

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

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

SKYLINE MEDICAL INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

2915 Commers Drive, Suite 900
Eagan, Minnesota 55121
(Address of principal executive offices)

33-1007393
(I.R.S. Employer
Identification No.)

INDUCEMENT STOCK OPTION AGREEMENT
(Full title of the Plan)

Bob Myers
Chief Financial Officer
Skyline Medical Inc.
2915 Commers Drive, Suite 900
Eagan, Minnesota 55121
Telephone: (651) 389-4800
(Name and address of agent for service)

Copy to:
Martin R. Rosenbaum, Esq.
Maslon LLP
3300 Wells Fargo Center
90 South 7th Street
Minneapolis, Minnesota 55402
Telephone: (612) 672-8200
Facsimile: (612) 672-8397

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerate filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Proposed Maximum Amount to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Aggregate Offering Price (2)	Amount of Registration Fee (2)
Common stock, par value \$.01 per share	40,000 (3)	\$3.75	\$150,000	\$17.39

- (1) Pursuant to Rule 416(a), this Registration Statement also covers additional securities that may be offered as a result of stock splits, stock dividends, or similar transactions relating to the shares covered by this registration statement.
- (2) In accordance with Rule 457(h) under the Securities Act, the proposed maximum aggregate offering price for the shares of the registrant's common stock have been computed based upon the price at which the inducement option described below may be exercised.
- (3) Represents shares of common stock available for future issuance upon the exercise of stock option awards granted on July 1, 2016 outside of the registrant's employee equity compensation plan to an individual to induce such individual to accept employment with the registrant.

**INCORPORATION OF CONTENTS OF
REGISTRATION STATEMENTS BY REFERENCE**

This registration statement on Form S-8 is being filed for the purpose of registering 40,000 shares of the registrant's common stock issuable under a previously announced inducement stock option award granted on July 1, 2016.

PART I

As permitted by the rules of the Securities and Exchange Commission, this registration statement omits the information specified in Part I of Form S-8. The documents containing the information specified in Part I of this registration statement will be sent or given to eligible employees as specified in Rule 428(b)(1) promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Such documents are not being filed with the Securities and Exchange Commission either as part of this registration statement or as prospectuses or prospectus supplements pursuant to Rule 424 promulgated under the Securities Act.

PART II

Item 3. Incorporation of Documents by Reference.

The following documents filed by the registrant with the Securities and Exchange Commission are hereby incorporated herein by this reference:

(a) Annual Report on Form 10-K for the fiscal year ended December 31, 2016;

(b) Current Reports on Form 8-K filed on January 19, 2017, January 27, 2017, January 31, 2017 and February 22, 2017; and

(d) The description of the Company's common stock under the caption "Description of Securities – Common Stock" in the Company's Amendment No. 1 to registration statement on Form S-1 filed on January 10, 2017.

All documents subsequently filed by the registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein (or in any other subsequently filed document which also is incorporated by reference herein) modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed to constitute a part hereof except as so modified or superseded.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

We are a Delaware corporation and certain provisions of the Delaware Statutes and our bylaws provide for indemnification of our officers and directors against liabilities that they may incur in such capacities. A summary of the circumstances in which indemnification is provided is discussed below, but this description is qualified in its entirety by reference to our bylaws and to the statutory provisions.

Section 145 of the Delaware General Corporation Law provides for, under certain circumstances, the indemnification of our officers, directors, employees and agents against liabilities that they may incur in such capacities. A summary of the circumstances in which such indemnification provided for is contained herein, but that description is qualified in its entirety by reference to the relevant Section of the Delaware General Corporation Law.

In general, the statute provides that any director, officer, employee or agent of a corporation may be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred in a proceeding (including any civil, criminal, administrative or investigative proceeding) to which the individual was a party by reason of such status. Such indemnity may be provided if the indemnified person's actions resulting in the liabilities: (i) were taken in good faith; (ii) were reasonably believed to have been in or not opposed to our best interest; and (iii) with respect to any criminal action, such person had no reasonable cause to believe the actions were unlawful. Unless ordered by a court, indemnification generally may be awarded only after a determination of independent members of the Board of Directors or a committee thereof, by independent legal counsel or by vote of the stockholders that the applicable standard of conduct was met by the individual to be indemnified.

The statutory provisions further provide that to the extent a director, officer, employee or agent is wholly successful on the merits or otherwise in defense of any proceeding to which he was a party, he is entitled to receive indemnification against expenses, including attorneys' fees, actually and reasonably incurred in connection with the proceeding.

Indemnification in connection with a proceeding by or in the right of the Company in which the director, officer, employee or agent is successful is permitted only with respect to expenses, including attorneys' fees actually and reasonably incurred in connection with the defense. In such actions, the person to be indemnified must have acted in good faith, in a manner believed to have been in our best interest and must not have been adjudged liable to us unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expense which the Court of Chancery or such other court shall deem proper. Indemnification is otherwise prohibited in connection with a proceeding brought on behalf of the Company in which a director is adjudged liable to us, or in connection with any proceeding charging improper personal benefit to the director in which the director is adjudged liable for receipt of an improper personal benefit.

Delaware law authorizes us to reimburse or pay reasonable expenses incurred by a director, officer, employee or agent in connection with a proceeding in advance of a final disposition of the matter. Such advances of expenses are permitted if the person furnishes to us a written agreement to repay such advances if it is determined that he is not entitled to be indemnified by us.

The statutory section cited above further specifies that any provisions for indemnification of or advances for expenses does not exclude other rights under our certificate of incorporation, corporate bylaws, resolutions of our stockholders or disinterested directors, or otherwise. These indemnification provisions continue for a person who has ceased to be a director, officer, employee or agent of the corporation and inure to the benefit of the heirs, executors and administrators of such persons.

The statutory provision cited above also grants the power to the Company to purchase and maintain insurance policies that protect any director, officer, employee or agent against any liability asserted against or incurred by him in such capacity arising out of his status as such. Such policies may provide for indemnification whether or not the corporation would otherwise have the power to provide for it.

Articles 8 and 9 of our certificate of incorporation provide that we shall indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law.

We have purchased directors' and officers' liability insurance in order to limit the exposure to liability for indemnification of directors and officers, including liabilities under the Securities Act of 1933.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for our directors, officers, and controlling persons pursuant to the foregoing provisions or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

<u>Exhibit</u>	<u>Description</u>
4.1	Certificate of Incorporation (1)
4.2	Certificate of Amendment to Certificate of Incorporation to effect reverse stock split and reduction in authorized share capital, filed with the Delaware Secretary of State on October 20, 2014 (2)
4.3	Certificate of Amendment to Certificate of Incorporation regarding increase in share capital, filed with the Delaware Secretary of State on July 24, 2015 (3)
4.4	Certificate of Amendment to Certificate of Incorporation to increase authorized share capital, filed with the Delaware Secretary of State on September 16, 2016 (4)
4.5	Certificate of Amendment to Certificate of Incorporation to effect reverse stock split and reduction in authorized share capital, filed with the Delaware Secretary of State on October 26, 2016 (5)
4.6	Certificate of Amendment to Certificate of Incorporation regarding increase in share capital, filed with the Delaware Secretary of State on January 26, 2017 (6)
4.7	Bylaws (7)
5.1	Opinion of Maslon LLP as to the legality of the securities being registered.
23.1	Consent of Independent Registered Public Accounting Firm – Olsen Thielen & Co., Ltd.
23.2	Consent of Maslon LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page hereof).
99.1	Form of Stock Option Agreement effective as of July 1, 2016.

- (1) Filed on December 19, 2013 as an exhibit to our Current Report on Form 8-K and incorporated herein by reference.
(2) Filed on October 24, 2014 as an exhibit to our Current Report on Form 8-K and incorporated herein by reference.
(3) Filed on June 30, 2015 as an appendix to our Information Statement on Schedule 14C and incorporated herein by reference.
(4) Filed on September 16, 2016 as an exhibit to our Current Report on Form 8-K and incorporated herein by reference.
(5) Filed on October 27, 2016 as an exhibit to our Current Report on Form 8-K and incorporated herein by reference.
(6) Filed on January 27, 2017 as an exhibit to our Current Report on Form 8-K and incorporated herein by reference.
(7) Filed on January 27, 2016 as an exhibit to our Current Report on Form 8-K and incorporated herein by reference.

Item 9. Undertakings.

The undersigned registrant hereby undertakes:

(a)(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 this 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 this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and prices represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this 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 registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this 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 which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for the purposes 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 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to 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.

(h) 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 SEC 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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Eagan and the State of Minnesota, on this 15th day of March, 2017.

SKYLINE MEDICAL INC.

By: /s/ Bob Myers
Bob Myers, *Chief Financial Officer*

POWER OF ATTORNEY

Each person whose signature to this registration statement appears below hereby constitutes and appoints Carl Schwartz and Bob Myers, signing singly as his or her true and lawful attorney-in-fact and agent, with full power of substitution, to sign on his behalf individually and in the capacity stated below and to perform any acts necessary to be done in order to file all amendments to this registration statement and any and all instruments or documents filed as part of or in connection with this registration statement or the amendments thereto and each of the undersigned does hereby ratify and confirm all that said attorney-in-fact and agent, or his substitutes, shall do or cause to be done by virtue hereof.

The undersigned also grants to said attorney-in-fact, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers herein expressly granted. This Power of Attorney shall remain in effect until revoked in writing by the undersigned.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Carl Schwartz</u> Carl Schwartz	Chief Executive Officer (principal executive officer), Director	March 15, 2017
<u>/s/ Bob Myers</u> Bob Myers	Chief Financial Officer (principal financial and accounting officer),	March 15, 2017
<u>/s/ Thomas McGoldrick</u> Thomas J. McGoldrick	Director	March 15, 2017
<u>/s/ Andrew Reding</u> Andrew Reding	Director	March 15, 2017
<u>/s/ Timothy A. Krochuk</u> Timothy A. Krochuk	Director	March 15, 2017
<u>/s/ J. Melville Engle</u> J. Melville Engle	Director	March 15, 2017
<u>/s/ Richard Gabriel</u> Richard Gabriel	Director	March 15, 2017

EXHIBIT INDEX

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March 15, 2017

Skyline Medical, Inc.
2915 Commers Drive, Suite 900
Eagan, MN 55121

Re: Registration Statement on Form S-8

Ladies and Gentlemen:

We have acted on behalf of Skyline Medical, Inc. (the "Company") in connection with a Registration Statement on Form S-8 (the "Registration Statement") filed by the Company with the Securities and Exchange Commission relating to registration of 40,000 shares of common stock, \$.01 par value per share, that may be issued by the Company (the "Shares"), pursuant to a stock option agreement providing for an employee inducement grant between the Company and an employee, which was entered into in connection with the commencement of such employee's employment with the Company pursuant to Nasdaq Stock Market Rule 5635(c)(4) (the "Inducement Award Agreement"). Upon examination of such corporate documents and records as we have deemed necessary or advisable for the purposes hereof, it is our opinion that the Shares, when issued and paid for as contemplated by the Inducement Award Agreement, and when delivered against payment thereof in the manner contemplated by the Inducement Award Agreement, will be validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Maslon LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of Skyline Medical, Inc. (the "Company") of our report, dated March 15, 2017, which expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's ability to continue as a going concern, appearing in the Annual Report on Form 10-K of Skyline Medical Inc. for the year ended December 31, 2016.

/s/ Olsen Thielen & Co., Ltd.

St. Paul, Minnesota

March 15, 2017

**SKYLINE MEDICAL INC.
STOCK OPTION AGREEMENT**

This STOCK OPTION AGREEMENT (the "Agreement") is made and entered into effective as of the ____ day of July, 2016, between Skyline Medical Inc., a Delaware corporation (the "Company") and _____ ("Employee").

BACKGROUND

A. Employee has either been hired to serve as an employee to the Company or the Company desires to induce Employee to continue to serve the Company as an employee.

B. Employee and the Company desire to enter into this Agreement for the granting of stock options.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Option; Purchase Price. Subject to the terms and conditions herein set forth, the Company hereby irrevocably grants to Employee the right and option, hereinafter called the "Option", to purchase from the Company all or any part of an aggregate of one million (1,000,000) shares (the "Shares") of common stock, \$0.01 par value, of the Company (the "Common Stock"). The purchase price of the Shares covered by the Option shall be \$0.15 per Share.

2. Exercise and Vesting of Option. The Option shall be exercisable only to the extent that all, or any portion thereof, has vested in Employee. Except as otherwise provided herein, the Option shall vest ratably over a period of six (6) quarters in equal quarterly installments, beginning on the first quarter after the date of this Agreement and continuing on each subsequent anniversary date (the "Vesting Date") until the Option is fully vested, as set forth in the following schedule:

<u>No. of Shares To Be Vested</u>	<u>Vesting Date</u>
166,666	October 1, 2016
166,666	January 1, 2017
166,667	April 1, 2017
166,667	July 1, 2017
166,667	October 1, 2017
166,667	January 1, 2018

In the event that Employee ceases to be employed by the Company, for any reason or no reason, prior to any Vesting Date, that portion of the Option scheduled to vest on such Vesting Date, and all portions of the Option scheduled to vest in the future, shall not vest and all of Employee's rights to and under such non-vested portions of the Option shall terminate.

3. Termination of Employment. Except as provided in Section 5 below, in the event that Employee ceases to be employed by the Company, for any reason or no reason, with or without cause, prior to any Vesting Date, that part of the Option scheduled to vest on such Vesting Date, and all parts of the Option scheduled to vest in the future, shall not vest and all of Employee's rights to and under such non-vested parts of the Option shall terminate.

4. Term of Option. To the extent vested, and except as otherwise provided in this Agreement, the Option shall be exercisable for ten (10) years from the date of this Agreement; provided, however, that, except as provided in Section 5 below, in the event Employee ceases to be employed by the Company, for any reason or no reason, Employee or his/her legal representative shall have three (3) months from the date of such termination of his/her position as an employee to exercise any part of the Option vested pursuant to Section 2 of this Agreement. Upon the expiration of such three (3) month period, except as provided in Section 5 below, or, if earlier, upon the expiration date of the Option as set forth above, the Option shall terminate and become null and void.

5. Death of Employee. In the event of Employee's death, the person designated in Employee's will, or in the absence of such designation, Employee's legal representative may, in like manner, exercise the Option to the extent of the number of Shares which were vested at the time of his/her death, but such right shall expire unless exercised by such designated person or legal representative within the earlier of (i) six (6) months after the death of Employee, or (ii) the expiration of the Option.

6. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised, in whole or in part, by giving written notice to the Company, specifying the number of Shares to be purchased and accompanied by the full purchase price for such shares. Any such notice shall be deemed given when received by the Company at its corporate headquarters. The option price shall be payable (a) in United States dollars upon exercise of the option and may be paid by cash, uncertified or certified check or bank draft; (b) by delivery of shares of Common Stock in payment of all or any part of the option price, which shares shall be valued for this purpose at the Fair Market Value (as defined below) on the date such option is exercised; or (c) by instructing the Company to withhold from the Shares issuable upon exercise of the Option Shares in payment of all or any part of the exercise price and/or any related withholding tax obligations consistent with Section 13, which shares shall be valued for this purpose at the Fair Market Value or in such other manner as may be authorized from time to time by the Board of Directors. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

7. Rights of Option Holder. Employee, as holder of the Option, shall not have any of the rights of a shareholder with respect to the Shares covered by the Option except to the extent that one or more certificates for such Shares shall be delivered to him or her upon the due exercise of all or any part of the Option.

8. Limitations on Transferability. Except as otherwise provided below, the Option shall not be transferred, pledged or assigned other than by will or by the laws of decent and distribution, or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code of 1986, as amended (the "Code") or Title I of the Employee Retirement Income Security Act, or the rules there under, and the Company shall not be required to recognize any attempted assignment of such rights. Notwithstanding the preceding sentence, the Option may be transferred by Employee to Employee's spouse, children, grandchildren or parents (collectively, the "Family Members"), to trusts for the benefit of Family Members, to partnerships or limited liability companies in which Family Members are the only partners or shareholders, or to entities exempt from federal income taxation pursuant to Section 501(c)(3) of the Code. During Employee's lifetime, the Option may be exercised only by him or her, by his/her guardian or legal representative or by the transferees permitted by the preceding sentence.

9. No Continued Employment or Right to Corporate Assets. Nothing contained in this Agreement shall be deemed to grant Employee any right to continue in the employ of the Company for any period of time or to any right to continue his/her present or any other rate of compensation, nor shall this Agreement be construed as giving Employee, Employee's beneficiaries or any other person any equity or interests of any kind in the assets of the Company or creating a trust of any kind or a fiduciary relationship of any kind between the Company and any such person.

10. Securities Law Matters. Employee acknowledges that the Shares to be received by him or her upon exercise of the Option may not have been registered under the Securities Act of 1933 or the Blue Sky laws of any state (collectively, the "Acts"). If such Shares have not been so registered, Employee acknowledges and understands that the Company is under no obligation to register, under the Acts, the Shares received by him or her or to assist him or her in complying with any exemption from such registration if he or she should at a later date wish to dispose of the Shares. Employee acknowledges that if not then registered under the Acts, the Shares shall bear a legend restricting the transferability thereof, such legend to be substantially in the following form:

"The shares represented by this certificate have not been registered or qualified under federal or state securities laws. The shares may not be offered for sale, sold, pledged or otherwise disposed of unless so registered or qualified, unless an exemption exists or unless such disposition is not subject to the federal or state securities laws, and the Company may require that the availability or any exemption or the inapplicability of such securities laws be established by an opinion of counsel, which opinion of counsel shall be reasonably satisfactory to the Company."

11. Employee Representations. Employee hereby represents and warrants that Employee has reviewed with his/her own tax advisors the federal, state, and local tax consequences of the transactions contemplated by this Agreement. Employee is relying solely on such advisors and not on any statements or representation of the Company or any of its agents. Employee understands that he or she will be solely responsible for any tax liability that may result to him or her as a result of the transactions contemplated by this Agreement. The Option, if exercised, will be exercised for investment and not with a view to the sale or distribution of the Shares to be received upon exercise thereof.

12. Adjustment. In the event of any recapitalization, stock dividend, stock split, combination of shares or other change in the Common Stock, the number of Shares then subject to the Option shall be adjusted in proportion to the change in outstanding shares of Common Stock. In the event of any such adjustments, the purchase price of the Option shall be adjusted as and to the extent appropriate, in the discretion of the Board, to provide Employee with the same relative rights before and after such adjustment.

13. Withholding.

(a) The Company shall have the right to withhold from or to collect as a condition of payment, any taxes required by law to be withheld. At any time when Employee is required to pay to the Company an amount required to be withheld under applicable income tax laws upon exercise of the Option, Employee may satisfy this obligation in whole or in part by electing (the "Election") to have the Company withhold, from the such Shares, shares of the Common Stock having a value up to the minimum amount of withholding taxes required to be collected on the transaction. The value of the shares to be withheld shall be based on the Fair Market Value of the Common Stock on the date that the amount of tax to be withheld shall be determined ("Tax Date").

(b) Each Election must be made before the Tax Date. The Committee may disapprove of any Election, may suspend or terminate the right to make Elections, or may provide with respect to the Option that the right to make Elections shall not apply to the Option. An Election is irrevocable.

14. Sale, Merger, Exchange or Liquidation. In the event of an acquisition of the Company through the sale of substantially all of the Company's assets or through a merger, exchange, reorganization or liquidation of the Company or a similar event as determined by the Board (collectively a "transaction"), the Board shall be authorized, in its sole discretion, to take any and all action it deems equitable under the circumstances, including but not limited to any one or more of the following:

(a) providing that the Option shall terminate and the Employee shall receive, in lieu of any Shares they would be entitled to receive under the vested portion of the Option, such stock, securities or assets, including cash, as would have been paid to Employee if the Option had been exercised and Employee had received Common Stock immediately before such transaction (with appropriate adjustment for the purchase price, if any).

(b) providing that Employee shall receive, with respect to each share of Common Stock under the vested portion of the Option as of the effective date of any such transaction, at the determination of the Board, cash, securities or other property, or any combination thereof, in an amount equal to the excess, if any, of the Fair Market Value of such Common Stock on a date within ten days before the effective date of such transaction over the Option purchase price, and that the Option shall be cancelled.

(c) providing Employee a substantially equivalent stock option (taking into account the transaction and the number of shares or other equity issued by such successor entity) with respect to the equity of the entity succeeding the Company by reason of such transaction.

(d) providing that all unvested portions of the Option shall be void and deemed terminated, or, in the alternative, for the acceleration or waiver of the vesting of the Option.

The Board may restrict the rights of Employee under of this Section 14 to the extent necessary to comply with Section 16(b) of the 1934 Act, the Internal Revenue Code of 1986, as amended, or any other applicable law or regulation. The grant of the Option shall not limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, exchange or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

15. Definition of Fair Market Value. For purposes of this Agreement, the "Fair Market Value" of a Share at a specified date shall be the amount which the Board of Directors determines in good faith to be 100% of the fair market value of such a share as of the date in question. Notwithstanding the foregoing:

(a) If such shares are listed on a U.S. securities exchange, then Fair Market Value shall be determined by reference to the last sale price of a Share on such U.S. securities exchange on the applicable date. If such U.S. securities exchange is closed for trading on such date, or if the Common Stock does not trade on such date, then the last sale price used shall be the one on the date the Common Stock last traded on such U.S. securities exchange.

(b) If such shares are publicly traded but are not listed on a U.S. securities exchange, then Fair Market Value shall be determined by reference to the trading price of a share of Common Stock on such date (or, if the applicable market is closed on such date, the last date on which the Common Stock was publicly traded), by a method consistently applied by the Committee.

(c) If such shares are not publicly traded, then the Committee's determination will be based upon a good faith valuation of the Company's Common Stock as of such date, which shall be based upon such factors as the Committee deems appropriate. The valuation shall be accomplished in a manner that complies with Code Section 409A.

16. General.

(a) Nothing herein expressed or implied is intended or shall be construed as conferring upon or giving to any person, firm, or corporation other than the parties hereto, any rights or benefits under or by reason of this Agreement.

(c) Each party hereto agrees to execute such further documents as may be necessary or desirable to effect the purposes of this Agreement.

(d) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

(e) This Agreement, in its interpretation and effect, shall be governed by the laws of the State of Minnesota applicable to contracts executed and to be performed therein.

[Signature page follows]

[Signature page to Stock Option Agreement]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

SKYLINE MEDICAL INC.

By _____
Its _____

EMPLOYEE:
