind due to you and otherwise agree to make adequate provision for foreign, federal, state and local taxes required by law to be withheld, if any, which arise in connection with the Options. The Company may require you to make a cash payment to cover any withholding tax obligation as a condition of exercise of the Options or issuance of share certificates representing Shares.

(b) The Administrator may, in its sole discretion, permit you to satisfy, in whole or in part, any withholding tax obligation which may arise in connection with the Options either by electing to have the Company withhold from the Shares to be issued upon exercise that number of Shares, or by electing to deliver to the Company already-owned shares, in either case having a Fair Market Value not in excess of the amount necessary to satisfy the statutory minimum withholding amount due.

7. Adjustments. The Administrator may make various adjustments to your Options, including adjustments to the number and type of securities subject to the Options and the Exercise Price, in accordance with the terms of the Plan.

8. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement will alter your at-will or other employment status or other service relationship with the Company, nor be construed as a contract of employment or service relationship between you and the Company, or as a contractual right for you to continue in the employ of, or in a service relationship with, the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without Cause or notice and whether or not such discharge results in the failure of any of the Options to become exercisable or any other adverse effect on your interests under the Plan.

9. No Rights as a Stockholder. You shall not have any of the rights of a stockholder with respect to the Shares until such Shares have been issued to you upon the due exercise of the Options. No adjustment will be made for dividends or distributions or other rights for which the record date is prior to the date such Shares are issued.

10. The Company's Rights. The existence of the Options shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

11. Entire Agreement. This Agreement, together with the correlating Stock Option Notice and the Plan, contain the entire agreement between you and the Company with respect to the Options. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the Options shall be void and ineffective for all purposes.

12. Amendment. This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Options or Shares as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by you and the Company.

13. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Any conflict between the terms of this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Administrator.

15. Section 409A. This Agreement and the Options granted hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code. This Agreement and the Options shall be administered, interpreted and construed in a manner consistent with this intent. Nothing in the Plan or this Agreement shall be construed as including any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Options. Should any provision of the Plan or this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it may be modified and given effect, in the sole discretion of the Administrator and without requiring your consent, in such manner as the Administrator determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The foregoing, however, shall not be construed as a guarantee or warranty by the Company of any particular tax effect to you.

16. Electronic Delivery of Documents. By your signing the Notice, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan and the Options, and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

17. No Future Entitlement. By execution of the Notice, you acknowledge and agree that: (i) the grant of these Options is a one-time benefit which does not create any contractual or other right to receive future grants of stock options, or compensation in lieu of stock options, even if stock options have been granted repeatedly in the past; (ii) all determinations with respect to any such future grants, including, but not limited to, the times when stock options shall be granted or shall become exercisable, the maximum number of shares subject to each stock option, and the purchase price, will be at the sole discretion of the Administrator; (iii) the value of these Options is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (iv) the value of these Options is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension or retirement benefits; (v) the vesting of these Options ceases upon termination of employment with the Company or transfer of employment from the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (vi) if the underlying Common Stock does not increase in value, these Options will have no value, nor does the Company guarantee any future value; and (vii) no claim or entitlement to compensation or damages arises if these Options do not increase in value and you irrevocably release the Company from any such claim that does arise.

18. Personal Data. For the purpose of implementing, administering and managing these Options, you, by execution of the Notice, consent to the collection, receipt, use, retention and transfer, in electronic or other form, of your personal data by and among the Company and its third party vendors or any potential party to any Change in Control transaction or capital raising transaction involving the Company. You understand that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social security number, tax identification number, date of birth, nationality, job and payroll location, data for tax withholding purposes and shares awarded, cancelled, exercised, vested and unvested) may be transferred to third parties assisting in the implementation, administration and management of these Options and the Plan and you expressly authorize such transfer as well as the retention, use, and the subsequent transfer of the data by the recipient(s). You understand that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You understand that data will be held only as long as is necessary to implement, administer and manage these Options. You understand that you may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's Secretary. You understand, however, that refusing or withdrawing your consent may affect your ability to accept a stock option.

20. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of New Jersey, without regard to its provisions concerning the applicability of laws of other jurisdictions. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to or relating to, this Agreement in any court other than a federal or state court in the districts which include New Jersey, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district which includes New Jersey or any state court in the district which includes New Jersey. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

21. Resolution of Disputes. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Administrator. You further agree that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator's decision.

22. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

{Glossary begins on next page}

GLOSSARY

- (a) “**Administrator**” means the Board or the committee(s) or officer(s) appointed by the Board that have authority to administer the Plan.
- (b) “**Affiliate**” means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, CytoSorbents Corporation. For this purpose, “control” means ownership of 50% or more of the total combined voting power or value of all classes of stock or interests of the entity.
- (c) “**Cause**” has the meaning ascribed to such term or words of similar import in your written employment or service contract with the Company as in effect at the time at issue and, in the absence of such agreement or definition, means your (i) conviction of, or plea of *nolo contendere* to, a felony or crime involving moral turpitude; (ii) fraud on or misappropriation of any funds or property of the Company, any affiliate, customer or vendor; (iii) personal dishonesty, incompetence, willful misconduct, willful violation of any law, rule or regulation (other than minor traffic violations or similar offenses) or breach of fiduciary duty which involves personal profit; (iv) willful misconduct in connection with your duties or willful failure to perform your responsibilities in the best interests of the Company; (v) illegal use or distribution of drugs; (vi) violation of any Company rule, regulation, procedure or policy; or (vii) breach of any provision of any employment, non-disclosure, non-competition, non-solicitation or other similar agreement executed by you for the benefit of the Company, all as determined by the Administrator, which determination will be conclusive.
- (d) “**Change in Control**” has the meaning set forth in the Plan.
- (e) “**Code**” means the Internal Revenue Code of 1986, as amended.
- (f) “**Company**” includes CytoSorbents Corporation and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only CytoSorbents Corporation.
- (g) “**Fair Market Value**” of a share of Common Stock generally means either the closing price or the average of the high and low sale price per share of Common Stock on the relevant date, as determined in the Administrator’s discretion, as reported by the principal market or exchange upon which the Common Stock is listed or admitted for trade. Refer to the Plan for a detailed definition of Fair Market Value, including how Fair Market Value is determined in the event that no sale of Common Stock is reported on the relevant date.
- (h) “**Service**” means your employment or other service relationship with the Company and its Affiliates. Your Service will be considered to have ceased with the Company and its Affiliates if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which you are employed or otherwise have a service relationship is not the Company or its successor or an Affiliate of the Company or its successor.
- (i) “**Shares**” mean the shares of Common Stock underlying the Options.
- (j) “**Stock Option Notice**” means the written notice evidencing the award of the Options that correlates with and makes up a part of this Agreement.
- (m) “**You**”; “**Your**”. “You” or “your” means the recipient of the award of Options as reflected on the Stock Option Notice. Whenever the Agreement refers to “you” under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to your estate, personal representative, or beneficiary to whom the Options may be transferred by will or by the laws of descent and distribution, the word “you” shall be deemed to include such person.
-